

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended April 30, 2022
(Based on Japanese GAAP)**

June 14, 2022

Company name: GIFT HOLDINGS INC.
 Stock exchange listing: Tokyo
 Stock code: 9279 URL <https://www.gift-group.co.jp/>
 Representative: President and Representative Director Sho Tagawa
 Managing Director & General Manager, Administration Division Norihiko Suehiro TEL 042-860-7182
 Inquiries: Administration Division
 Scheduled date to file Quarterly Securities Report: June 14, 2022
 Scheduled date to commence dividend payments: July 20, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended April 30, 2022 (from November 1, 2021 to April 30, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---------------------------------|-----------------|------|------------------|-------|-----------------|-------|---|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Six months ended April 30, 2022 | 7,891 | 25.2 | 773 | 152.6 | 1,197 | 116.3 | 816 | 130.0 |
| Six months ended April 30, 2021 | 6,303 | 18.9 | 306 | 4.7 | 553 | 73.7 | 355 | 107.5 |

| | Earnings per share | Diluted earnings per share |
|---------------------------------|--------------------|----------------------------|
| | Yen | Yen |
| Six months ended April 30, 2022 | 82.05 | 81.81 |
| Six months ended April 30, 2021 | 35.74 | 35.59 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of April 30, 2022 | 8,944 | 4,757 | 53.2 |
| As of October 31, 2021 | 8,277 | 4,116 | 49.7 |

2. Cash dividends

| | Annual dividends per share | | | | |
|---|----------------------------|-----------------|-----------------|-----------------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended October 31, 2021 | — | 0.00 | — | 20.00 | 20.00 |
| Year ending October 31, 2022 | — | 12.00 | | | |
| Year ending October 31, 2022 (Forecast) | | | — | 13.00 | 25.00 |

3. Forecast of consolidated financial results for the year ending October 31, 2022 (from November 1, 2021 to October 31, 2022)

Percentages indicate year-on-year changes

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Earnings per share |
|-----------|-----------------|------|------------------|------|-----------------|------|---|------|--------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 17,000 | 26.2 | 1,700 | 81.6 | 2,000 | 14.4 | 1,280 | 18.9 | 128.59 |

4. Notes

- (1) Changes in significant subsidiaries during the six months ended April 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

| | | | |
|----------------------|------------------|------------------------|------------------|
| As of April 30, 2022 | 9,959,545 shares | As of October 31, 2021 | 9,953,967 shares |
|----------------------|------------------|------------------------|------------------|

Number of treasury shares at the end of the period

| | | | |
|----------------------|------------|------------------------|------------|
| As of April 30, 2022 | 157 shares | As of October 31, 2021 | 157 shares |
|----------------------|------------|------------------------|------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|---------------------------------|------------------|---------------------------------|------------------|
| Six months ended April 30, 2022 | 9,956,202 shares | Six months ended April 30, 2021 | 9,938,377 shares |
|---------------------------------|------------------|---------------------------------|------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

| | As of October 31, 2021 | As of April 30, 2022 |
|--|------------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,871,492 | 1,823,332 |
| Accounts receivable - trade | 262,090 | 340,201 |
| Merchandise and finished goods | 50,484 | 95,909 |
| Raw materials and supplies | 49,488 | 79,338 |
| Other | 180,348 | 241,588 |
| Allowance for doubtful accounts | (127) | (113) |
| Total current assets | 2,413,776 | 2,580,257 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 3,900,522 | 4,196,598 |
| Accumulated depreciation | (888,499) | (1,010,608) |
| Buildings and structures, net | 3,012,022 | 3,185,989 |
| Land | 141,782 | 141,782 |
| Other | 1,472,062 | 1,711,471 |
| Accumulated depreciation | (609,438) | (663,593) |
| Other, net | 862,623 | 1,047,877 |
| Total property, plant and equipment | 4,016,429 | 4,375,650 |
| Intangible assets | | |
| Goodwill | 124,727 | 114,333 |
| Other | 10,696 | 14,983 |
| Total intangible assets | 135,423 | 129,317 |
| Investments and other assets | | |
| Leasehold and guarantee deposits | 870,911 | 936,468 |
| Other | 841,350 | 923,187 |
| Allowance for doubtful accounts | (435) | (435) |
| Total investments and other assets | 1,711,827 | 1,859,220 |
| Total non-current assets | 5,863,680 | 6,364,187 |
| Total assets | 8,277,456 | 8,944,444 |

(Thousands of yen)

As of October 31, 2021

As of April 30, 2022

| Liabilities | | |
|--|-----------|-----------|
| Current liabilities | | |
| Accounts payable - trade | 389,490 | 487,039 |
| Short-term borrowings | — | 88,705 |
| Current portion of long-term borrowings | 534,834 | 527,588 |
| Income taxes payable | 445,611 | 429,038 |
| Provision for bonuses | 103,435 | 102,613 |
| Provision for point card certificates | 5,965 | — |
| Other | 1,060,401 | 930,955 |
| Total current liabilities | 2,539,738 | 2,565,939 |
| Non-current liabilities | | |
| Long-term borrowings | 1,274,648 | 1,246,421 |
| Asset retirement obligations | 341,636 | 371,886 |
| Other | 5,045 | 2,390 |
| Total non-current liabilities | 1,621,329 | 1,620,698 |
| Total liabilities | 4,161,068 | 4,186,638 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 790,287 | 793,117 |
| Capital surplus | 1,042,415 | 1,045,244 |
| Retained earnings | 2,281,161 | 2,887,625 |
| Treasury shares | (324) | (324) |
| Total shareholders' equity | 4,113,540 | 4,725,662 |
| Accumulated other comprehensive income | | |
| Foreign currency translation adjustment | 2,847 | 32,144 |
| Total accumulated other comprehensive income | 2,847 | 32,144 |
| Total net assets | 4,116,387 | 4,757,806 |
| Total liabilities and net assets | 8,277,456 | 8,944,444 |

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

| | Six months ended April 30, 2021 | Six months ended April 30, 2022 |
|--|------------------------------------|------------------------------------|
| Net sales | 6,303,304 | 7,891,138 |
| Cost of sales | 1,784,260 | 2,343,739 |
| Gross profit | 4,519,044 | 5,547,398 |
| Selling, general and administrative expenses | 4,213,033 | 4,774,335 |
| Operating profit | 306,011 | 773,063 |
| Non-operating income | | |
| Interest income | 4,011 | 4,643 |
| Foreign exchange gains | 0 | 946 |
| Commission income | 9,919 | 818 |
| Subsidy income | 151,732 | 410,899 |
| Compensation income | 80,000 | — |
| Other | 4,985 | 10,388 |
| Total non-operating income | 250,649 | 427,695 |
| Non-operating expenses | | |
| Interest expenses | 2,239 | 1,943 |
| Other | 810 | 1,294 |
| Total non-operating expenses | 3,049 | 3,237 |
| Ordinary profit | 553,611 | 1,197,520 |
| Extraordinary income | | |
| Gain on sale of non-current assets | — | 1,100 |
| Insurance claim income | — | 16,774 |
| Other | — | 628 |
| Total extraordinary income | — | 18,502 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 714 | 15,466 |
| Impairment losses | — | 2,586 |
| Total extraordinary losses | 714 | 18,052 |
| Profit before income taxes | 552,897 | 1,197,970 |
| Income taxes | 197,654 | 381,035 |
| Profit | 355,242 | 816,935 |
| Profit attributable to owners of parent | 355,242 | 816,935 |

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

| | Six months ended April 30, 2021 | Six months ended April 30, 2022 |
|---|------------------------------------|------------------------------------|
| Profit | 355,242 | 816,935 |
| Other comprehensive income | | |
| Foreign currency translation adjustment | (380) | 29,296 |
| Total other comprehensive income | (380) | 29,296 |
| Comprehensive income | 354,861 | 846,231 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 354,861 | 846,231 |

Consolidated statements of cash flows

(Thousands of yen)

| | Six months ended April 30, 2021 | Six months ended April 30, 2022 |
|--|------------------------------------|------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 552,897 | 1,197,970 |
| Depreciation | 187,748 | 224,870 |
| Impairment losses | — | 2,586 |
| Amortization of goodwill | 10,393 | 10,393 |
| Increase (decrease) in provision for point card certificates | 4,253 | — |
| Increase (decrease) in allowance for doubtful accounts | 16 | (13) |
| Interest and dividend income | (4,011) | (4,643) |
| Interest expenses | 2,239 | 1,943 |
| Subsidy income | (151,732) | (410,899) |
| Compensation income | (80,000) | — |
| Insurance claim income | — | (16,774) |
| Loss (gain) on sale of non-current assets | — | (1,100) |
| Loss on retirement of non-current assets | 714 | 15,466 |
| Decrease (increase) in trade receivables | (14,370) | (77,935) |
| Decrease (increase) in inventories | (11,794) | (75,100) |
| Increase (decrease) in trade payables | 7,683 | 95,877 |
| Increase (decrease) in provision for bonuses | 11,620 | (822) |
| Other, net | 109,321 | (92,756) |
| Subtotal | 624,980 | 869,063 |
| Interest and dividends received | 279 | 1,953 |
| Interest paid | (2,219) | (1,957) |
| Income taxes paid | (37,024) | (380,792) |
| Proceeds from subsidy income | 149,332 | 457,263 |
| Proceeds from compensation | 80,000 | — |
| Proceeds from insurance income | — | 16,774 |
| Net cash provided by (used in) operating activities | 815,348 | 962,304 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (797,892) | (753,735) |
| Proceeds from sale of property, plant and equipment | — | 1,100 |
| Payments of leasehold and guarantee deposits | (96,625) | (62,788) |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (26,983) | — |
| Other, net | (11,986) | (75,113) |
| Net cash provided by (used in) investing activities | (933,487) | (890,537) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (22,811) | 88,705 |
| Proceeds from long-term borrowings | 368,500 | 250,000 |
| Repayments of long-term borrowings | (295,668) | (288,705) |
| Proceeds from issuance of shares resulting from exercise of share acquisition rights | 1,876 | 163 |
| Dividends paid | (98,888) | (198,463) |
| Other, net | (141) | — |
| Net cash provided by (used in) financing activities | (47,132) | (148,300) |
| Effect of exchange rate change on cash and cash equivalents | (489) | 28,373 |
| Net increase (decrease) in cash and cash equivalents | (165,760) | (48,160) |
| Cash and cash equivalents at beginning of period | 1,791,976 | 1,871,492 |
| Cash and cash equivalents at end of period | 1,626,216 | 1,823,332 |