



Consolidated Financial Results for the First Quarter of the Fiscal Year Ending October 31, 2022 (Japanese GAAP)

March 7, 2022

Listed on: First Section of the Tokyo Stock Exchange

Name of listed company: IKK Holdings Inc.

Securities code: 2198

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Scheduled date of filing quarterly financial report: March 15, 2022

Scheduled date of starting dividends distribution: -

Supplementary quarterly materials prepared: Yes

Quarterly results information meeting held: No

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

1. Consolidated financial results for the first quarter of the FY ending October 31, 2022 (Nov. 1, 2021 - Jan. 31, 2022)

(1) Consolidated operating results (cumulative)

(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 | |
|-------------------------------|-----------------|--------|------------------|---|-----------------|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| 1Q of FY ending Oct. 31, 2022 | 3,897 | 105.1 | 120 | - | 220 | - | 180 | - |
| 1Q of FY ended Oct. 31, 2021 | 1,900 | (55.2) | (909) | - | (448) | - | (455) | - |

Note: Comprehensive income: 1Q of FY ending Oct. 31, 2022: 185 million yen (-%); 1Q of FY ended Oct. 31, 2021: (458) million yen (-%)

| | Net Income per Share | | Diluted Net Income per Share | |
|-------------------------------|----------------------|--|------------------------------|--|
| | Yen | | Yen | |
| 1Q of FY ending Oct. 31, 2022 | 6.13 | | - | |
| 1Q of FY ended Oct. 31, 2021 | (15.57) | | - | |

(2) Consolidated financial position

| | Total Assets | Net Assets | Equity Ratio |
|-------------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| 1Q of FY ending Oct. 31, 2022 | 16,571 | 7,816 | 47.0 |
| FY ended Oct. 31, 2021 | 17,603 | 7,604 | 43.0 |

Reference: Equity capital: 1Q of FY ending Oct. 31, 2022: 7,784 million yen; FY ended Oct. 31, 2021: 7,578 million yen

2. Dividends

| | Dividends per share | | | | |
|------------------------------------|---------------------|--------|--------|--------|--------|
| | 1Q End | 2Q End | 3Q End | FY End | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| FY ended Oct. 31, 2021 | - | 0.00 | - | 0.00 | 0.00 |
| FY ending Oct. 31, 2022 | - | | | | |
| FY ending Oct. 31, 2022 (forecast) | | 0.00 | - | - | - |

Note: Revisions to the latest projected dividends: No

The dividend forecast for the fiscal year ending October 31, 2022 has not been determined at this time.

3. Consolidated financial forecast for the FY ending October 31, 2022 (Nov. 1, 2021 - Oct. 31, 2022)

(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 | 8,025 | 86.9 | (150) | - | (140) | - | (60) | - | (2.04) |
| Full year | 18,160 | 57.5 | 1,085 | - | 1,120 | - | 810 | - | 27.51 |

Note: Revisions to the latest projected financial results: No

* 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) Application of specific accounting policies for preparation of quarterly consolidated financial statements: No

(3) 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 "2. Quarterly Consolidated Financial Statements and Notes; (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)" (attachments, page 8).

(4) Number of shares issued (common stock)

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

| | | | |
|-------------------------------|-------------------|------------------------|-------------------|
| 1Q of FY ending Oct. 31, 2022 | 29,956,800 shares | FY ended Oct. 31, 2021 | 29,956,800 shares |
|-------------------------------|-------------------|------------------------|-------------------|

2) Number of treasury shares at the end of period

| | | | |
|-------------------------------|----------------|------------------------|----------------|
| 1Q of FY ending Oct. 31, 2022 | 537,173 shares | FY ended Oct. 31, 2021 | 577,373 shares |
|-------------------------------|----------------|------------------------|----------------|

3) Average number of shares outstanding during the period (quarterly cumulative)

| | | | |
|-------------------------------|-------------------|------------------------------|-------------------|
| 1Q of FY ending Oct. 31, 2022 | 29,397,812 shares | 1Q of FY ended Oct. 31, 2021 | 29,238,669 shares |
|-------------------------------|-------------------|------------------------------|-------------------|

Note: Figures for treasury shares include 470,900 shares of the IKK stock held by the IKK Employee Stock Ownership Association Exclusive Trust at the end of the first quarter of the current fiscal year.

* The current quarterly financial report is not subject to 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. Qualitative Information on Quarterly Financial Results; (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" (attachments, page 3).

Attachments (Table of Contents)

| | |
|---|---|
| 1. Qualitative Information on Quarterly Financial Results | 2 |
| (1) Explanation of Results of Operations | 2 |
| (2) Explanation of Financial Position | 2 |
| (3) Explanation of Consolidated Forecast and Other Forward-looking Statements | 3 |
| 2. Quarterly Consolidated Financial Statements and Notes | 4 |
| (1) Quarterly Consolidated Balance Sheet | 4 |
| (2) Quarterly Consolidated Statements of Income and Comprehensive Income | 6 |
| Quarterly Consolidated Statement of Income | |
| For the Three-month Period | 6 |
| Quarterly Consolidated Statement of Comprehensive Income | |
| For the Three-month Period | 7 |
| (3) Notes to Quarterly Consolidated Financial Statements | 8 |
| Notes on Premise of Going Concern | 8 |
| Notes on Significant Fluctuation in Amounts of Shareholders' Equity | 8 |
| Changes in Accounting Policies | 8 |
| Additoinal Information | 8 |

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

In the first quarter of the current fiscal year (November 1, 2021 to January 31, 2022), the number of COVID-19 infections decreased towards the end of the year, only to start spreading again at the beginning of the new year. To counter the spread of infections, restrictions on socio-economic activity have been extended for certain industries and regions. Nevertheless, there have been moves toward deregulation as vaccination and infection prevention measures have progressed. On the other hand, there has been no reduction yet in the number of people infected globally. Consequently, the outlook remains uncertain.

In the wedding industry, the number of weddings and receptions had at first been gradually increasing due to the resumption of events to attract customers as the number of new cases of infections decreased, but the impact of the sixth wave has again resulted in weddings and receptions being postponed.

IKK Holdings Inc. (“IKK”) and its group companies (the “IKK Group”) are holding weddings and receptions while making the safety of guests and employees the highest priority. All activities include every possible measure based on the Guidelines for Preventing the Spread of COVID-19 for protection against infections.

First quarter sales increased 105.1% from one year earlier to 3,897 million yen. Operating profit was 120 million yen compared with a 909 million yen loss one year earlier, ordinary profit was 220 million yen compared with a 448 million yen loss one year earlier, and profit attributable to owners of parent was 180 million yen compared with a 455 million yen loss one year earlier.

Results by business segment are as follows:

a) Wedding Operations

Although various restrictions on socio-economic activities have been extended due to the impact of the COVID-19 pandemic, the IKK Group continued to hold weddings and receptions while taking numerous actions to prevent the spread of infections.

As a result, sales increased 113.9% from one year earlier to 3,736 million yen. Operating profit was 117 million yen compared with a 919 million yen loss one year earlier as the number of weddings was higher than one year earlier.

b) Nursing-care Operations

Sales increased 0.2% from one year earlier to 138 million yen and operating profit decreased 78.6% to 2 million yen.

c) Food Business

Sales increased 127.6% from one year earlier to 42 million yen and operating profit was 9 million yen compared with a 2 million yen loss one year earlier.

d) Photography Business

A subsidiary was established in November 2021 to operate photography business. There was an operating loss of 6 million yen.

e) Matrimonial Matchmaking Business

A subsidiary was established in November 2021 to operate matrimonial matchmaking business. There was an operating loss of 2 million yen.

(2) Explanation of Financial Position

Total assets were 16,571 million yen at the end of the first quarter of the current fiscal year, 1,031 million yen less than at the end of the previous fiscal year. The main causes were decreases of 700 million yen in cash and deposits, 160 million yen in accounts receivable-trade and 243 million yen in property, plant and equipment.

Liabilities decreased 1,243 million yen to 8,754 million yen. The main causes were decreases of 273 million yen in accounts payable-trade, 136 million yen in long-term borrowings and 607 million yen in other current liabilities.

Net assets increased 212 million yen to 7,816 million yen. The main causes include an increase due to profit attributable to owners of parent of 180 million yen and proceeds from sales of treasury shares of 23 million yen. As a result, compared with the end of the previous fiscal year, the equity ratio rose by 4.0 percentage points to 47.0%.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

The first half and fiscal year consolidated forecasts announced on December 13, 2021 remain unchanged.

The IKK Group will promptly revise its consolidated forecasts if it is deemed necessary in view of developments in the COVID-19 pandemic.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

| | Previous Consolidated FY (Oct. 31, 2021) | Current Consolidated FY, 1Q (Jan. 31, 2022) |
|---|---|--|
| (Thousands of yen) | | |
| Assets | | |
| Current assets | | |
| Cash and deposits | 3,509,473 | 2,809,337 |
| Accounts receivable-trade | 323,156 | 162,837 |
| Merchandise | 323,247 | 299,047 |
| Raw materials and supplies | 52,883 | 54,378 |
| Other | 238,926 | 303,703 |
| Allowance for doubtful accounts | (6,260) | (2,764) |
| Total current assets | 4,441,425 | 3,626,539 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 8,339,892 | 8,170,165 |
| Land | 1,850,919 | 1,850,919 |
| Other, net | 346,516 | 272,320 |
| Total property, plant and equipment | 10,537,328 | 10,293,404 |
| Intangible assets | 154,679 | 155,876 |
| Investments and other assets | | |
| Guarantee deposits | 1,597,311 | 1,559,895 |
| Other | 872,527 | 935,840 |
| Total investments and other assets | 2,469,838 | 2,495,736 |
| Total non-current assets | 13,161,847 | 12,945,017 |
| Total assets | 17,603,273 | 16,571,556 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-trade | 589,810 | 316,234 |
| Short-term borrowings | 2,100,000 | 2,100,000 |
| Current portion of long-term borrowings | 806,183 | 717,876 |
| Income taxes payable | 67,166 | 25,841 |
| Provision for bonuses | 299,384 | 144,959 |
| Other | 2,116,363 | 1,508,446 |
| Total current liabilities | 5,978,908 | 4,813,358 |
| Non-current liabilities | | |
| Long-term borrowings | 2,408,644 | 2,360,195 |
| Retirement benefit liability | 36,956 | 36,665 |
| Provision for point card certificates | 16,815 | 16,947 |
| Asset retirement obligations | 1,038,800 | 1,041,497 |
| Other | 518,555 | 486,082 |
| Total non-current liabilities | 4,019,771 | 3,941,387 |
| Total liabilities | 9,998,679 | 8,754,745 |

(Thousands of yen)

| | Previous Consolidated FY (Oct. 31, 2021) | Current Consolidated FY, 1Q (Jan. 31, 2022) |
|--|---|--|
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 351,655 | 351,655 |
| Capital surplus | 351,731 | 351,731 |
| Retained earnings | 7,230,337 | 7,410,526 |
| Treasury shares | (340,466) | (317,309) |
| Total shareholders' equity | 7,593,258 | 7,796,604 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | - | (12,765) |
| Remeasurements of defined benefit plans | 17,472 | 15,772 |
| Foreign currency translation adjustment | (32,549) | (14,934) |
| Total accumulated other comprehensive income | (15,076) | (11,927) |
| Non-controlling interests | 26,411 | 32,134 |
| Total net assets | 7,604,593 | 7,816,810 |
| Total liabilities and net assets | 17,603,273 | 16,571,556 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
 (Quarterly Consolidated Statement of Income)
 (For the Three-month Period)

(Thousands of yen)

| | IQ of Previous Consolidated Period (Nov. 1, 2020 - Jan. 31, 2021) | IQ of Current Consolidated Period (Nov. 1, 2021 - Jan. 31, 2022) |
|--|---|--|
| Net sales | 1,900,668 | 3,897,997 |
| Cost of sales | 928,948 | 1,630,840 |
| Gross profit | 971,720 | 2,267,156 |
| Selling, general and administrative expenses | 1,881,468 | 2,146,883 |
| Operating profit (loss) | (909,748) | 120,273 |
| Non-operating income | | |
| Interest income | 4,286 | 2,420 |
| Subsidies for employment adjustment | 443,869 | 96,211 |
| Other | 23,543 | 13,227 |
| Total non-operating income | 471,699 | 111,858 |
| Non-operating expenses | | |
| Interest expenses | 7,310 | 4,275 |
| Loss on cancellation of leases | - | 5,256 |
| Other | 2,647 | 2,458 |
| Total non-operating expenses | 9,958 | 11,990 |
| Ordinary profit (loss) | (448,007) | 220,142 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 632 | 2,259 |
| Total extraordinary losses | 632 | 2,259 |
| Profit (loss) before income taxes | (448,640) | 217,883 |
| Income taxes-current | 2,109 | 20,998 |
| Income taxes-deferred | 7,100 | 18,095 |
| Total income taxes | 9,210 | 39,093 |
| Profit (loss) | (457,850) | 178,789 |
| Loss attributable to non-controlling interests | (2,547) | (1,399) |
| Profit (loss) attributable to owners of parent | (455,302) | 180,188 |

(Quarterly Consolidated Statement of Comprehensive Income)

(For the Three-month Period)

(Thousands of yen)

| | 1Q of Previous Consolidated Period (Nov. 1, 2020 - Jan. 31, 2021) | 1Q of Current Consolidated Period (Nov. 1, 2021 - Jan. 31, 2022) |
|---|---|--|
| Profit (loss) | (457,850) | 178,789 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | - | (12,765) |
| Remeasurements of defined benefit plans, net of tax | (1,038) | (900) |
| Foreign currency translation adjustment | (0) | 20,311 |
| Total other comprehensive income | (1,038) | 6,645 |
| Comprehensive income | (458,889) | 185,435 |
| (Comprehensive income attributable to) | | |
| Comprehensive income attributable to owners of parent | (456,345) | 184,120 |
| Comprehensive income attributable to non-controlling interests | (2,543) | 1,314 |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

No related information.

(Notes on Significant Fluctuation in Amounts of Shareholders' Equity)

No related information.

(Changes in Accounting Policies)

Application of Accounting Standards for Revenue Recognition

IKK has applied the Accounting Standard for Revenue Recognition (Accounting Standard Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of the current fiscal year. Based on these standards, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers.

The application of the Accounting Standard for Revenue Recognition is pursuant to the transitional treatment set forth in the proviso of Paragraph 84 of this standard. There is no impact on the beginning balance of retained earnings or profit and loss resulting from the application of this standard.

Application of the Accounting Standards for Measurement of Fair Value

IKK has applied the Accounting Standard for Measurement of Fair Value (ASBJ Statement No. 30, July 4, 2019) and other standards from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Measurement of Fair Value, etc.

prospectively in accordance with the transitional treatment in the Paragraph 19 of the Accounting Standard for Measurement of Fair Value and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of the application of these standards on the quarterly consolidated financial statements.

(Additional Information)

Accounting estimates associated with the COVID-19 pandemic

In estimating the impairment of non-current assets and the amount of deferred tax assets that can be recovered there have been no significant changes to the assumptions made concerning the spread of the COVID-19 pandemic in the securities report for the previous fiscal year.