



Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending October 31, 2023 (Japanese GAAP)

September 11, 2023
Listed on: Tokyo Stock Exchange

Name of listed company: IKK Holdings Inc.
 Securities code: 2198 URL: <https://www.ikk-grp.jp/>
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 Scheduled date of filing quarterly financial report: September 13, 2023
 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 third quarter of the FY ending October 31, 2023 (Nov. 1, 2022 – Jul. 31, 2023)

(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	%
3Q of FY ending Oct. 31, 2023	15,700	18.2	984	(4.8)	1,017	(20.6)	634	(24.4)
3Q of FY ended Oct. 31, 2022	13,285	70.3	1,034	-	1,280	-	840	-

Note: Comprehensive income: 3Q of FY ending Oct. 31, 2023: 636 million yen (down 31.4%); 3Q of FY ended Oct. 31, 2022: 926 million yen (-%)

	Net Income per Share		Diluted Net Income per Share	
	Yen		Yen	
3Q of FY ending Oct. 31, 2023	21.79		-	
3Q of FY ended Oct. 31, 2022	28.54		-	

(2) Consolidated financial position

	Total Assets		Net Assets		Equity Ratio	
	Millions of yen		Millions of yen		%	
3Q of FY ending Oct. 31, 2023	18,523		9,337		50.2	
FY ended Oct. 31, 2022	20,251		9,170		45.1	

Reference: Equity capital: 3Q of FY ending Oct. 31, 2023: 9,303 million yen; FY ended Oct. 31, 2022: 9,139 million yen

2. Dividends

	Dividends per share				
	1Q End	2Q End	3Q End	FY End	Annual
	Yen				
FY ended Oct. 31, 2022	-	0.00	-	10.00	10.00
FY ending Oct. 31, 2023	-	0.00	-		
FY ending Oct. 31, 2023 (forecast)				24.00	24.00

Note: Revisions to the latest projected dividends: No

The IKK Board of Directors approved a resolution on July 31, 2023 to revise the year-end dividend forecast (dividend increase) with a record date of October 31, 2023. For more information, please refer to "Notice of Revisions to Dividend Forecast (Dividend Increase)" (Japanese version only) that was announced on July 31, 2023.

3. Consolidated financial forecast for the FY ending October 31, 2023 (Nov. 1, 2022 - Oct. 31, 2023)

(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
Full year	21,780	14.3	2,200	21.6	2,230	6.4	1,500	7.2	51.09

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)

3Q of FY ending Oct. 31, 2023	29,956,800 shares	FY ended Oct. 31, 2022	29,956,800 shares
2) Number of treasury shares at the end of period	645,632 shares	FY ended Oct. 31, 2022	427,349 shares
3) Average number of shares outstanding during the period (quarterly cumulative)	29,134,156 shares	3Q of FY ended Oct. 31, 2022	29,438,879 shares

2) Number of treasury shares at the end of period

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

* The current quarterly financial report is not subject to quarterly review 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).

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

Starting from May 8, 2023, COVID-19 has been officially reclassified as a Category V infectious disease under the Infectious Diseases Control Law. Consequently, during the first nine months of the current fiscal year (November 1, 2022, to July 31, 2023), positive indications of a gradual economic recovery are emerging, mirroring the gradual return to regular social and economic activities following the relaxation of legal constraints on people's movement. However, the outlook for the economy remains uncertain because of increasing geopolitical risk, including the Ukraine crisis, and global economic risk such as rapidly rising raw material prices caused by the yen's decline.

In the wedding industry, the number of weddings and receptions is gradually increasing due to the resumption of various events attended by many people as social and economic activity returns to normal.

IKK Holdings Inc. ("IKK") and its group companies (the "IKK Group") continued to hold weddings and receptions while making the safety of guests and employees the highest priority. All activities include every possible measure for protection against infections.

Net sales in the first nine months increased 18.2% from one year earlier to 15,700 million yen. Operating profit decreased 4.8% to 984 million yen, ordinary profit decreased 20.6% to 1,017 million yen, and profit attributable to owners of parent decreased 24.4% to 634 million yen.

Business segment performance was as follows:

a) Wedding Operations

As numerous restrictions for safety during the pandemic ended, the IKK Group continued to hold weddings and receptions accompanied by many pandemic safety measures. The GEIHINKAN KAIRAKUEN BETTEI (Mito Branch) was opened in April 2023.

As a result, sales increased 17.0% from one year earlier to 15,019 million yen and operating profit increased 1.9% to 1,070 million yen.

b) Nursing-care Operations

Sales increased 6.1% from one year earlier to 432 million yen mainly due to the opening of I Care Life Imari (Imari Second Branch) in March 2023, but there was an operating loss of 6 million yen compared with a 2 million yen profit one year earlier mainly due to opening expenses.

c) Food Business

Sales increased 53.8% from one year earlier to 186 million yen and operating profit increased 77.6% to 49 million yen.

d) Photography Business

A subsidiary was established in November 2021 to operate photography business, and studio clori. NAGOYA (Nagoya Branch) was opened in March 2023.

There were sales of 183 million yen and an operating loss of 84 million yen compared with a 27 million yen loss one year earlier mainly due to opening expenses.

e) Matrimonial Matchmaking Business

A subsidiary was established in November 2021 to operate matrimonial matchmaking business. There were sales of 8 million yen compared with sales of 0 million yen one year earlier and an operating loss of 45 million yen compared with a 18 million yen loss one year earlier.

(2) Explanation of Financial Position

Total assets were 18,523 million yen at the end of the third quarter of the current fiscal year, 1,727 million yen less than at the end of the previous fiscal year. The main cause was a decrease of 2,600 million yen in cash and deposits and there was an increase of 1,051 million yen in property, plant and equipment.

Liabilities decreased 1,895 million yen to 9,185 million yen. The main causes were decreases of 2,005 million yen in short-term borrowings, 198 million yen in accounts payable-trade, 776 million yen in income taxes payable, and 821 million yen in other current liabilities. There were increases of 1,877 million yen in long-term borrowings and 131 million yen in asset retirement obligations.

Net assets increased 167 million yen to 9,337 million yen. The main causes include an increase due to

profit attributable to owners of parent of 634 million yen, a decrease due to dividends from surplus of 299 million yen, and a decrease of 170 million yen in treasury shares due to purchase and sales of treasury shares. As a result, compared with the end of the previous fiscal year, the equity ratio rose by 5.1 percentage point to 50.2%.

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

The fiscal year consolidated forecasts announced on December 12, 2022 remain unchanged.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	Previous Consolidated FY (Oct. 31, 2022)	Current Consolidated FY, 3Q (Jul. 31, 2023)
Assets		
Current assets		
Cash and deposits	5,891,686	3,290,813
Accounts receivable-trade	459,639	338,810
Merchandise	240,238	203,975
Raw materials and supplies	82,897	82,250
Other	537,053	803,127
Allowance for doubtful accounts	(7,974)	(6,156)
Total current assets	7,203,541	4,712,821
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,794,750	9,122,527
Land	1,850,919	1,850,919
Other, net	637,344	361,204
Total property, plant and equipment	10,283,014	11,334,651
Intangible assets	160,306	169,099
Investments and other assets		
Guarantee deposits	1,447,559	1,335,086
Other	1,157,087	971,910
Total investments and other assets	2,604,647	2,306,997
Total non-current assets	13,047,967	13,810,748
Total assets	20,251,509	18,523,569
Liabilities		
Current liabilities		
Accounts payable-trade	853,784	655,550
Short-term borrowings	2,150,000	145,000
Current portion of long-term borrowings	774,796	1,117,933
Income taxes payable	785,757	8,858
Provision for bonuses	296,569	187,335
Other	2,743,857	1,922,012
Total current liabilities	7,604,765	4,036,689
Non-current liabilities		
Long-term borrowings	1,877,328	3,411,528
Retirement benefit liability	34,284	29,983
Provision for point card certificates	14,663	14,883
Asset retirement obligations	1,064,951	1,196,252
Other	485,450	496,489
Total non-current liabilities	3,476,677	5,149,136
Total liabilities	11,081,442	9,185,825

	(Thousands of yen)	
	Previous Consolidated FY (Oct. 31, 2022)	Current Consolidated FY, 3Q (Jul. 31, 2023)
Net assets		
Shareholders' equity		
Share capital	351,655	351,655
Capital surplus	347,861	348,488
Retained earnings	8,629,766	8,965,618
Treasury shares	(252,415)	(422,560)
Total shareholders' equity	9,076,868	9,243,202
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,797	11,098
Remeasurements of defined benefit plans	14,183	11,853
Foreign currency translation adjustment	33,214	37,592
Total accumulated other comprehensive income	62,194	60,544
Non-controlling interests	31,004	33,997
Total net assets	9,170,067	9,337,744
Total liabilities and net assets	20,251,509	18,523,569

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

	(Thousands of yen)	
	3Q of Previous Consolidated Period (Nov. 1, 2021 - Jul. 31, 2022)	3Q of Current Consolidated Period (Nov. 1, 2022 - Jul. 31, 2023)
Net sales	13,285,308	15,700,559
Cost of sales	5,448,824	6,610,209
Gross profit	7,836,483	9,090,349
Selling, general and administrative expenses	6,802,154	8,105,682
Operating profit	1,034,328	984,667
Non-operating income		
Interest income	7,767	9,321
Guarantee commission received	18,043	16,060
Subsidies for employment adjustment	222,314	-
Other	21,520	30,167
Total non-operating income	269,645	55,549
Non-operating expenses		
Interest expenses	12,134	14,225
Loss on cancellation of leases	5,840	-
Other	5,649	8,907
Total non-operating expenses	23,623	23,132
Ordinary profit	1,280,350	1,017,083
Extraordinary income		
Subsidy income	-	119,621
Total extraordinary income	-	119,621
Extraordinary losses		
Loss on retirement of non-current assets	7,845	24,198
Total extraordinary losses	7,845	24,198
Profit before income taxes	1,272,504	1,112,507
Income taxes-current	426,373	301,624
Income taxes-deferred	8,946	173,405
Total income taxes	435,319	475,029
Profit	837,185	637,477
Profit (loss) attributable to non-controlling interests	(3,007)	2,583
Profit attributable to owners of parent	840,192	634,894

(Quarterly Consolidated Statement of Comprehensive Income)
(For the Nine-month Period)

	(Thousands of yen)	
	3Q of Previous Consolidated Period (Nov. 1, 2021 - Jul. 31, 2022)	3Q of Current Consolidated Period (Nov. 1, 2022 - Jul. 31, 2023)
Profit	837,185	637,477
Other comprehensive income		
Valuation difference on available-for-sale securities	28,115	(3,699)
Remeasurements of defined benefit plans, net of tax	(3,680)	(2,223)
Foreign currency translation adjustment	65,272	4,682
Total other comprehensive income	89,708	(1,240)
Comprehensive income	926,893	636,237
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	924,300	633,244
Comprehensive income attributable to non-controlling interests	2,592	2,993

(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 the Implementation Guidance on Accounting Standards for Measurement of Fair Value

IKK has applied the Implementation Guidance on Accounting Standard for Measurement of Fair Value (Accounting Standards Board of Japan (ASBJ) Guidance No. 31, June 17, 2021) from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Implementation Guidance on Accounting Standard for Measurement of Fair Value, etc. prospectively in accordance with the transitional treatment in the Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Measurement of Fair Value. There is no effect of the application of these standards on the quarterly consolidated financial statements.