



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

June 13, 2024
Listed on: Tokyo Stock Exchange

Name of listed company: IKK Holdings Inc.
Securities code: 2198 URL: <https://www.ikk-grp.jp/>
Representative: Katsushi Kaneko, Chairman and chief Executive Officer
Contact: Kazuya Nagashima, Manager of Management Division TEL: +81-92-937-7030
Scheduled date of filing quarterly financial report: June 13, 2024
Scheduled date of starting dividends distribution: -
Supplementary quarterly materials prepared: Yes
Quarterly 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 second quarter of the FY ending October 31, 2024 (Nov. 1, 2023 – Apr. 30, 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	%
2Q of FY ending Oct. 31, 2024	10,996	10.7	960	246.2	973	220.3	625	455.1
2Q of FY ended Oct. 31, 2023	9,937	30.5	277	-	304	80.9	112	(7.8)

Note: Comprehensive income: 2Q of FY ending Oct. 31, 2024: 619 million yen (up 456.5%); 2Q of FY ended Oct. 31, 2023: 111 million yen (down 20.6%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
2Q of FY ending Oct. 31, 2024	21.77	-
2Q of FY ended Oct. 31, 2023	3.87	-

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
2Q of FY ending Oct. 31, 2024	19,349	9,501	48.9
FY ended Oct. 31, 2023	20,012	10,050	50.0

Reference: Equity capital: 2Q of FY ending Oct. 31, 2024: 9,461 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
	Yen	Yen	Yen	Yen	Yen
FY ended Oct. 31, 2023	-	0.00	-	24.00	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 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.: 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)

2Q of FY ending Oct. 31, 2024	29,956,800 shares	FY ended Oct. 31, 2023	29,956,800 shares
-------------------------------	-------------------	------------------------	-------------------

2) Number of treasury shares at the end of period

2Q of FY ending Oct. 31, 2024	1,366,027 shares	FY ended Oct. 31, 2023	645,632 shares
-------------------------------	------------------	------------------------	----------------

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

2Q of FY ending Oct. 31, 2024	28,731,778 shares	2Q of FY ended Oct. 31, 2023	29,142,484 shares
-------------------------------	-------------------	------------------------------	-------------------

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 731,100 shares of the IKK stock held by the IKK Employee Stock Ownership Association Exclusive Trust at the end of the second quarter of the current fiscal year.

* 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).

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 Six-month Period	6
Quarterly Consolidated Statement of Comprehensive Income	
For the Six-month Period	7
(3) Quarterly Consolidated Statement of Cash Flows	8
(4) Notes to Quarterly Consolidated Financial Statements	9
Notes on Premise of Going Concern	9
Notes on Significant Fluctuation in Amounts of Shareholders' Equity	9

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

During the first half of the current fiscal year (November 1, 2023 to April 30, 2024), there were improvements in employment and personal income as economic and social activities returned to normal. However, the recovery of consumer spending was slow because of inflation and other reasons. Although demand generated by foreign tourists is recovering, the outlook for the Japanese economy remains uncertain because of the yen's prolonged weakness due to higher interest rates in other countries and increasing geopolitical risk in many areas of the world.

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 half, 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. In addition, we used many initiatives at wedding facilities to attract more customers. One major initiative is strengthening 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.

First half sales increased 10.7% from one year earlier to 10,996 million yen. Operating profit increased 246.2% to 960 million yen, ordinary profit increased 220.3% to 973 million yen, and profit attributable to owners of parent increased 455.1% to 625 million yen.

Business segment performance was as follows:

a) Wedding Business

Sales increased 8.6% from one year earlier to 10,325 million yen mainly due to the opening of the GEIHIKANKA 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 130.9% to 844 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 13.1% from one year earlier to 312 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 0 million yen compared with a 10 million yen loss one year earlier mainly due to higher personnel expenses.

c) Food Business

Sales increased 21.4% from one year earlier to 146 million yen and operating profit increased 4.9% to 24 million yen mainly due to higher personnel expenses.

d) Photography Business

Sales increased 200.0% from one year earlier to 323 million yen and operating profit was 96 million yen compared with a 65 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 increased 64.9% from one year earlier to 7 million yen and there was an operating loss of 3 million yen compared with a 32 million yen loss one year earlier.

(2) Explanation of Financial Position

Total assets were 19,349 million yen at the end of the second quarter of the current fiscal year, 662 million yen less than at the end of the previous fiscal year. The main causes include decreases of 63 million yen in cash and deposits, 212 million yen in other current assets, 187 million yen in property, plant and equipment and 130 million yen in investments and other assets.

Liabilities decreased 114 million yen to 9,847 million yen. The main causes were decreases of 146

million yen in accounts payable-trade and 150 million yen in short-term borrowings. There was an increase of 196 million yen in other current liabilities.

Net assets decreased 548 million yen to 9,501 million yen. The main causes include an increase due to profit attributable to owners of parent of 625 million yen, a decrease due to dividends from surplus of 703 million yen, and an increase of 463 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 fell by 1.1 percentage points to 48.9%.

(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

	(Thousands of yen)	
	Previous Consolidated FY (Oct. 31, 2023)	Current Consolidated FY, 2Q (Apr. 30, 2024)
Assets		
Current assets		
Cash and deposits	5,011,277	4,947,480
Accounts receivable-trade	447,796	413,699
Merchandise	204,467	225,516
Raw materials and supplies	91,029	121,788
Other	631,707	418,776
Allowance for doubtful accounts	(9,596)	(8,106)
Total current assets	6,376,681	6,119,154
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,922,911	8,686,481
Land	1,850,919	1,886,584
Other, net	335,850	348,819
Total property, plant and equipment	11,109,680	10,921,885
Intangible assets	163,724	152,782
Investments and other assets		
Guarantee deposits	1,297,564	1,222,475
Other	1,064,353	933,449
Total investments and other assets	2,361,918	2,155,924
Total non-current assets	13,635,323	13,230,592
Total assets	20,012,005	19,349,746
Liabilities		
Current liabilities		
Accounts payable-trade	915,516	768,830
Short-term borrowings	150,000	-
Current portion of long-term borrowings	1,114,458	1,121,648
Income taxes payable	315,283	320,214
Provision for bonuses	373,913	380,627
Other	2,234,403	2,430,974
Total current liabilities	5,103,575	5,022,294
Non-current liabilities		
Long-term borrowings	3,132,601	3,080,332
Retirement benefit liability	25,282	25,170
Provision for point card certificates	13,562	13,778
Asset retirement obligations	1,199,356	1,205,651
Other	487,545	500,608
Total non-current liabilities	4,858,347	4,825,540
Total liabilities	9,961,922	9,847,834

	(Thousands of yen)	
	Previous Consolidated FY (Oct. 31, 2023)	Current Consolidated FY, 2Q (Apr. 30, 2024)
Net assets		
Shareholders' equity		
Share capital	351,655	351,655
Capital surplus	348,488	347,018
Retained earnings	9,671,036	9,593,112
Treasury shares	(422,560)	(885,651)
Total shareholders' equity	9,948,620	9,406,134
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,138	-
Remeasurements of defined benefit plans	11,866	8,836
Foreign currency translation adjustment	46,349	46,349
Total accumulated other comprehensive income	66,355	55,185
Non-controlling interests	35,107	40,591
Total net assets	10,050,083	9,501,912
Total liabilities and net assets	20,012,005	19,349,746

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

	(Thousands of yen)	
	2Q of Previous Consolidated Period (Nov. 1, 2022 - Apr. 30, 2023)	2Q of Current Consolidated Period (Nov. 1, 2023 - Apr. 30, 2024)
Net sales	9,937,211	10,996,036
Cost of sales	4,227,681	4,418,805
Gross profit	5,709,530	6,577,230
Selling, general and administrative expenses	5,432,201	5,617,000
Operating profit	277,329	960,230
Non-operating income		
Interest income	5,519	8,726
Subsidy income	5,825	5,685
Other	30,113	13,873
Total non-operating income	41,458	28,284
Non-operating expenses		
Interest expenses	9,062	9,548
Other	5,719	5,099
Total non-operating expenses	14,782	14,648
Ordinary profit	304,005	973,866
Extraordinary income		
Subsidy income	67,806	39,809
Total extraordinary income	67,806	39,809
Extraordinary losses		
Loss on retirement of non-current assets	20,671	24,612
Total extraordinary losses	20,671	24,612
Profit before income taxes	351,139	989,063
Income taxes-current	121,224	312,361
Income taxes-deferred	113,143	45,668
Total income taxes	234,368	358,029
Profit	116,771	631,034
Profit attributable to non-controlling interests	4,087	5,490
Profit attributable to owners of parent	112,684	625,543

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

	(Thousands of yen)	
	2Q of Previous Consolidated Period (Nov. 1, 2022 - Apr. 30, 2023)	2Q of Current Consolidated Period (Nov. 1, 2023 - Apr. 30, 2024)
Profit	116,771	631,034
Other comprehensive income		
Valuation difference on available-for-sale securities	14,797	(8,138)
Remeasurements of defined benefit plans, net of tax	(1,449)	(3,037)
Foreign currency translation adjustment	(18,731)	-
Total other comprehensive income	(5,384)	(11,176)
Comprehensive income	111,387	619,857
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	108,445	614,374
Comprehensive income attributable to non-controlling interests	2,941	5,483

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	2Q of Previous Consolidated Period (Nov. 1, 2022 - Apr. 30, 2023)	2Q of Current Consolidated Period (Nov. 1, 2023 - Apr. 30, 2024)
Cash flows from operating activities		
Profit before income taxes	351,139	989,063
Depreciation	496,246	553,806
Increase (decrease) in allowance for doubtful accounts	(4,414)	(4,688)
Increase (decrease) in provision for bonuses	43,136	6,713
Increase (decrease) in retirement benefit liability	(7,888)	(4,624)
Increase (decrease) in provision for point card certificates	243	216
Subsidy income	(67,806)	(39,809)
Loss on retirement of non-current assets	20,671	24,612
Interest income	(5,519)	(8,726)
Interest expenses	9,062	9,548
Decrease (increase) in trade receivables	58,564	37,703
Decrease (increase) in inventories	(37,227)	(51,807)
Increase (decrease) in trade payables	(81,034)	(149,038)
Increase (decrease) in accounts payable-other	(70,700)	152,170
Increase (decrease) in advances received	302,454	9,561
Increase (decrease) in accrued consumption taxes	(672,303)	(2,162)
Decrease (increase) in consumption taxes refund receivable	91,867	104,402
Other, net	38,274	(33,370)
Subtotal	464,765	1,593,570
Interest received	1,590	5,841
Interest paid	(8,906)	(9,508)
Subsidies received	34,206	39,809
Income taxes refund	2,296	182,858
Income taxes paid	(992,640)	(324,004)
Net cash provided by (used in) operating activities	(498,688)	1,488,567
Cash flows from investing activities		
Proceeds from sale of investment securities	6,873	99,598
Purchase of property, plant and equipment	(1,665,785)	(347,931)
Purchase of intangible assets	(34,843)	(13,092)
Other, net	75,398	72,669
Net cash provided by (used in) investing activities	(1,618,356)	(188,756)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,050,000)	(150,000)
Proceeds from long-term borrowings	2,670,000	555,500
Repayments of long-term borrowings	(325,486)	(600,579)
Purchase of treasury shares	(399,998)	(507,198)
Proceeds from sale of treasury shares	44,780	42,569
Dividends paid	(298,410)	(701,600)
Other, net	-	(2,300)
Net cash provided by (used in) financing activities	(359,115)	(1,363,608)
Effect of exchange rate change on cash and cash equivalents	(14,739)	-
Net increase (decrease) in cash and cash equivalents	(2,490,899)	(63,796)
Cash and cash equivalents at beginning of period	5,800,686	4,917,277
Cash and cash equivalents at end of period	3,309,787	4,853,480

(4) 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.