



## Consolidated Financial Results for the Fiscal Year Ended October 31, 2021 (Japanese GAAP)

December 13, 2021

Listed on: First Section of the 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 Annual General Meeting of Shareholders: January 25, 2022

Scheduled date of filing securities report: January 25, 2022

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, 2021 (Nov. 1, 2020 - Oct. 31, 2021)

#### (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, 2021	11,530	31.8	(1,599)	-	(610)	-	(411)	-
FY ended Oct. 31, 2020	8,746	(56.7)	(3,981)	-	(3,524)	-	(4,235)	-

Note: Comprehensive income: FY ended Oct. 31, 2021: (400) million yen (-%); FY ended Oct. 31, 2020: (4,260) million yen (-%)

	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, 2021	(14.03)	-	(5.3)	(3.4)	(13.9)
FY ended Oct. 31, 2020	(143.22)	-	(40.8)	(17.9)	(45.5)

Reference: Equity in earnings of affiliated companies: FY ended Oct. 31, 2021: - million yen; FY ended Oct. 31, 2020: - 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, 2021	17,603	7,604	43.0	257.94
As of Oct. 31, 2020	17,898	7,923	44.1	269.93

Reference: Equity capital: As of Oct. 31, 2021: 7,578 million yen; As of Oct. 31, 2020: 7,887 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, 2021	2,625	(151)	(935)	3,433
FY ended Oct. 31, 2020	(4,355)	(442)	1,633	1,873

### 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, 2020	-	0.00	-	0.00	0.00	-	-	-
FY ended Oct. 31, 2021	-	0.00	-	0.00	0.00	-	-	-
FY ending Oct. 31, 2022 (forecast)	-	0.00	-	-	-	-	-	-

Note: No year-end dividend will be paid for the fiscal year ended October 31, 2021. The dividend forecast for the fiscal year ending October 31, 2022 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, 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

\* 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.: No  
 2) Changes in accounting policies 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, 2021	29,956,800 shares	As of Oct. 31, 2020	29,956,800 shares
As of Oct. 31, 2021	577,373 shares	As of Oct. 31, 2020	735,864 shares
FY ended Oct. 31, 2021	29,302,499 shares	FY ended Oct. 31, 2020	29,572,698 shares

Note: Figures for treasury shares include 511,100 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, 2021 (Nov. 1, 2020 - Oct. 31, 2021)**

(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, 2021	10,861	35.8	(1,589)	-	(599)	-	(408)	-
FY ended Oct. 31, 2020	7,997	(58.0)	(4,097)	-	(3,625)	-	(4,306)	-

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
FY ended Oct. 31, 2021	(13.95)	-
FY ended Oct. 31, 2020	(145.63)	-

(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, 2021	17,488	7,675	43.9	261.25
As of Oct. 31, 2020	17,617	7,992	45.4	273.52

Reference: Equity capital: As of Oct. 31, 2021: 7,675 million yen; As of Oct. 31, 2020: 7,992 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, 2020 to October 31, 2021), the Japanese economy was affected by the spread of the COVID-19 virus, which led to repeated declarations of a state of emergency and the issuing of key preventive measures to prevent the spread of the infection. In addition, the introduction of restrictions on socioeconomic activity in some industries and regions also impacted the economy. However, the number of new cases of infections decreased because of progress made with vaccination and heightened awareness of the need to prevent infection. As a result, there were signs of economic normalization, although some severe difficulties were evident. Nevertheless, the outlook remains uncertain due to moves toward easing restrictions on socioeconomic activities overseas and a prevailing sense of caution about a sixth wave of the pandemic.

The wedding industry has seen a gradual uptrend in the number of weddings as the decrease in the number of new cases of infections has led to the resumption of events to attract customers and a reduction on in the number of 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. In addition, there were cost-cutting measures in all of the group’s operations to aim for a recovery in sales and earnings.

Fiscal year sales increased 31.8% from one year earlier to 11,530 million yen. The operating loss was 1,599 million yen compared with a 3,981 million yen loss one year earlier, the ordinary loss was 610 million yen compared with a 3,524 million yen loss one year earlier, and the loss attributable to owners of parent was 411 million yen compared with a 4,235 million yen loss one year earlier.

Results by business segment are as follows:

#### a) Wedding Operations

The IKK Group continued to hold weddings and receptions while taking numerous actions to prevent the spread of infections during repeated declarations of a state of emergency and the enactment of other preventive measures in response to combat the spread of COVID-19 infections.

As a result, sales increased 33.2% from one year earlier to 10,936 million yen. Operating loss was 1,648 million yen compared with a 4,035 million yen loss one year earlier as the number of weddings was higher than one year earlier.

#### b) Nursing-care Operations

Sales increased 2.6% from one year earlier to 550 million yen and operating profit decreased 24.7% to 41 million yen.

#### c) Food Business

A subsidiary was established in October 2020 to operate food business. Sales were 112 million yen and operating profit was 6 million yen compared with a 1 million yen loss one year earlier.

### (2) Financial Position

#### a) Assets

Current assets were 4,441 million yen at the end of the current fiscal year, 624 million yen more than at the end of the previous fiscal year. This was mainly attributable to a 1,636 million yen increase in cash and deposits and an 872 million yen decrease in income taxes receivable.

Non-current assets decreased 919 million yen to 13,161 million yen. The main causes were decreases of 980 million yen in property, plant and equipment due to depreciation.

#### b) Liabilities

Current liabilities increased 840 million yen to 5,978 million yen. The main causes were increases of 368 million yen in accounts payable-trade, 149 million yen in advances received and 198 million yen in provision for bonuses.

Non-current liabilities decreased 816 million yen to 4,019 million yen. This was mainly attributable to a decrease of 789 million yen in long-term borrowings.

## c) Net assets

Net assets decreased 318 million yen to 7,604 million yen. The main cause was a decrease due to loss attributable to owners of parent of 411 million yen. As a result, compared with the end of the previous fiscal year, the equity ratio fell by 1.1 percentage point to 43.0%.

## (3) Cash Flows

Cash and cash equivalents (hereinafter, “cash”) at the end of the current fiscal year were 3,433 million yen, an increase of 1,560 million yen (83.3%) 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 2,625 million yen (4,355 million yen used one year earlier). Main cash inflows include depreciation of 1,111 million yen, an increase (decrease) in accrued consumption taxes of 659 million yen and income taxes refund of 877 million yen. Outflows include loss before income taxes of 615 million yen.

## b) Cash flows from investing activities

Cash used in investing activities was 151 million yen (a decrease of 65.8% year on year), mainly attributable to the outlays of 199 million yen for the purchase of property, plant and equipment.

## c) Cash flows from financing activities

Cash used in financing activities was 935 million yen (1,633 million yen provided one year earlier). Main cash inflows include net increase (decrease) in short-term borrowings of 100 million yen and proceeds from sales of treasury shares of 94 million yen. Outflows include 1,012 million yen for repayments of long-term borrowings.

Reference: Cash flow indicator trends

	FY2017	FY2018	FY2019	FY2020	FY2021
Equity ratio (%)	54.1	57.1	59.8	44.1	43.0
Equity ratio at market value (%)	130.2	103.0	97.6	106.9	112.7
Ratio of interest-bearing debt to cash flows (year)	4.0	1.0	1.8	-	2.0
Interest coverage ratio (times)	51.7	168.2	110.0	-	119.6

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

As for the outlook for the next fiscal year, although we are still experiencing the effects of the spread of the COVID-19 virus, the number of new cases of infections decreased because of progress made with vaccination and heightened awareness of the need to prevent infection. As a result, there were reassuring signs of economic normalization. Nevertheless, the outlook remains uncertain due to moves toward easing restrictions on socioeconomic activities overseas and a prevailing sense of caution about a sixth wave of the pandemic. In the fiscal year ending in October 2022, we forecast sales of 18,160 million yen, up 57.5%, operating profit of 1,085 million yen compared with a 1,599 million yen loss one year earlier, ordinary profit of 1,120 million yen compared with a 610 million yen loss one year earlier, and profit attributable to owners of parent of 810 million yen compared with a 411 million yen loss one year earlier.

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.

In the fiscal year that ended in October 2021, 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 2022. The number of cases of new infections has decreased due to the progress made in vaccinations and increased awareness of the need to prevent infection, and the number of weddings is recovering, but the outlook remains uncertain. Despite the difficult business environment, all our employees are committed to the recovery of our business performance, and we are aiming to resume dividend payment to shareholders.

We apologize to shareholders for the suspension of the dividend and ask for the support of shareholders.

## 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, 2020)	Current Consolidated FY (Oct. 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	1,873,191	3,509,473
Accounts receivable-trade	144,519	323,156
Merchandise	339,695	323,247
Raw materials and supplies	67,174	52,883
Income taxes receivable	873,897	1,884
Other	521,440	237,041
Allowance for doubtful accounts	(2,701)	(6,260)
Total current assets	3,817,216	4,441,425
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,993,847	19,033,528
Accumulated depreciation and impairment loss	(9,912,378)	(10,693,635)
Buildings and structures, net	9,081,468	8,339,892
Machinery, equipment and vehicles	562,749	564,157
Accumulated depreciation	(500,364)	(522,786)
Machinery, equipment and vehicles, net	62,385	41,370
Land	1,850,919	1,850,919
Construction in progress	108	18,484
Other	2,891,690	2,866,515
Accumulated depreciation	(2,368,346)	(2,579,853)
Other, net	523,344	286,661
Total property, plant and equipment	11,518,225	10,537,328
Intangible assets	138,298	154,679
Investments and other assets		
Deferred tax assets	10,144	228,183
Guarantee deposits	1,746,822	1,597,311
Other	688,243	662,739
Allowance for doubtful accounts	(20,593)	(18,394)
Total investments and other assets	2,424,616	2,469,838
Total non-current assets	14,081,140	13,161,847
<b>Total assets</b>	<b>17,898,356</b>	<b>17,603,273</b>

(Thousands of yen)

	Previous Consolidated FY (Oct. 31, 2020)	Current Consolidated FY (Oct. 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	221,248	589,810
Short-term borrowings	2,000,000	2,100,000
Current portion of long-term borrowings	1,029,552	806,183
Advances received	868,942	1,017,955
Income taxes payable	952	67,166
Provision for bonuses	100,468	299,384
Other	917,723	1,098,408
Total current liabilities	5,138,888	5,978,908
Non-current liabilities		
Long-term borrowings	3,198,097	2,408,644
Retirement benefit liability	38,382	36,956
Provision for point card certificates	16,600	16,815
Asset retirement obligations	1,027,852	1,038,800
Deferred tax liabilities	9,412	-
Other	545,779	518,555
Total non-current liabilities	4,836,123	4,019,771
Total liabilities	9,975,011	9,998,679
Net assets		
Shareholders' equity		
Share capital	351,655	351,655
Capital surplus	355,794	351,731
Retained earnings	7,641,563	7,230,337
Treasury shares	(433,629)	(340,466)
Total shareholders' equity	7,915,385	7,593,258
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	21,479	17,472
Foreign currency translation adjustment	(49,397)	(32,549)
Total accumulated other comprehensive income	(27,917)	(15,076)
Non-controlling interests	35,877	26,411
Total net assets	7,923,345	7,604,593
Total liabilities and net assets	17,898,356	17,603,273



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

## Consolidated Statement of Income

(Thousands of yen)

	Previous Consolidated FY (Nov. 1, 2019 - Oct. 31, 2020)	Current Consolidated FY (Nov. 1, 2020 - Oct. 31, 2021)
Net sales	8,746,260	11,530,174
Cost of sales	4,508,795	5,057,126
Gross profit	4,237,464	6,473,048
Selling, general and administrative expenses	8,218,657	8,072,665
Operating loss	(3,981,192)	(1,599,617)
Non-operating income		
Interest income	19,054	13,442
Subsidies for employment adjustment	431,996	925,382
Other	39,055	78,243
Total non-operating income	490,106	1,017,069
Non-operating expenses		
Interest expenses	28,473	22,548
Other	5,014	5,701
Total non-operating expenses	33,488	28,249
Ordinary loss	(3,524,574)	(610,797)
Extraordinary income		
Subsidy income	6,028	-
Total extraordinary income	6,028	-
Extraordinary losses		
Loss on retirement of non-current assets	31,975	4,270
Impairment losses	343,260	-
Total extraordinary losses	375,236	4,270
Loss before income taxes	(3,893,782)	(615,068)
Income taxes-current	15,607	25,947
Income taxes-refund	(543,812)	-
Income taxes-deferred	865,998	(225,680)
Total income taxes	337,793	(199,732)
Loss	(4,231,575)	(415,335)
Profit (loss) attributable to non-controlling interests	3,954	(4,109)
Loss attributable to owners of parent	(4,235,530)	(411,226)

## Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Previous Consolidated FY (Nov. 1, 2019 - Oct. 31, 2020)	Current Consolidated FY (Nov. 1, 2020 - Oct. 31, 2021)
Loss	(4,231,575)	(415,335)
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	(4,536)	(4,009)
Foreign currency translation adjustment	(24,520)	18,601
Total other comprehensive income	(29,057)	14,591
Comprehensive income	(4,260,633)	(400,744)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(4,262,131)	(398,385)
Comprehensive income attributable to non-controlling interests	1,498	(2,358)

## (3) Consolidated Statement of Changes in Equity

Previous 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)
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
Purchase of shares of consolidated subsidiaries					-
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)
Loss attributable to owners of parent					(4,235,530)
Purchase of treasury shares					(481,842)
Disposal of treasury shares					165,047
Purchase of shares of consolidated subsidiaries					-
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

## Current Consolidated FY (Nov. 1, 2020 - Oct. 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	351,655	355,794	7,641,563	(433,629)	7,915,385
Cumulative effects of changes in accounting policies					-
Restated balance	351,655	355,794	7,641,563	(433,629)	7,915,385
Changes during period					
Dividends of surplus					-
Loss attributable to owners of parent			(411,226)		(411,226)
Purchase of treasury shares					-
Disposal of treasury shares		(1,441)		93,162	91,721
Purchase of shares of consolidated subsidiaries		(2,621)			(2,621)
Net changes in items other than shareholders' equity					
Total changes during period		(4,063)	(411,226)	93,162	(322,126)
Balance at end of period	351,655	351,731	7,230,337	(340,466)	7,593,258

	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	21,479	(49,397)	(27,917)	35,877	7,923,345
Cumulative effects of changes in accounting policies					-
Restated balance	21,479	(49,397)	(27,917)	35,877	7,923,345
Changes during period					
Dividends of surplus					-
Loss attributable to owners of parent					(411,226)
Purchase of treasury shares					-
Disposal of treasury shares					91,721
Purchase of shares of consolidated subsidiaries				(7,107)	(9,729)
Net changes in items other than shareholders' equity	(4,007)	16,848	12,840	(2,358)	10,481
Total changes during period	(4,007)	16,848	12,840	(9,465)	(318,752)
Balance at end of period	17,472	(32,549)	(15,076)	26,411	7,604,593

## (4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Previous Consolidated FY (Nov. 1, 2019 - Oct. 31, 2020)	Current Consolidated FY (Nov. 1, 2020 - Oct. 31, 2021)
<b>Cash flows from operating activities</b>		
Loss before income taxes	(3,893,782)	(615,068)
Depreciation	1,211,090	1,111,939
Impairment losses	343,260	-
Increase (decrease) in allowance for doubtful accounts	1,887	1,361
Increase (decrease) in provision for bonuses	(175,489)	198,889
Increase (decrease) in retirement benefit liability	(7,301)	(7,235)
Increase (decrease) in provision for point card certificates	482	215
Subsidy income	(431,996)	(925,382)
Loss on retirement of non-current assets	31,975	4,270
Interest and dividend income	(19,054)	(13,442)
Interest expenses	28,473	22,548
Decrease (increase) in trade receivables	156,877	(174,447)
Decrease (increase) in inventories	(118,292)	30,755
Increase (decrease) in trade payables	(712,270)	368,631
Increase (decrease) in accounts payable-other	(2,793)	(60,426)
Increase (decrease) in advances received	(201,758)	143,988
Increase (decrease) in accrued consumption taxes	33,828	659,891
Other, net	(415,346)	92,747
Subtotal	(4,170,210)	839,235
Interest and dividends received	15,496	9,511
Interest paid	(27,516)	(21,955)
Proceeds from subsidy income	431,996	925,382
Income taxes refund	40	877,124
Income taxes paid	(611,408)	(4,198)
Other, net	6,028	-
Net cash provided by (used in) operating activities	(4,355,574)	2,625,100
<b>Cash flows from investing activities</b>		
Proceeds from withdrawal of time deposits	72,000	-
Payments into time deposits	-	(76,000)
Purchase of property, plant and equipment	(556,090)	(199,397)
Purchase of intangible assets	(3,245)	(39,856)
Other, net	45,334	163,996
Net cash provided by (used in) investing activities	(442,000)	(151,257)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	2,000,000	100,000
Proceeds from long-term borrowings	1,566,500	-
Repayments of long-term borrowings	(1,114,631)	(1,012,822)
Purchase of treasury shares	(481,842)	-
Proceeds from sales of treasury shares	153,038	94,368
Dividends paid	(359,351)	(605)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(9,729)
Other, net	(130,333)	(107,145)
Net cash provided by (used in) financing activities	1,633,379	(935,933)
Effect of exchange rate change on cash and cash equivalents	(30,484)	22,373
Net increase (decrease) in cash and cash equivalents	(3,194,679)	1,560,282
Cash and cash equivalents at beginning of period	5,067,870	1,873,191
Cash and cash equivalents at end of period	1,873,191	3,433,473

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

No related information.

(Additional Information)

Accounting estimates associated with the COVID-19 pandemic

The IKK Group is continuing to hold weddings and receptions while taking numerous actions to prevent the spread of infections as some areas of Japan undergo repeated declarations of a state of emergency and the enactment of other preventive measures in response to combat the increasing number of COVID-19 cases. The safety of customers and employees is our highest priority.

It is impossible at this time to predict when the COVID-19 crisis will end due to the spread of mutant strains of the COVID-19 virus. However, as the distribution of vaccinations has progressed in Japan, estimates used for the impairment of non-current assets, the amount of deferred tax assets that can be recovered and other items use the assumption that results of operations will recover slowly from the end of this year toward the next year.

There are no significant changes to the assumptions used for accounting estimates at the end of the previous fiscal year. However, there are still many uncertainties about the impact of this crisis. If a future increase in the number of COVID-19 cases results in prolonged restrictions on social and economic activities, there may be a negative effect on the financial position and results of operations of the IKK Group in the new fiscal year.

(Segment Information, etc.)

Segment Information

Previous 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.

Current Consolidated FY (Nov. 1, 2020 - Oct. 31, 2021)

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.

## (Per Share Information)

Previous Consolidated FY (Nov. 1, 2019 - Oct. 31, 2020)		Current Consolidated FY (Nov. 1, 2020 - Oct. 31, 2021)	
Net assets per share	269.93 yen	Net assets per share	257.94 yen
Net loss per share	(143.22) yen	Net loss per share	(14.03) yen

## Notes:

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

		Previous Consolidated FY (Nov. 1, 2019 - Oct. 31, 2020)	Current Consolidated FY (Nov. 1, 2020 - Oct. 31, 2021)
Net loss per share			
Loss attributable to owners of parent	(Thousands of yen)	(4,235,530)	(411,226)
Amount not attributable to common shareholders	(Thousands of yen)	-	-
Loss attributable to common shareholders of parent	(Thousands of yen)	(4,235,530)	(411,226)
Average number of common shares outstanding during the period	(Shares)	29,572,698	29,302,499

- 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 653,900 shares and 511,100 shares on October 31, 2020 and 2021, 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 loss per share (deductions of 309,648 shares and 581,967 shares in the fiscal years ended on October 31, 2020 and 2021, 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 proposal for the transition to a holding company structure was approved at the Annual General Meeting of Shareholders held on January 28, 2021.

Following the approval of shareholders, discussions were held to determine specific items concerning this absorption-type divestiture. These discussions led to a resolution on April 26, 2021 by the IKK Board of Directors to postpone this absorption-type divestiture and a revised agreement was signed on the same day.

In accordance with the change in the agreement, the Company has switched to a holding company structure on the effective date of November 1, 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 outstanding people and develop their skills in order to 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 the management of operating companies from the standpoint of sound corporate governance.

## 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
Board of Directors to approve the change of effective date of the absorption-type divestiture	April 26, 2021
Signing of agreement with the revised effective date	April 26, 2021
Effective date of the absorption-type divestiture:	November 1, 2021

## (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. (Name changed to IKK Holdings Inc. on November 1, 2021)
Location:	722-5 Shintencho, Imari, Saga Prefecture
Representative:	Katsushi Kaneko, Chairman and chief Executive Officer
Business:	Management of the Group companies, etc.
Fiscal year end:	October 31
Capital:	351,655 thousand yen
Net assets:	7,675,254 thousand yen
Total assets:	17,448,643 thousand yen

(2) Successor company

Company name:	IKK Divestiture Preparatory Company Ltd. (Name changed to IKK Inc. on November 1, 2021)
Location:	722-5 Shintencho, Imari, Saga Prefecture
Representative:	Katsushi Kaneko, Chairman and chief Executive Officer
Business:	Wedding business
Fiscal year end:	October 31
Capital:	50,000 thousand yen
Net assets:	98,844 thousand yen
Total assets:	99,023 thousand yen

4. Summary of accounting methods applied

As a transaction of units under the same control, the transaction will be processed in accordance with the "Accounting Standard for Business Combinations" and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures".

## 4. Others

### Change in Officers

#### (1) Change in Representatives

- Change in Representatives: Katsushi Kaneko, Chairman and chief Executive Officer (Previous title: Chairman and chief Executive Officer)
- Retired Representatives: Hiroki Murata, President and Chief Operating Officer (New title: Vice- chairman)

#### (2) Effective Date

Appointment date: November 1, 2021

Retired date: October 31, 2021

Note: For more information, please refer to the press release “Notice of Change in Representatives and Officers Due to Conversion to a Holding Company Structure” (Japanese version only) that was announced October 25, 2021.

#### (3) Change in Other Officers

Candidate for directors

Daisuke Nakashima, Director

#### (4) Effective Date

Appointment date: January 25, 2022

#### (5) Profile of Newly Appointed Directors

Name:	Daisuke Nakashima	
Date of birth:	October 22, 1984	
Brief career history:	March 2007	Joined the company
	February 2013	Supervisor of Fukui Branch
	February 2015	Supervisor of Fukuoka Branch
	April 2016	General Manager of Fukuoka Branch
	May 2018	Section Manager of Sales Planning Department and General Manager of Fukuoka Branch
	November 2019	General Manager of Sales Planning Department and General Manager of Fukuoka Branch
	January 2021	Director of PT INTERNATIONAL KANSHA KANDOU INDONESIA (current)
	June 2021	Executive Officer, General Manager of Sales Planning Department of the company
	November 2021	President and Representative Director of Ambihone Inc.(current)
	November 2021	Executive officer, General Manager of Photo Department (current)