



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

September 12, 2022
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, 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 third quarter of the FY ending October 31, 2022 (Nov. 1, 2021 - Jul. 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	%
3Q of FY ending Oct. 31, 2022	13,285	70.3	1,034	-	1,280	-	840	-
3Q of FY ended Oct. 31, 2021	7,800	1.8	(1,681)	-	(836)	-	(858)	-

Note: Comprehensive income: 3Q of FY ending Oct. 31, 2022: 926 million yen (-%); 3Q of FY ended Oct. 31, 2021: (847) million yen (-%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
3Q of FY ending Oct. 31, 2022	28.54	-
3Q of FY ended Oct. 31, 2021	(29.32)	-

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
3Q of FY ending Oct. 31, 2022	18,496	8,607	46.3
FY ended Oct. 31, 2021	17,603	7,604	43.0

Reference: Equity capital: 3Q of FY ending Oct. 31, 2022: 8,572 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	-	0.00	-		
FY ending Oct. 31, 2022 (forecast)				10.00	10.00

Note: Revisions to the latest projected dividends: No

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
Full year	19,250	67.0	1,650	-	1,900	-	1,400	-	47.52

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 7).

(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, 2022	29,956,800 shares	FY ended Oct. 31, 2021	29,956,800 shares
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2) Number of treasury shares at the end of period

3Q of FY ending Oct. 31, 2022	453,749 shares	FY ended Oct. 31, 2021	577,373 shares
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3) Average number of shares outstanding during the period (quarterly cumulative)

3Q of FY ending Oct. 31, 2022	29,438,879 shares	3Q of FY ended Oct. 31, 2021	29,281,749 shares
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Note: Figures for treasury shares include 401,200 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.

* 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 2).

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

In the first nine months of the current fiscal year (November 1, 2021 to July 31, 2022), restrictions on socio-economic activities were gradually eased in Japan as vaccinations and measures against the COVID-19 pandemic progressed amid an increase in the number of infections. At the same time, geopolitical and economic risks surrounding Ukraine and Russia are spreading globally. As concerns over possible effects of these factors are rising, the outlook for the Japanese economy remains uncertain.

In the wedding industry, the number of weddings and receptions is gradually increasing due to the resumption of events to attract customers as restrictions on socio-economic activity have been reduced.

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.

Net sales in the first nine months of the current fiscal year increased 70.3% from one year earlier to 13,285 million yen. Operating profit was 1,034 million yen compared with a 1,681 million yen loss one year earlier, ordinary profit was 1,280 million yen compared with an 836 million yen loss one year earlier, and profit attributable to owners of parent was 840 million yen compared with an 858 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 reduced, the IKK Group continued to take numerous actions to prevent the spread of infections for holding weddings and receptions.

As a result, sales increased 74.6% from one year earlier to 12,838 million yen. Operating profit was 1,050 million yen compared with a 1,724 million yen loss one year earlier.

b) Nursing-care Operations

Sales decreased 1.0% from one year earlier to 407 million yen and operating profit decreased 92.5% to 2 million yen.

c) Food Business

Sales increased 33.7% from one year earlier to 121 million yen and operating profit increased 347.0% to 28 million yen.

d) Photography Business

A subsidiary was established in November 2021 to operate photography business. There was an operating loss of 27 million yen.

e) Matrimonial Matchmaking Business

A subsidiary was established in November 2021 to operate matrimonial matchmaking business. With no sales, there was an operating loss of 18 million yen.

(2) Explanation of Financial Position

Total assets were 18,496 million yen at the end of the third quarter of the current fiscal year, 892 million yen more than at the end of the previous fiscal year. The main causes were increases of 865 million yen in cash and deposits and 183 million yen in other current assets, while there was a decrease of 258 million yen in property, plant and equipment.

Liabilities decreased 109 million yen to 9,889 million yen. The main causes were increases of 111 million yen in accounts payable-trade, 353 million yen in income taxes payable and 117 million yen in other current liabilities, while there were decreases of 142 million yen in provision for bonuses, 513 million yen in long-term borrowings and 44 million yen in other non-current liabilities.

Net assets increased 1,002 million yen to 8,607 million yen. The main causes include an increase due to profit attributable to owners of parent of 840 million yen. As a result, compared with the end of the previous fiscal year, the equity ratio rose by 3.3 percentage points to 46.3%.

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

The fiscal year consolidated forecasts announced on June 13, 2022 remain unchanged.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	Previous Consolidated FY (Oct. 31, 2021)	Current Consolidated FY, 3Q (Jul. 31, 2022)
Assets		
Current assets		
Cash and deposits	3,509,473	4,375,052
Accounts receivable-trade	323,156	431,791
Merchandise	323,247	259,116
Raw materials and supplies	52,883	62,519
Other	238,926	422,657
Allowance for doubtful accounts	(6,260)	(9,016)
Total current assets	4,441,425	5,542,120
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,339,892	7,817,979
Land	1,850,919	1,850,919
Other, net	346,516	609,944
Total property, plant and equipment	10,537,328	10,278,842
Intangible assets	154,679	158,270
Investments and other assets		
Guarantee deposits	1,597,311	1,485,020
Other	872,527	1,031,895
Total investments and other assets	2,469,838	2,516,915
Total non-current assets	13,161,847	12,954,028
Total assets	17,603,273	18,496,148
Liabilities		
Current liabilities		
Accounts payable-trade	589,810	701,681
Short-term borrowings	2,100,000	2,100,000
Current portion of long-term borrowings	806,183	807,638
Income taxes payable	67,166	421,055
Provision for bonuses	299,384	157,104
Other	2,116,363	2,233,442
Total current liabilities	5,978,908	6,420,922
Non-current liabilities		
Long-term borrowings	2,408,644	1,893,827
Retirement benefit liability	36,956	36,435
Provision for point card certificates	16,815	17,422
Asset retirement obligations	1,038,800	1,046,891
Other	518,555	473,611
Total non-current liabilities	4,019,771	3,468,188
Total liabilities	9,998,679	9,889,110

	(Thousands of yen)	
	Previous Consolidated FY (Oct. 31, 2021)	Current Consolidated FY, 3Q (Jul. 31, 2022)
Net assets		
Shareholders' equity		
Share capital	351,655	351,655
Capital surplus	351,731	347,861
Retained earnings	7,230,337	8,070,530
Treasury shares	(340,466)	(267,623)
Total shareholders' equity	7,593,258	8,502,424
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-	28,115
Remeasurements of defined benefit plans	17,472	13,811
Foreign currency translation adjustment	(32,549)	28,480
Total accumulated other comprehensive income	(15,076)	70,407
Non-controlling interests	26,411	34,205
Total net assets	7,604,593	8,607,038
Total liabilities and net assets	17,603,273	18,496,148

(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, 2020 - Jul. 31, 2021)	3Q of Current Consolidated Period (Nov. 1, 2021 - Jul. 31, 2022)
Net sales	7,800,568	13,285,308
Cost of sales	3,488,997	5,448,824
Gross profit	4,311,570	7,836,483
Selling, general and administrative expenses	5,993,382	6,802,154
Operating profit (loss)	(1,681,811)	1,034,328
Non-operating income		
Interest income	10,673	7,767
Subsidies for employment adjustment	798,611	222,314
Other	59,260	39,563
Total non-operating income	868,546	269,645
Non-operating expenses		
Interest expenses	17,743	12,134
Loss on cancellation of leases	-	5,840
Other	5,263	5,649
Total non-operating expenses	23,006	23,623
Ordinary profit (loss)	(836,272)	1,280,350
Extraordinary losses		
Loss on retirement of non-current assets	3,410	7,845
Total extraordinary losses	3,410	7,845
Profit (loss) before income taxes	(839,682)	1,272,504
Income taxes-current	11,189	426,373
Income taxes-deferred	11,892	8,946
Total income taxes	23,081	435,319
Profit (loss)	(862,764)	837,185
Loss attributable to non-controlling interests	(4,301)	(3,007)
Profit (loss) attributable to owners of parent	(858,463)	840,192

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

	(Thousands of yen)	
	3Q of Previous Consolidated Period (Nov. 1, 2020 - Jul. 31, 2021)	3Q of Current Consolidated Period (Nov. 1, 2021 - Jul. 31, 2022)
Profit (loss)	(862,764)	837,185
Other comprehensive income		
Valuation difference on available-for-sale securities	-	28,115
Remeasurements of defined benefit plans, net of tax	(3,358)	(3,680)
Foreign currency translation adjustment	18,601	65,272
Total other comprehensive income	15,243	89,708
Comprehensive income	(847,521)	926,893
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(844,960)	924,300
Comprehensive income attributable to non-controlling interests	(2,560)	2,592

(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.