



G I F T

Securities Code 9279

GIFT INC.

Financial Results Supplementary Explanatory
Materials for the Third Quarter of the Fiscal Year
Ending October 31, 2021

The opinions and forecasts contained in these materials are the judgments of the Company at the time of preparation of the materials, and do not guarantee the accuracy of the information therein.
Actual performance and results may differ significantly due to changes in a variety of factors.



Summary of Financial Results for the Cumulative Third Quarter of the Fiscal Year Ending October 31, 2021

(Millions of yen, cumulative basis)	FYE Oct. 31, 2020 Q3		FYE Oct. 31, 2021 Q3		Year-on-year change
	Amount	Percentage of sales	Amount	Percentage of sales	Change
Net sales	7,972	-	9,759	-	+22.4%
Cost of sales	2,352	29.5%	2,696	27.6%	+14.6%
Gross profit	5,619	70.5%	7,063	72.4%	+25.7%
Selling, general and administrative expenses	5,314	66.7%	6,403	65.6%	+20.5%
Operating profit	305	3.8%	660	6.8%	+ 116.2%
Ordinary profit	360	4.5%	1,260	12.9%	+ 249.5%
Profit	182	2.3%	862	8.8%	+ 373.3%

Subsidies for cooperating with early closing-hour requests and employment adjustment

The Group has shortened the operating hours of stores in response to requests from local governments to shorten the operating hours of restaurants, etc. The Group is applying for subsidies for cooperating with early closing-hour requests and employment adjustment and recognizing revenue when the payment is decided.

In the first three quarter of the current fiscal year, the Company posted **455,969 thousand yen** in subsidy income under non-operating income.

(Reference) Status of application and payment of subsidy (as of the submission of the Summary of Consolidated Financial Results for the Nine Months Ended July 31, 2021)

		By July 31	After August 1			Total	Total days when cooperating with early closing-hour requests
		paid	Applied for, Payment decided	Applied for, Payment undecided	Scheduled to be applied		
Cooperating with early closing-hour requests	Number of days	8,063 (111)	1,114 (503)	3,222 (3,157)	2,807 (2,807)	7,143 (6,467)	15,206 (6,578)
	Subsidy (Thousands of yen)	414,296	45,098	Note 2	Note 2	Note 2	Note 2
Employment adjustment	Subsidy (Thousands of yen)	40,215	—	Note 2	Note 2	Note 2	Note 2

(Note 1) The number of days in parentheses is the number of days, for which subsidies are calculated based on the reduced sales method, etc.

(Note 2) Revenue will be recognized when the decision is made on the payment of subsidies that has been applied for and is yet to be determined, or will be applied for as of the submission of the Summary of Consolidated Financial Results for the Nine Months Ended July 31, 2021.

(Millions of yen)

	As of Oct. 31, 2020	As of July 31, 2021	Change
Current assets	2,253	2,424	+ 171
Cash and deposits	1,791	1,926	+ 134
Accounts receivable - trade	232	234	+ 2
Other	228	263	+ 34
Non current assets	4,618	5,682	+ 1,063
Property, plant and equipment	3,025	3,835	+ 809
Intangible assets	169	223	+ 53
Investments and other assets	1,423	1,624	+ 200
Total assets	6,872	8,107	+ 1,235

	As of Oct. 31, 2020	As of July 31, 2021	Change
Current liabilities	2,402	2,853	+ 451
Accounts payable - trade	298	361	+ 62
Short-term borrowings	754	688	(66)
Current portion of long term borrowings	547	561	+ 14
Other	802	1,242	+ 440
Non-current liabilities	1,361	1,355	(6)
Long-term borrowings	1,093	1,036	(56)
Other	268	318	+ 50
Total liabilities	3,764	4,208	+444
Total net assets	3,107	3,898	+791
Share capital	786	790	+ 3
Capital surplus	1,038	1,042	+ 3
Retained earnings	1,304	2,067	+ 763
Treasury stock	(0)	(0)	(0)
Accumulated other comprehensive income	(21)	(1)	+19
Total liabilities and net assets	6,872	8,107	+ 1,235








Status of Stores (Breakdown of Change)



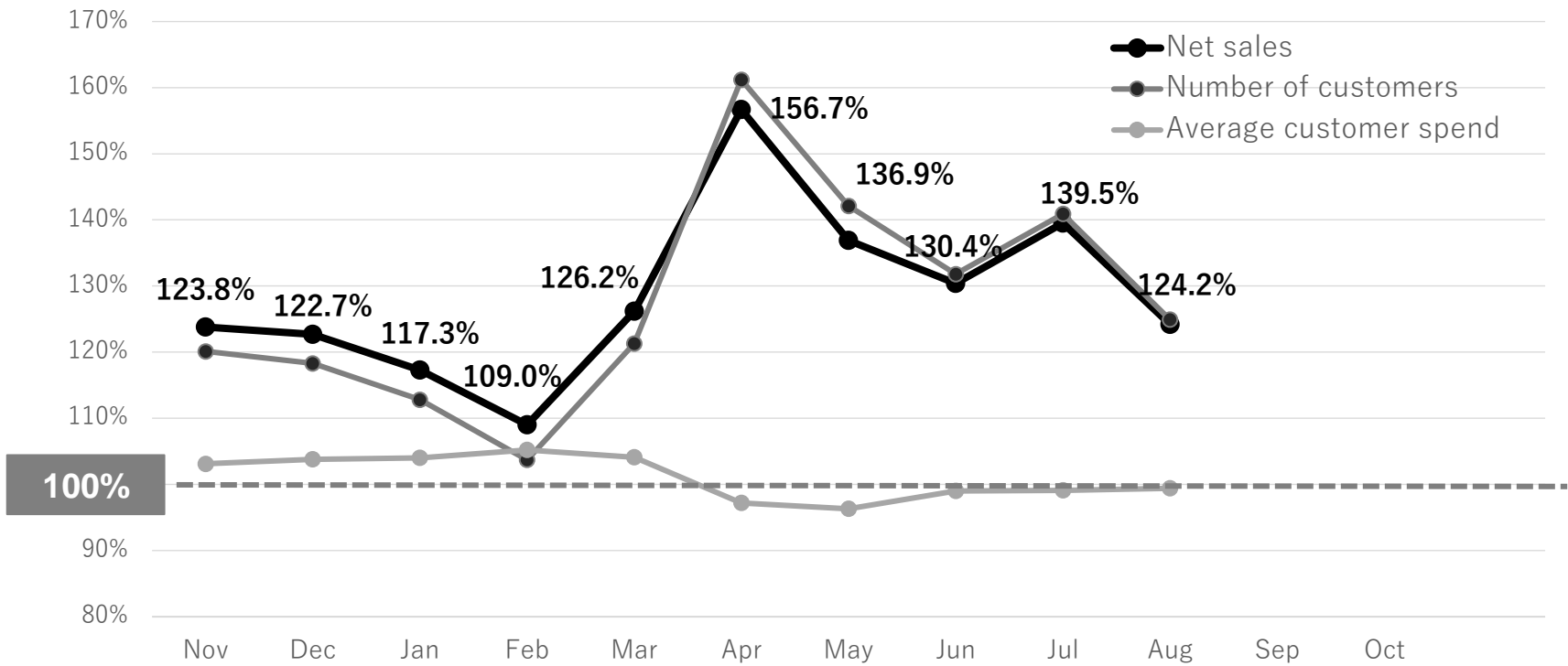
(Number of stores)		As of Oct. 31, 2020	As of July 31, 2021 (Q3-end)	Change
Directly operated store business	Kanto	70	83	+13
	East Japan (other than Kanto)	22	29	+7
	West Japan	19	18	(1)
	Overseas	3	3	—
	Subtotal	114	133	+19
	Outsourced stores	8	10	+2
	Total	122	143	+21
Produced store business	Kanto	276	288	+12
	East Japan (other than Kanto)	72	95	+23
	West Japan	52	62	+10
	Overseas	10	13	+3
	Total	410	458	+48
Total number of stores		532	601	+69

Status of Stores (Breakdown of brand types of Directly Operated Stores)



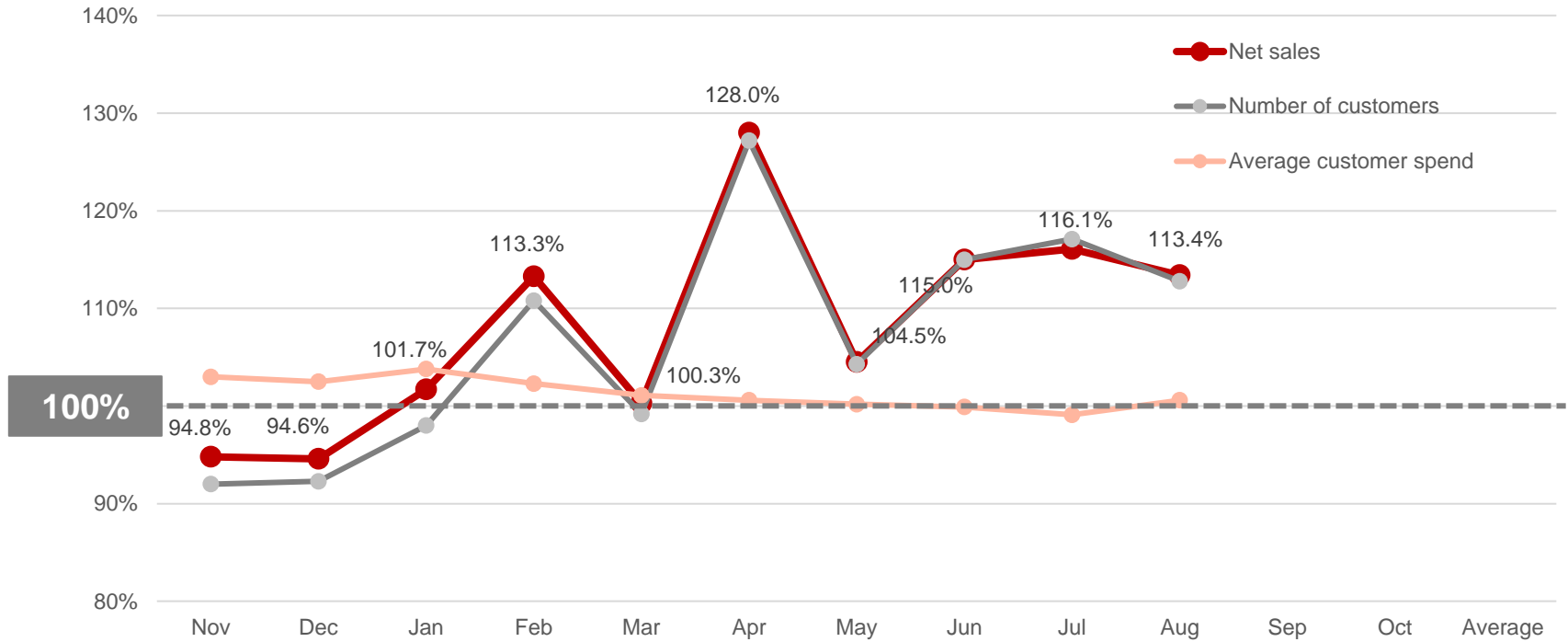
Brand type	 Yokohama IEKEI Ramen	 BUTAYAMA	 KAMATAKI TONKOTSU BATTEN Ramen/GATTON	 SHI-TEN-NOH	 MISO Ramen
Number of stores	102	16	2	1	6
Increase/decrease (vs previous fiscal year-end)	+16	+2	—	(1)	—
Brand type	 NAGAOKA SHOKUDO	Overseas  E. A. K. RAMEN	Others		
Number of stores	1	3	2		
Increase/decrease (vs previous fiscal year-end)	—	—	+2		

Year-on-year Comparison of Sales of All Directly Operated Stores in Japan



All stores	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Average
Net sales	123.8%	122.7%	117.3%	109.0%	126.2%	156.7%	136.9%	130.4%	139.5%	124.2%			128.7%
Number of customers	120.1%	118.3%	112.8%	103.7%	121.3%	161.2%	142.1%	131.8%	140.9%	124.9%			127.7%
Average customer spend	103.1%	103.8%	104.0%	105.2%	104.1%	97.2%	96.3%	99.0%	99.1%	99.4%			101.1%

Year-on-year Comparison of Sales of Existing Directly Operated Stores in Japan



Existing stores	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Average
Net sales	94.8%	94.6%	101.7%	113.3%	100.3%	128.0%	104.5%	115.0%	116.1%	113.4%			108.2%
Number of customers	92.0%	92.3%	98.0%	110.8%	99.2%	127.2%	104.3%	115.0%	117.1%	112.8%			106.9%
Average customer spend	103.0%	102.5%	103.8%	102.3%	101.1%	100.6%	100.2%	99.9%	99.1%	100.6%			101.3%
Versus FYE Oct. 2019	95.1%	92.6%	97.4%	109.6%	86.6%	96.7%	94.2%	101.8%	107.4%	105.5%			98.7%



Results Forecast for the Fiscal Year Ending October 31, 2021

Results Forecast for the Fiscal Year Ending October 31, 2021

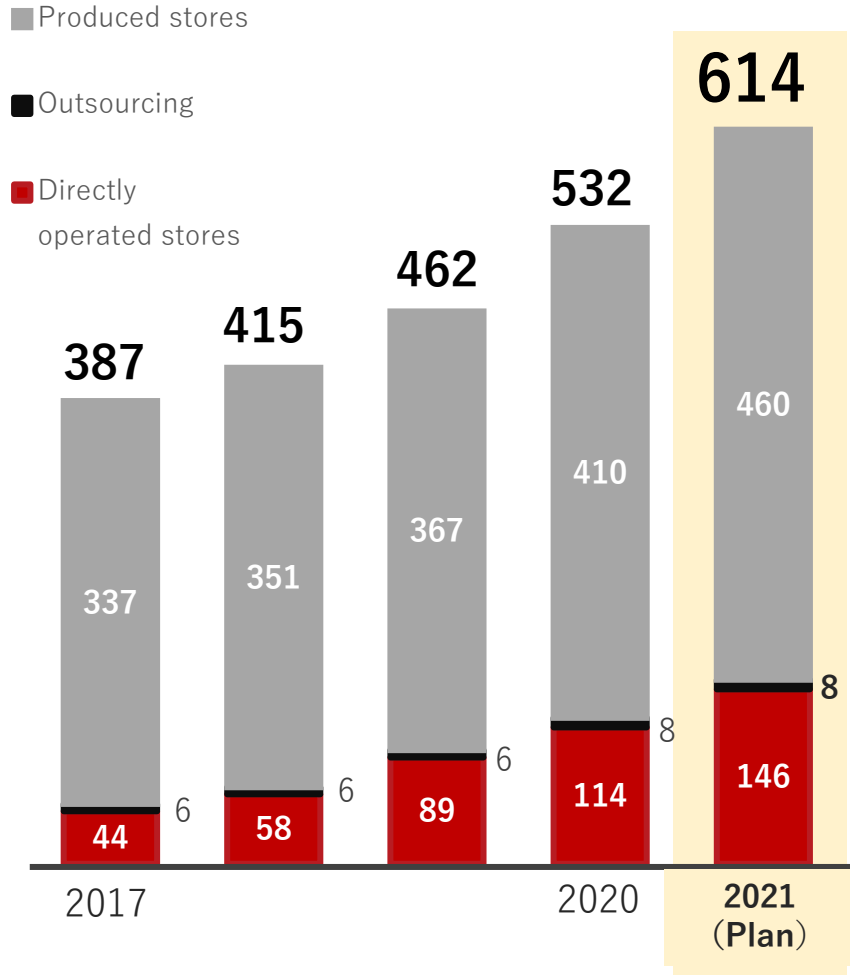


Revised up our full-year consolidated financial results forecast on an ordinary and bottom-line basis on September 8, 2021.

(Millions of yen)

	FYE Oct. 31, 2021 Previous forecast announced on Dec. 15, 2020		FYE Oct. 31, 2021 Revised forecast announced on Sep. 8, 2021		Change
	Amount	Percentage of sales	Amount	Percentage of sales	
Net sales	15,150	—	13,730	—	(9.4)%
Operating profit	1,080	7.1%	930	6.8%	(13.9)%
Ordinary profit	1,130	7.5%	1,480	10.8%	+ 31.0%
Profit attributable to owners of parent	590	3.9%	790	5.8%	+33.9%

Number of Stores



Number of Stores as of Oct. 31, 2021 (Plan)

614 stores

Plan for

+82 stores year-on-year

Directly operated stores*

+32 stores year-on-year

Produced stores

+50 stores year-on-year

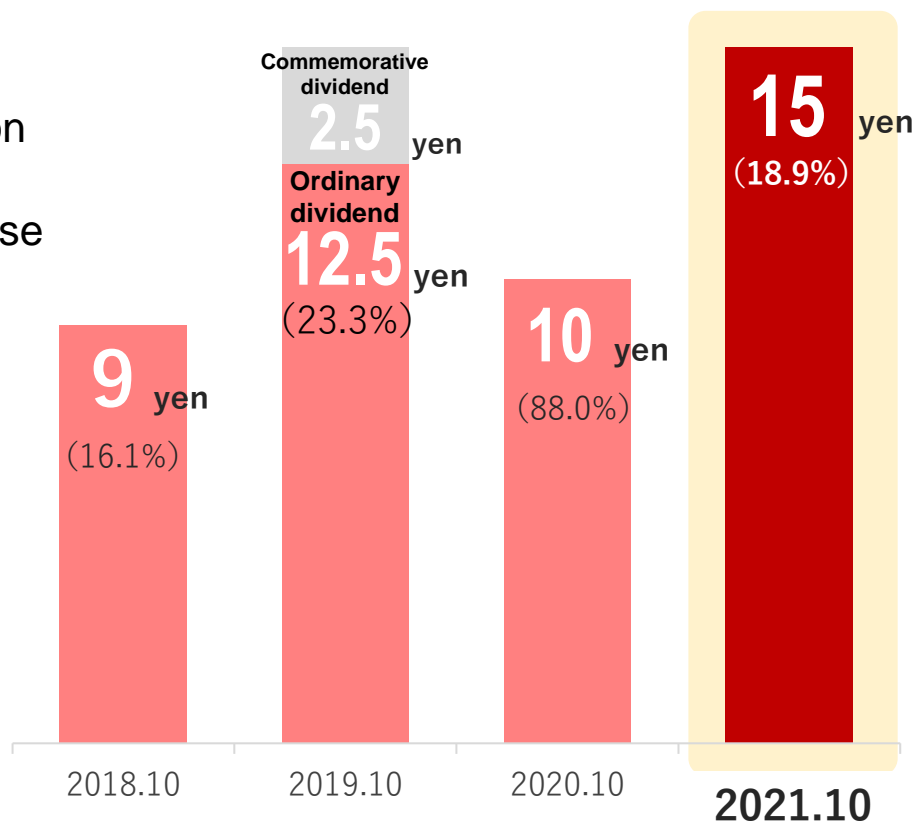
* Overseas stores are included in the number of directly operated stores

Dividend Policy

Returns to shareholders are made by stably and continually returning profits to shareholders based on comprehensive determination of management performance, financial condition and the level of achievement of business plans, etc.

Dividends for the Fiscal Year Ending October 31, 2021

Based on comprehensive consideration of this basic policy and the results forecast, the Company plans to increase ordinary dividends by 5 yen to 15 yen. The dividend payout ratio is approximately 19%.



* The figures on the right show reference figures taking into account the share split.

Shareholder Benefits (no correction)

The shareholder benefit system was expanded from the fiscal year ended October 31, 2020 due to the share split

Number of shares held	Benefit details
100 shares or more	2 meal coupons (4 per year)
200 shares or more	3 meal coupons (6 per year)

- Meal coupons can be used to choose any item on the ticket vending machine buttons for free. At stores without vending machine, any item on the store menu can be chosen. **They can also be used for take-out.***
*Excluding Frozen meals sold at some of our stores.
- They can also be used for set items with a value of 1,000 yen or more.
- Shareholders as of April 30 record date ➡ To be sent in July each year
Shareholders as of October 31 record date ➡ To be sent in January each year
- Meal coupons can be used in the Group's directly operated stores nationwide. Please refer to the following URL.
<https://www.gift-group.co.jp/ir/dividend.html>





Reference Materials: Company Overview



Company name	GIFT INC.
Business details	Restaurant operation
Head office address	3F Odakyu Machida Morino Building, 1-23-19 Morino, Machida-shi, Tokyo
Company factories	Hiratsuka Noodle Factory, Yokohama Noodle Factory, Yokohama Roast Pork Factory, Nasu Dumpling Factory, Tamba-Sasayama Noodle Factory
Established	December 7, 2009 (Founded in January 2008)
Representative	President and Representative Director: Sho Tagawa
End of fiscal year	October
Share capital	790 million yen (as of July 31, 2021)
Group employees	400 employees, 1,535 part-time and casual workers (as of October 31, 2020)
Affiliates	GIFT JAPAN K.K. Ramen TENKA K.K. GIFT FOODS MATERIAL K.K. GIFT USA INC. GIFT LOS ANGELES, LLC GIFT NEW YORK, LLC GIFT NEW YORK NO.2, LLC

Core Brand



Yokohama IEKEI Ramen

Yokohama IEKEI Ramen characterized by creamy soup. Flavor that you never tire of.



BUTAYAMA

A hearty ramen with a pork bone broth based soy sauce soup dynamically topped with vegetables (sprouts and cabbage) and roast pork.



KAMATAKI TONKOTSU BATTEN Ramen/GATTON

Pork bone broth ramen characterized by rich soup. Choose the hardness of noodles to suit your taste.



SHI-TEN-NOH

Very popular with visitors from overseas. Kyushu tonkotsu ramen characterized by its light richness.



MISO Ramen

MISO based ramen with plenty of flavor of stir fried vegetables.



NAGAOKA SHOKUDO

A light yet deeply flavorful ginger and soy sauce ramen that is popular as a local ramen in Nagaoka City in Niigata



E.A.K. RAMEN

Providing a flavor to match local needs based on IEKEI ramen.

Operation of restaurant business through the two channels of directly operated stores and produced stores

Directly operated stores

143 stores

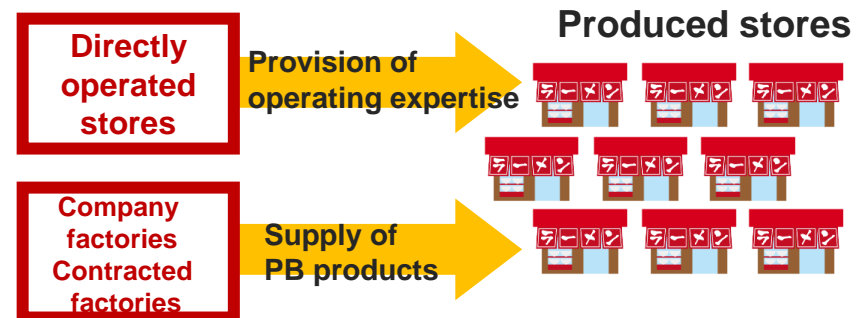
Operation of directly operated stores centered on Yokohama IEKEI Ramen



Produced stores

458 stores

Support for creation of busy stores according to the requests of owners



* PB products:
Private brand products
(Noodles, sauce, soup, dumplings, roast pork)

Able to open stores in the vicinity of stations and roadside

Areas in the vicinity of stations

"Region name + Shoten"
Locally focused store operation

Akitsu Shoten



Sannomiya Shoten



Yoyogi Shoten



Tsunashima Shoten



Ogikubo Shoten



Roadside areas

"MACHIDA SHOTEN"
Chain store operation with fixed quality

MACHIDA SHOTEN
Himeji Store



MACHIDA SHOTEN
Nakamachidai Store



MACHIDA SHOTEN
Shimizu Interchange Store



MACHIDA SHOTEN
Kyoto-Higashi
Interchange Store



MACHIDA SHOTEN Kakogawa Store



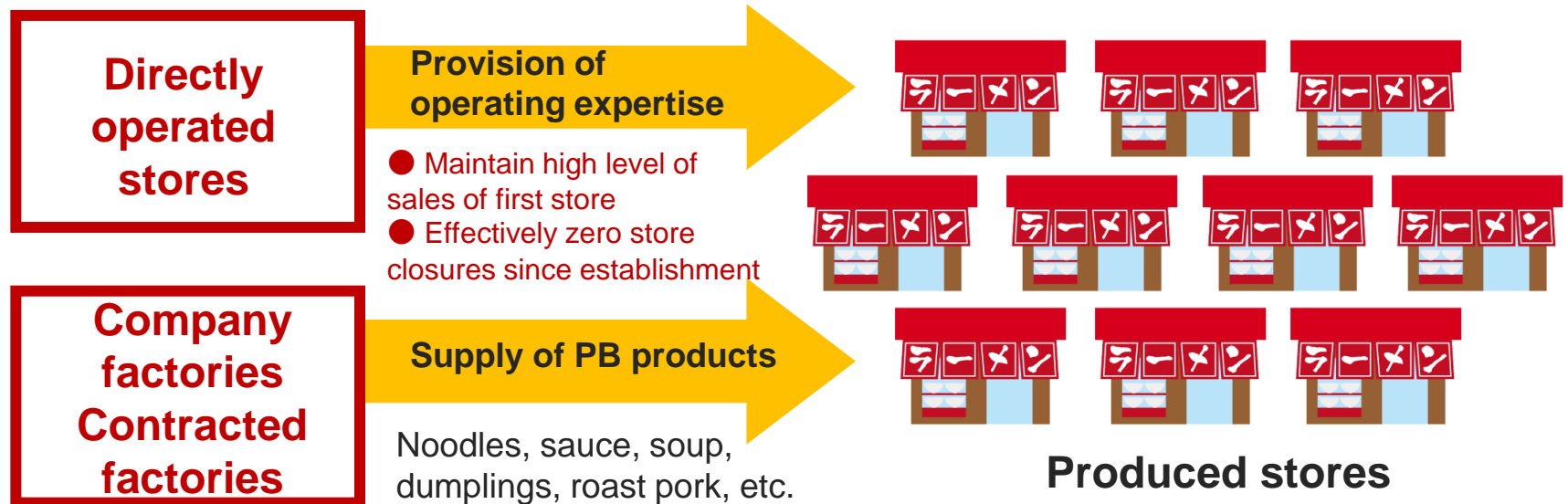
IEKEI Ramen is also popular with families

- Parking area (20-30 vehicles)
- Opening stores based on analysis of factors such as the state of competition, population of the trade area and traffic volume
- Creation of stores that can be enjoyed by families
- Improvement of menu for families
- Maintaining trend of increasing average customer spend
- Roadside stores are busier than stores in the vicinity of stations



<The Company's original channel> Operating scheme of produced stores

Support for creation of busy stores according to the requests of owners

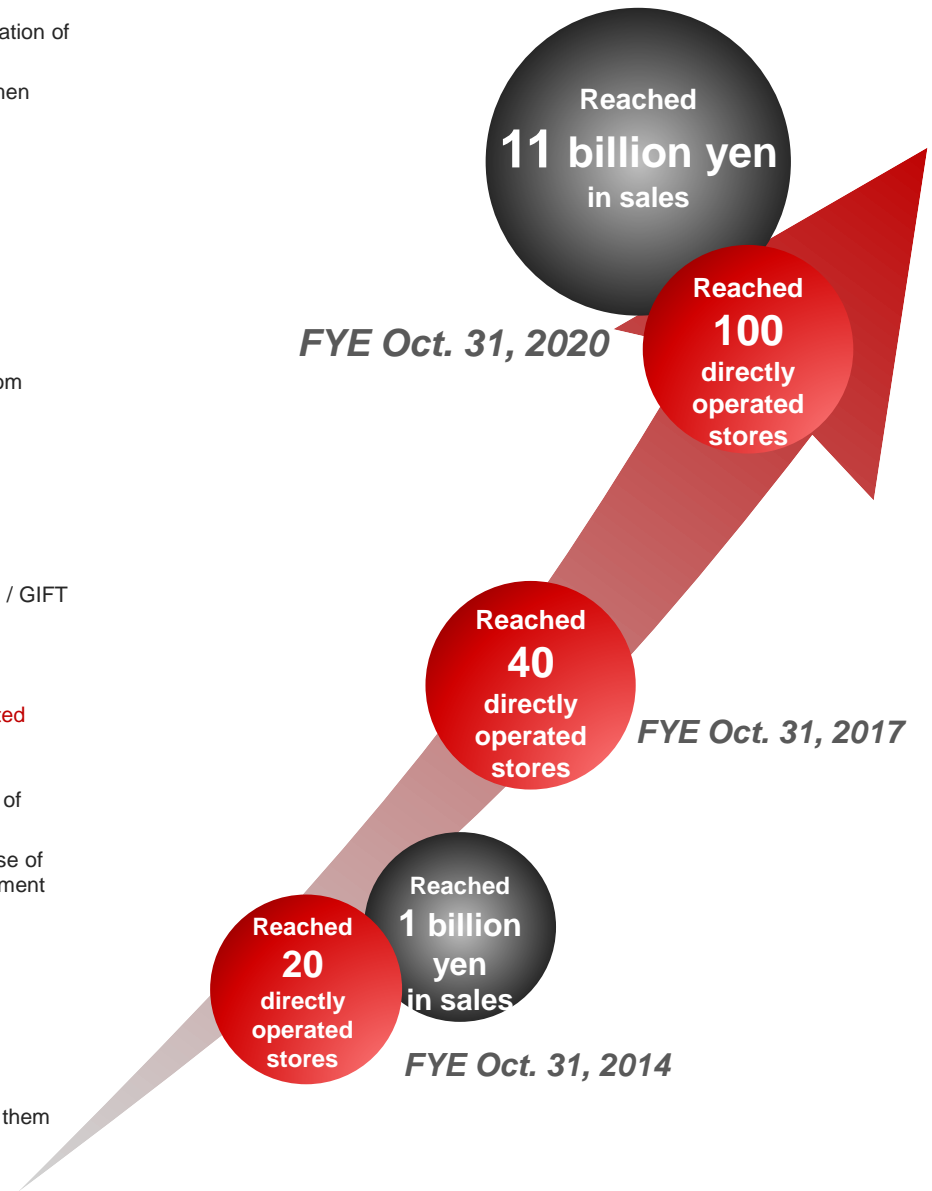


* In contrast to a franchise system, no guarantee money, franchise membership fee or consulting fee (royalties) are required. The production of stores at the time of their launch based on operating expertise of directly operated stores is provided free of charge on the condition of purchase of ingredients.

	Franchise Stores	Produced stores
Trade name	Not selectable	Freely selectable
Membership fee	1-5 million yen	0 yen
Royalties	Approx. 5% of monthly sales	0 yen
Freedom of store operation and menu development	×	○
Risk of overall ripple effect of damage to brand by a member store	Large	Small
Various support*	Available	Available

* Various support: Property development, store design, employee training, opening support

- 2008** Jan Opened MACHIDA SHOTEN main store
- 2009** Dec Established MACHIDA SHOTEN K.K. (now the Company) Started operation of Directly Operated Store Business Division
- 2010** Jan Established FINAL THREE FEET K.K. for the purpose of producing ramen business, sale of PB products, manufacture of noodles, etc. Started operation of Produced Store Business Division
- Aug Opened Yoyogi Shoten as the second directly operated store
- 2013** Nov Established a noodle factory in Hiratsuka-shi, Kanagawa
- 2014** Mar Reached 10 directly operated stores in Japan
- Dec Reached 20 directly operated stores in Japan
- 2015** Mar FINAL THREE FEET K.K. acquired all shares of SHI-TEN-NOH K.K. from COLOWIDE CO., LTD. to make it a subsidiary
- May Changed trade name to GIFT INC. Established first overseas subsidiary in Singapore
- Nov Reached 30 directly operated stores in Japan
- 2016** Mar Established overseas subsidiaries in the United States (GIFT USA INC. / GIFT LOS ANGELES, LLC / GIFT NEW YORK, LLC)
- Jul Opened first directly operated overseas store (Singapore)
- Dec Reached 40 directly operated stores in Japan, opened first store in United States (LA)
- 2017** May Performed absorption-type merger of FINAL THREE FEET K.K. for the purpose of improving management efficiency and increasing the speed of management decisions
- Aug Performed absorption-type merger of SHI-TEN-NOH K.K. for the purpose of improving management efficiency and increasing the speed of management decisions
- Dec Reached 50 directly operated stores in Japan
- 2018** Feb Established GIFT NEW YORK No.2, LLC in the United States
- May Established GIFT DENVER LLC in the United States
- Oct Listed shares on Tokyo Stock Exchange Mothers
- 2019** Aug Acquired shares of Ramen TENKA K.K. and KIK FOODS K.K. to make them subsidiaries
- 2020** Sep Changed listing market to First Section of Tokyo Stock Exchange



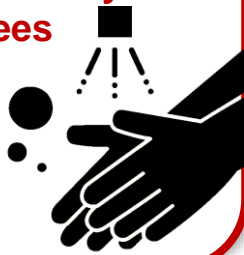
Measures to Prevent the Spread of COVID-19 in Stores



The Company's stores are taking steps to prevent infection in order to enable customers to come to our stores with peace of mind.

And, as part of prevent the spread of COVID-19, we have been participating in the "COVID-19 Monitoring Test" conducted by the Cabinet Secretariat since September 2021.

Ensuring hand washing and alcohol disinfection by employees



Checking the temperatures of employees upon arrival at work. Instructing them to stand by at home if there is a problem



Requiring employees to wear masks



Installation of vinyl sheets and acrylic partitions



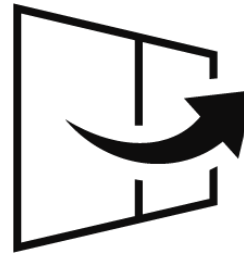
Periodic disinfection of store equipment with alcohol



Removal of certain condiments and spoons, etc. from tables



Recommending store ventilation



Provision of alcohol disinfectant for customers in stores



The Company's stores are taking steps to prevent infection in order to enable customers to come to our stores with peace of mind.



▼ Clear vinyl sheets and acrylic partitions are installed between seats. These enable customers to concentrate on their ramen without worrying about the spread of airborne droplets.



Notice Concerning Forward-looking Statements

- The materials and information provided in this announcement include so-called "forward-looking statements." These are based on assumptions associated with current projections, forecasts and risks, and include uncertainty of causing results that substantially differ from these statements. These risks and uncertainties include general domestic and international economic conditions such as general industry and market conditions, interest rates and foreign exchange fluctuations.
- The Company has no obligation to update or revise the "forward-looking statements" contained in this announcement if new information arises or future events occur.
- The Company may not necessarily revise announcements on forecasts that have already been made regardless of the occurrence of future events except in cases required under disclosure rules.
- Information on companies other than the Company is based on publicly available information.
- This document is neither a solicitation for the application of acquisition of securities nor a solicitation for the application of sale or application of purchase ("solicitation"), is not for solicitation and is not the basis for any contract or obligation.