



Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending October 31, 2024 (Japanese GAAP)

September 12, 2024
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 starting dividends distribution: -

Supplementary materials prepared: Yes

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, 2024 (Nov. 1, 2023 - Jul. 31, 2024)

(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, 2024	16,533	5.3	1,527	55.1	1,551	52.6	998	57.3
3Q of FY ended Oct. 31, 2023	15,700	18.2	984	(4.8)	1,017	(20.6)	634	(24.4)

Note: Comprehensive income: 3Q of FY ending Oct. 31, 2024: 1,007 million yen (up 58.3%); 3Q of FY ended Oct. 31, 2023: 636 million yen (down 31.4%)

	Net Income per Share		Diluted Net Income per Share	
	Yen		Yen	
3Q of FY ending Oct. 31, 2024	34.81		-	
3Q of FY ended Oct. 31, 2023	21.79		-	

(2) Consolidated financial position

	Total Assets		Net Assets		Equity Ratio	
	Millions of yen		Millions of yen		%	
3Q of FY ending Oct. 31, 2024	18,767		9,910		52.6	
FY ended Oct. 31, 2023	20,012		10,050		50.0	

Reference: Equity capital: 3Q of FY ending Oct. 31, 2024: 9,866 million yen; FY ended Oct. 31, 2023: 10,014 million yen

2. Dividends

	Dividends per share				
	1Q End	2Q End	3Q End	FY End	Annual
FY ended Oct. 31, 2023	Yen -	Yen 0.00	Yen -	Yen 24.00	Yen 24.00
FY ending Oct. 31, 2024	-	0.00	-	-	-
FY ending Oct. 31, 2024 (forecast)				24.00	24.00

Note: Revisions to the latest projected dividends: No

3. Consolidated financial forecast for the FY ending October 31, 2024 (Nov. 1, 2023 - Oct. 31, 2024)

(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	23,350	6.2	2,130	8.9	2,145	7.0	1,420	5.9	49.52	

Note: Revisions to the latest projected financial results: No

* Notes

(1) Significant changes in the scope of consolidation during the period: 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.: No

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

3) Changes in accounting estimates: No

4) Restatement: No

(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, 2024	29,956,800 shares	FY ended Oct. 31, 2023	29,956,800 shares
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2) Number of treasury shares at the end of period

3Q of FY ending Oct. 31, 2024	1,332,627 shares	FY ended Oct. 31, 2023	645,632 shares
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3) Average number of shares outstanding during the period (quarterly cumulative)

3Q of FY ending Oct. 31, 2024	28,624,173 shares	3Q of FY ended Oct. 31, 2023	29,134,156 shares
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Note: The Board of Directors of the Company approved a resolution on December 11, 2023 to reintroduce the Trust-Type Employee Stock Ownership Incentive Plan (e-Ship). Figures for treasury shares include 697,700 shares of the IKK stock held by the IKK Employee Stock Ownership Association Exclusive Trust at the end of the third quarter of the current fiscal year.

* Review of the attached quarterly consolidated financial statements by a certified public accountant or auditing firm: No

* 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

During the first nine months of the current fiscal year (November 1, 2023 to July 31, 2024), there were gradual improvements in employment and corporate earnings as economic and social activities returned to normal. However, rising prices driven by the prolonged depreciation of the yen have hindered the recovery of consumer spending. Furthermore, uncertainties persist as concerns grow over the potential impact of sustained high interest rates in Europe and the U.S., as well as the slowdown in the Chinese economy, on both domestic and global markets.

In the wedding industry, the number of weddings in Japan in 2023 was 480,000 (Ministry of Health, Labour and Welfare, 2023 Annual Estimate of Preliminary Vital Statistics), down 30,000 from 2022. 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.

During the first nine months, as perceptions of the value of weddings continue to diversify in Japan, we took many actions in line with the IKK Group's philosophy of "dedicated to the smiles and happiness of the special people in your life." 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. We strengthened our information collection and analysis skills that use our own sales support system. To capture a larger share of Japan's wedding market, we integrated digital marketing as a tool to better identify potential customer needs, thus enhancing our ability to attract customers and boosting sales.

Net sales in the first nine months increased 5.3% from one year earlier to 16,533 million yen. Operating profit increased 55.1% to 1,527 million yen, ordinary profit increased 52.6% to 1,551 million yen, and profit attributable to owners of parent increased 57.3% to 998 million yen.

Business segment performance was as follows:

a) Wedding Business

Sales increased 3.3% from one year earlier to 15,520 million yen mainly due to the opening of the GEIHIKANKAN KAIRAKUEN BETTEI (Mito Branch) in April 2023, and an increase in average sales per wedding despite decline in the number of weddings at existing locations. Operating profit increased 26.8% to 1,357 million yen mainly due to a decrease in SG&A ratio year on year, despite an increase in personnel expenses.

b) Nursing-care Business

Sales increased 9.2% from one year earlier to 472 million yen mainly due to the opening of I Care Life Imari (Imari Second Branch) in March 2023, but there was an operating profit of 0 million yen compared with a 6 million yen loss one year earlier mainly due to higher personnel expenses.

c) Food Business

Sales increased 21.1% from one year earlier to 225 million yen and operating profit decreased 28.9% to 35 million yen mainly due to higher personnel expenses.

d) Photography Business

Sales increased 169.2% from one year earlier to 493 million yen and operating profit was 135 million yen compared with an 84 million yen loss one year earlier mainly due to the opening of studio clori. NAGOYA (Nagoya Branch) in March 2023.

e) Matrimonial Matchmaking Business

Sales decreased 12.7% from one year earlier to 7 million yen and there was an operating loss of 3 million yen compared with a 45 million yen loss one year earlier.

(2) Explanation of Financial Position

Total assets were 18,767 million yen at the end of the third quarter of the current fiscal year, 1,244 million yen less than at the end of the previous fiscal year. The main causes include decreases of 175 million yen in cash and deposits, 183 million yen in accounts receivable-trade, 210 million yen in other current assets, 377 million yen in property, plant and equipment and 215 million yen in investments and other assets.

Liabilities decreased 1,105 million yen to 8,856 million yen. The main causes were decreases of 239 million yen in accounts payable-trade, 150 million yen in short-term borrowings, 202 million yen in income taxes payable, 176 million yen in provision for bonuses and 325 million yen in long-term borrowings.

Net assets decreased 139 million yen to 9,910 million yen. The main causes include an increase due to profit attributable to owners of parent of 998 million yen, a decrease due to dividends from surplus of 703 million yen, and an increase of 441 million yen in treasury shares as the reintroduced Trust-Type Employee Stock Ownership Incentive Plan conducted purchase and disposal of treasury shares. As a result, compared with the end of the previous fiscal year, the equity ratio rose by 2.6 percentage points to 52.6%.

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

The fiscal year consolidated forecasts announced on December 11, 2023 remain unchanged.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	Previous Consolidated FY (Oct. 31, 2023)	Current Consolidated FY, 3Q (Jul. 31, 2024)
(Thousands of yen)		
Assets		
Current assets		
Cash and deposits	5,011,277	4,836,232
Accounts receivable-trade	447,796	264,267
Merchandise	204,467	236,277
Raw materials and supplies	91,029	92,220
Other	631,707	420,717
Allowance for doubtful accounts	(9,596)	(6,010)
Total current assets	6,376,681	5,843,704
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,922,911	8,478,428
Land	1,850,919	1,886,584
Other, net	335,850	367,157
Total property, plant and equipment	11,109,680	10,732,170
Intangible assets	163,724	157,033
Investments and other assets		
Guarantee deposits	1,297,564	1,184,907
Other	1,064,353	849,253
Total investments and other assets	2,361,918	2,034,161
Total non-current assets	13,635,323	12,923,364
Total assets	20,012,005	18,767,068
Liabilities		
Current liabilities		
Accounts payable-trade	915,516	675,686
Short-term borrowings	150,000	-
Current portion of long-term borrowings	1,114,458	1,121,648
Income taxes payable	315,283	112,939
Provision for bonuses	373,913	197,894
Other	2,234,403	2,200,038
Total current liabilities	5,103,575	4,308,206
Non-current liabilities		
Long-term borrowings	3,132,601	2,799,920
Retirement benefit liability	25,282	24,783
Provision for point card certificates	13,562	13,883
Asset retirement obligations	1,199,356	1,208,798
Other	487,545	500,852
Total non-current liabilities	4,858,347	4,548,237
Total liabilities	9,961,922	8,856,444

	(Thousands of yen)	
	Previous Consolidated FY (Oct. 31, 2023)	Current Consolidated FY, 3Q (Jul. 31, 2024)
Net assets		
Shareholders' equity		
Share capital	351,655	351,655
Capital surplus	348,488	347,018
Retained earnings	9,671,036	9,966,123
Treasury shares	(422,560)	(864,175)
Total shareholders' equity	9,948,620	9,800,622
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,138	-
Remeasurements of defined benefit plans	11,866	7,451
Foreign currency translation adjustment	46,349	58,778
Total accumulated other comprehensive income	66,355	66,230
Non-controlling interests	35,107	43,772
Total net assets	10,050,083	9,910,624
Total liabilities and net assets	20,012,005	18,767,068

(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, 2022 - Jul. 31, 2023)	3Q of Current Consolidated Period (Nov. 1, 2023 - Jul. 31, 2024)
Net sales	15,700,559	16,533,863
Cost of sales	6,610,209	6,629,387
Gross profit	9,090,349	9,904,476
Selling, general and administrative expenses	8,105,682	8,376,829
Operating profit	984,667	1,527,647
Non-operating income		
Interest income	9,321	13,229
Other	46,227	32,934
Total non-operating income	55,549	46,163
Non-operating expenses		
Interest expenses	14,225	14,376
Other	8,907	7,458
Total non-operating expenses	23,132	21,834
Ordinary profit	1,017,083	1,551,975
Extraordinary income		
Subsidy income	119,621	39,809
Total extraordinary income	119,621	39,809
Extraordinary losses		
Loss on retirement of non-current assets	24,198	27,043
Total extraordinary losses	24,198	27,043
Profit before income taxes	1,112,507	1,564,741
Income taxes-current	301,624	434,699
Income taxes-deferred	173,405	123,685
Total income taxes	475,029	558,384
Profit	637,477	1,006,357
Profit attributable to non-controlling interests	2,583	7,802
Profit attributable to owners of parent	634,894	998,554

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

	(Thousands of yen)	
	3Q of Previous Consolidated Period (Nov. 1, 2022 - Jul. 31, 2023)	3Q of Current Consolidated Period (Nov. 1, 2023 - Jul. 31, 2024)
Profit	637,477	1,006,357
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,699)	(8,138)
Remeasurements of defined benefit plans, net of tax	(2,223)	(4,417)
Foreign currency translation adjustment	4,682	13,293
Total other comprehensive income	(1,240)	737
Comprehensive income	636,237	1,007,094
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	633,244	998,429
Comprehensive income attributable to non-controlling interests	2,993	8,664

(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.

(Notes on Quarterly Consolidated Statement of Cash Flows)

A quarterly consolidated statement of cash flows for the 3Q of the current consolidated period has not been prepared. Depreciation (includes amortization expenses related to intangible assets) for the 3Q of the previous and current consolidated periods is as follows.

	(Thousands of yen)	
	3Q of Previous Consolidated Period (Nov. 1, 2022 - Jul. 31, 2023)	3Q of Current Consolidated Period (Nov. 1, 2023 - Jul. 31, 2024)
Depreciation	789,684	849,480

(Notes on Segment Information, etc.)

Segment Information

3Q of Previous Consolidated Period (Nov. 1, 2022 - Jul. 31, 2023) and 3Q of Current Consolidated Period (Nov. 1, 2023 - Jul. 31, 2024)

The IKK Group's reporting segments include Wedding Business, Nursing-care Business, Food Business, Photography Business and Matrimonial Matchmaking Business. However, Nursing-care Business, Food Business, Photography Business and Matrimonial Matchmaking 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.