



Securities Code 9279



G I F T

GIFT HOLDINGS INC.

Results Briefing Materials for the First Quarter of
the Fiscal Year Ending October 31, 2022



IR website

<https://www.gift-group.co.jp/english/>



Overview of Financial Results for the First Quarter of the Fiscal Year Ending October 31, 2022

Growth and Profitability

Sales growth

18.7%

(Annual goal: 20.0%)

Ordinary profit margin

20.5%

(Annual goal: 11.8%)

YoY Change in Sales of Company-owned Stores

All company-owned stores in Japan

132.8%

Existing company-owned stores in Japan

107.0%

(Annual goal: 114.4%)

Stores Opened in the Period

Company-owned stores

6 stores

(Annual goal: 36 stores)

Produce stores

10 stores

(Annual goal: net increase of 48 stores)

Man-hour Productivity (company-owned stores)

Net sales per man-hour

6,052 yen

(Same period of the previous year: 5,679 yen)

Labor cost rate

26.7%

(Same period of the previous year: 27.3%)

Recruitment and Retention

Hiring employees

Newly hired **32** mid-career employees.

50 new graduates or more will join.

Retirement rate

19.0%

(Same period of the previous year: 18.3%)

Topics

- ✓ Secured an **operating margin of over 10%**.
- ✓ Our first store in **shopping center** opened.
- ✓ New **GATTON** and **NAGAOKA SHOKUDO** stores opened to start to expand brands' reach.

*For details of brands and store types, please refer to “List of brands of company-owned stores” on the page 19 and “Business details” on the page 20, respectively.

Statements of income



(Millions of yen)	FYE Oct. 31, 2021 Q1		FYE Oct. 31, 2022 Q1		Change
	Amount	Percentage of sales	Amount	Percentage of sales	Year-on-year change
Net sales	3,362	-	3,990	-	+18.7%
Cost of sales	959	28.5%	1,169	29.3%	+21.8%
Gross profit	2,402	71.5%	2,821	70.7%	+17.4%
Selling, general and administrative expenses	2,148	63.9%	2,351	58.9%	+9.4%
Operating profit	254	7.6%	469	11.8%	+84.8%
Ordinary profit	261	7.8%	816	20.5%	+212.1%
Profit attributable to owners of parent	169	5.0%	542	13.6%	+220.0%

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

The Company posted subsidies paid in the first quarter of the fiscal year ending October 31, 2022 in subsidy income under non-operating income for the statements of income for the period and is applying for subsidies for which application period starts.

(Reference) Status of applications and payments for subsidies for cooperating with requests to shorten business hours and subsidies for employment adjustment

		By January 31 Paid in the first quarter	After February 1			Total	Grand total
			Applied for and already decided	Applied for but undecided	To be applied for		
Subsidies for cooperating with requests to shorten business hours	Number of days with shorter business hours	3,569	456	70	674	1,200	4,769
	Amount (Thousand yen)	328,371	51,880	Note 2	Note 2	Note 2	Note 2
Subsidies for employment adjustment	Amount (Thousand yen)	10,920	—	Note 2	Note 2	Note 2	Note 2

(Note 1) “Number of days with shorter business hours” represents the number of days when business hours were shortened in the previous fiscal year and the first quarter of the fiscal year ending October 31, 2022 (excluding days for which subsidies had been paid by the end of the previous fiscal year).

(Note 2) Amounts of subsidies for cooperating with requests to shorten business hours and subsidies for employment adjustment will be determined and the revenue will be recognized when the decision is made on the payment.

(Millions of yen)	Oct. 31, 2021	Jan. 31, 2022	Change
Current assets	2,413	2,366	-47
Cash and deposits	1,871	1,738	-132
Accounts receivable - trade	262	262	+0
Other	280	365	+85
Non-current assets	5,863	6,145	+281
Property, plant and equipment	4,016	4,221	+205
Intangible assets	135	135	+0
Investments and other assets	1,711	1,787	+76
Total assets	8,277	8,511	+234

(Millions of yen)	Oct. 31, 2021	Jan. 31, 2022	Change
Current liabilities	2,539	2,305	-234
Accounts payable - trade	389	369	-19
Short-term borrowings	—	138	+138
Current portion of long-term borrowings	534	555	+21
Other	1,615	1,241	-374
Non-current liabilities	1,621	1,736	+115
Long-term borrowings	1,274	1,367	+92
Other	346	369	+22
Total liabilities	4,161	4,041	-119
Total net assets	4,116	4,469	+353
Share capital	790	790	-
Capital surplus	1,042	1,042	-
Retained earnings	2,281	2,613	+332
Treasury shares	-0	-0	-
Accumulated other comprehensive income	2	24	+21
Total liabilities and net assets	8,277	8,511	+234






Status of stores (breakdown of change by region)





(Number of stores)		As of Oct. 31, 2021	As of Jan. 31, 2022	Change
Region				
Company-owned stores	Kanto	87	91	+4
	East Japan (other than Kanto)	32	34	+2
	West Japan	18	18	-
	Foreign countries	3	3	-
	Subtotal	140	146	+6
	Outsourced stores	10	10	-
	Total	150	156	+6
Net sales ¥3,285 million				
Produced stores	Kanto	293	292	-1
	East Japan (other than Kanto)	95	101	+6
	West Japan	67	71	+4
	Foreign countries	13	14	+1
	Total	468	478	+10
Net sales ¥704 million				
Total number of stores		618	634	+16

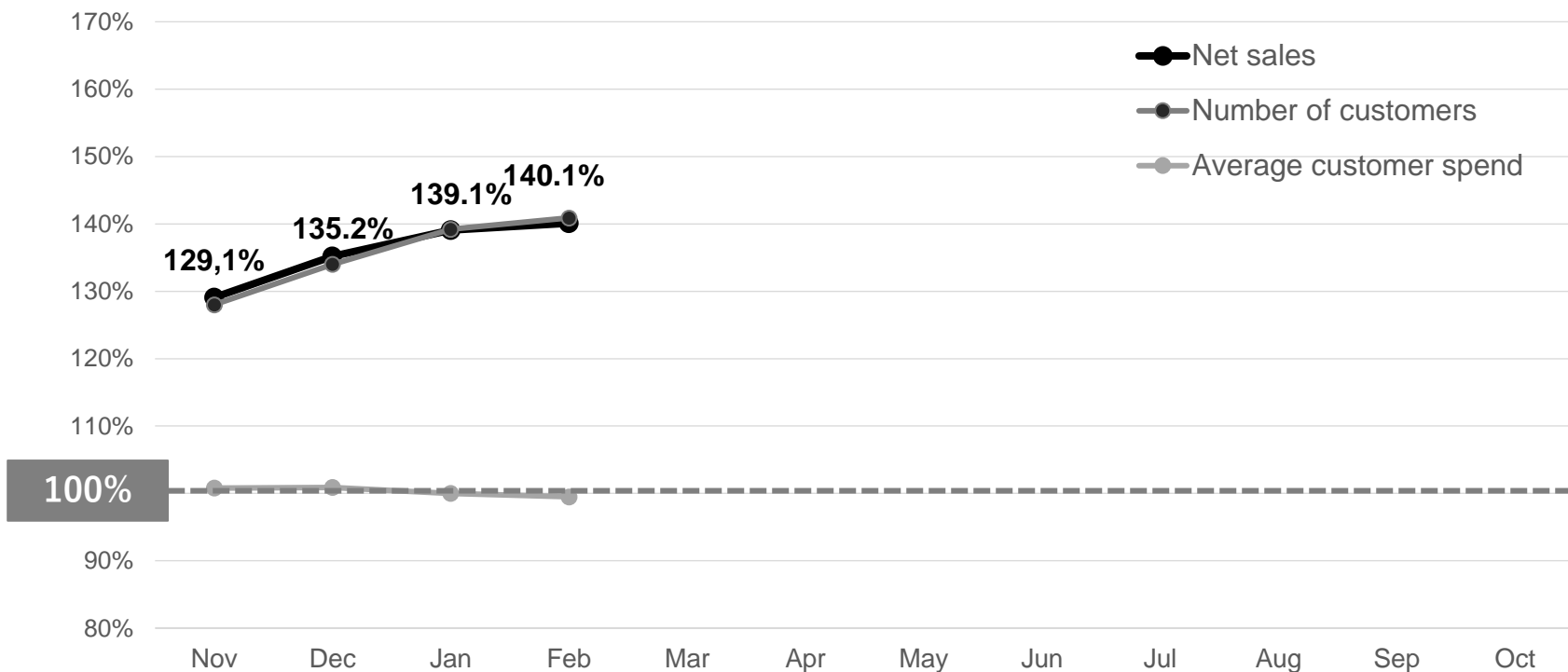
Status of stores (company-owned stores / breakdown of change by brand type)



Brand type	MACHIDA SHOTEN 	BUTAYAMA 	GATTON 	SHI-TEN-NOH 	AKAMISOYA 
Number of Stores as of January 31, 2022	111	17	3	1	6
Change (compared to October 31, 2021)	+3	+1	+1	—	—

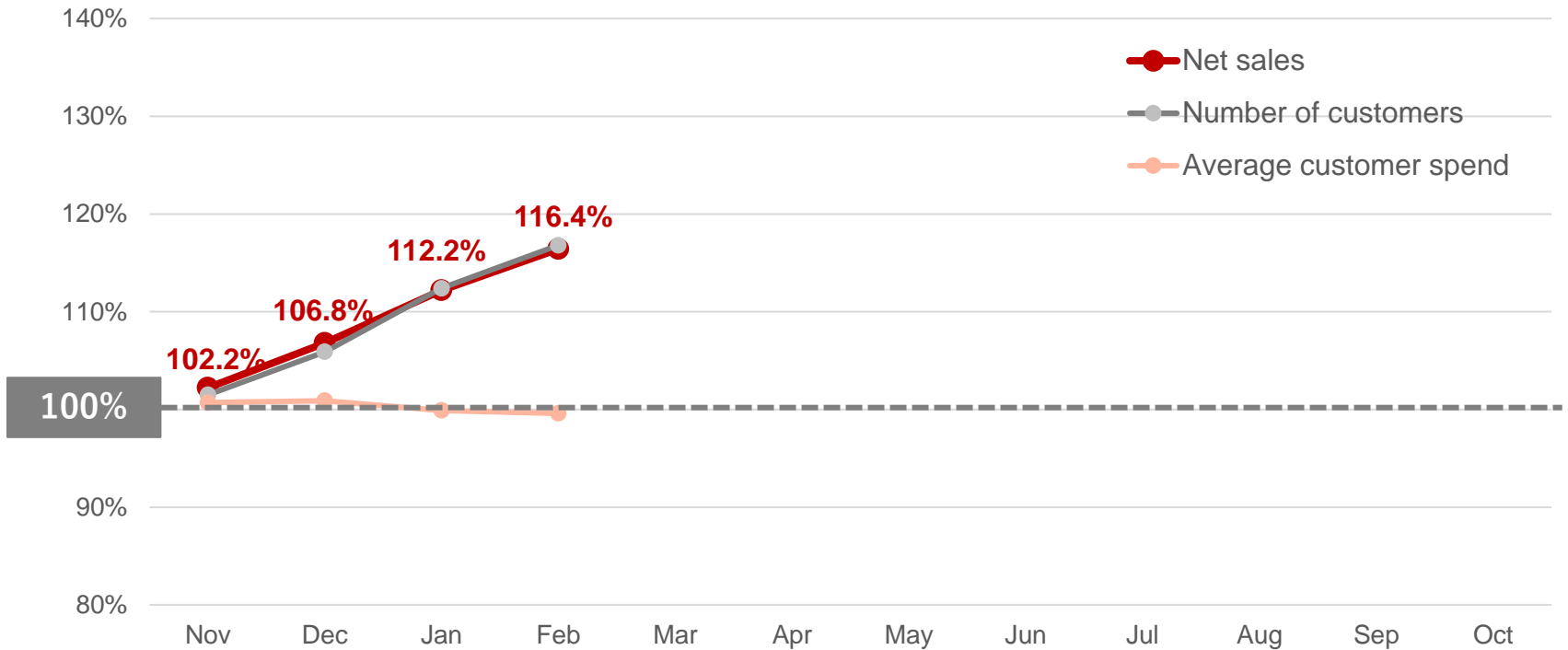
Brand type	NAGAOKA SHOKUDO 中華そば  長岡食堂	GANSO ABURADO New 元祖油堂 	Foreign countries  E. A. K. RAMEN	Other
Number of Stores as of January 31, 2022	2	2	3	1
Change (compared to October 31, 2021)	+1	—	—	—

Year-on year comparison of net sales of all company-owned stores in Japan



All stores	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Average
Net sales	129.1%	135.2%	139.1%	140.1%									135.7%
Number of customers	128.0%	134.0%	139.2%	140.9%									135.2%
Average customer spend	100.8%	100.9%	100.0%	99.5%									100.4%

Year-on year comparison of net sales of existing company-owned stores in Japan



Existing stores	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Average
Net sales	102.2%	106.8%	112.2%	116.4%									109.0%
Number of customers	101.5%	105.9%	112.4%	116.8%									108.7%
Average customer spend	100.7%	100.9%	99.9%	99.6%									100.3%



Forecast for the Fiscal Year Ending January 31, 2022 (no correction)

Plan significant increases in revenue and profit by steadily implementing the Medium-term Business Plan.

(Millions of yen)	FYE Oct. 31, 2021 Results		FYE Oct. 31, 2022 Forecast		Change
	Amount	Percentage of sales	Amount	Percentage of sales	
Net sales	13,474	—	17,000	—	+26.2%
Operating profit	936	6.9%	1,700	10.0%	+81.6%
Ordinary profit	1,748	13.0%	2,000	11.8%	+14.4%
Profit attributable to owners of parent	1,076	8.0%	1,280	7.5%	+18.9%

Sales of existing company-owned domestic stores

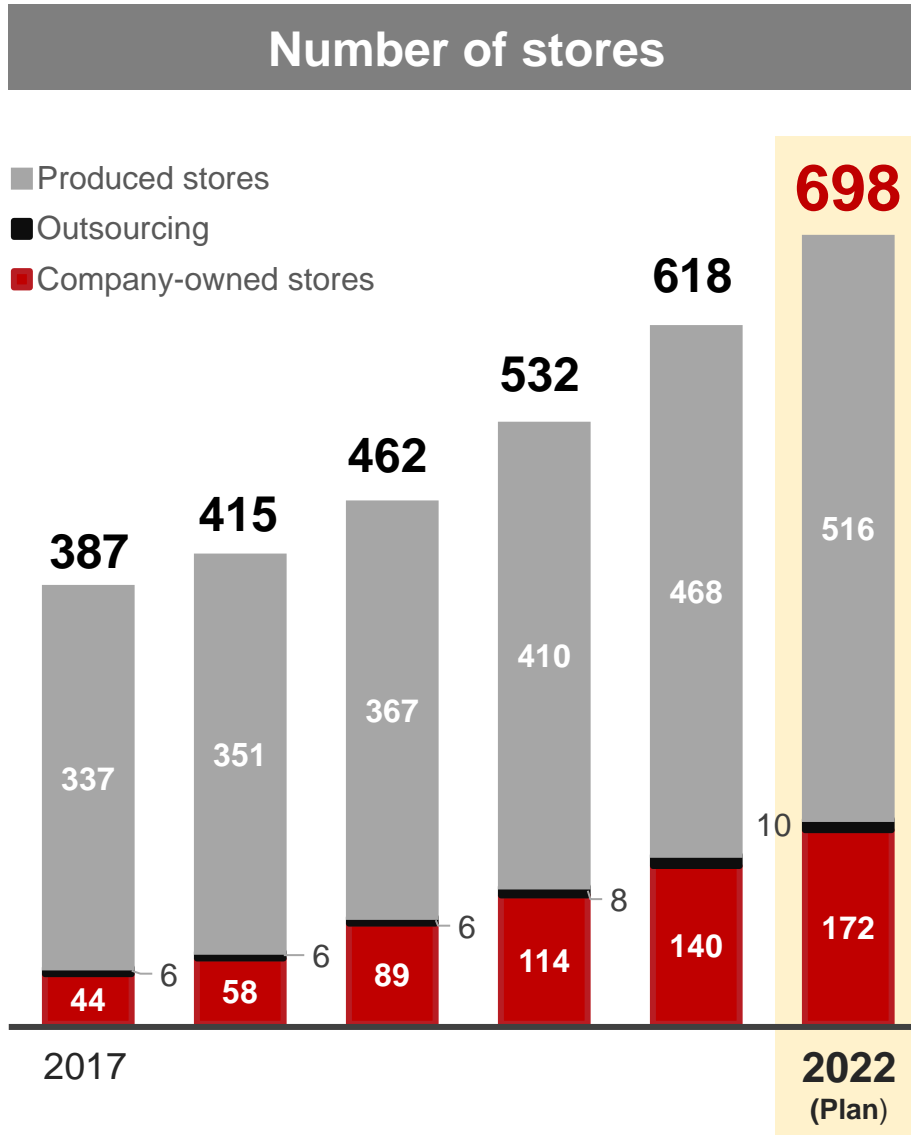
114.4% compared to the fiscal year ended October 31, 2021
(101.0% compared to the fiscal year ended October 31, 2019)

Open up stores

35 company-owned stores (net increase of + **31** stores)

Company-owned foreign stores **1** store

Produced stores **48** stores (domestic **45** stores, foreign **3** stores)



Number of stores as of
Oct. 31, 2022 (Plan)

698 stores

Plan for **+80 stores** year on year

Company-owned stores **+32** stores

Produced stores **+48** stores

Appeal ramen as a daily meal in all brand categories and expand our business in other areas.

- Significantly increase MACHIDA SHOTEN stores focused on roadside and continue to open BUTAYAMA stores.
- Start to open many stores in the GATTON and NAGAOKA SHOKUDO

MACHIDA SHOTEN

Accelerate opening of roadside stores and stores near train stations centered on the Tokyo metropolitan area, Kitakanto and Tohoku

Residential area Roadside **20** stores

Business districts Downtown areas **5** stores

*Including inside stations, shopping centers, and food courts

BUTAYAMA

Accelerate opening of stores near the train stations in Kanto region. Open stores in properties to have returns faster on investment.

Business districts, downtown areas

5 stores

Other

GATTON

NAGAOKA SHOKUDO

Start to open many stores for GATTON and NAGAOKA SHOKUDO

Other new brand types

+

Start to open many stores in GANSO ABURADO

Tonkotsu

Soy sauce

5 stores

Dividends policy

To return profits to our shareholders, we comprehensively consider our operating results, financial position, and pay close attention to the dividend payout ratio with a basic stance of stable and continuous return of profits, while paying attention to strengthening our financial base and invest for business expansion.

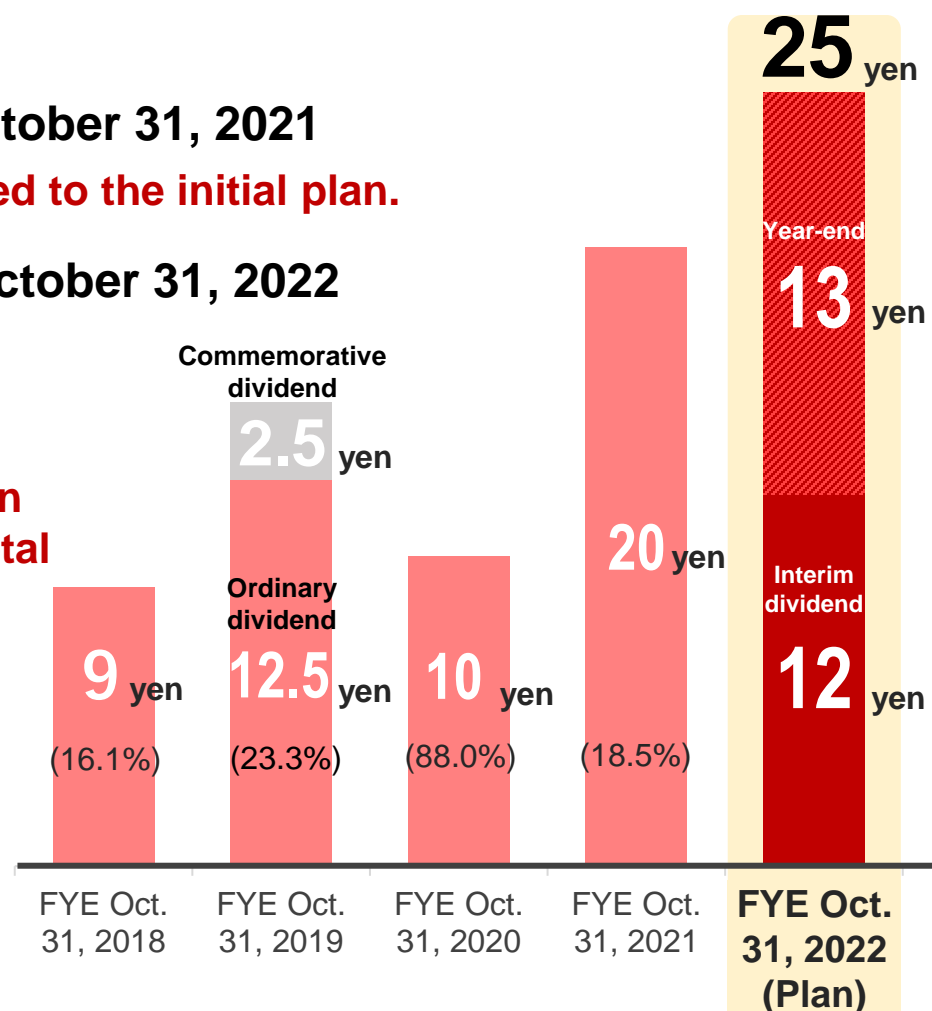
Dividends for the fiscal year ended October 31, 2021

Increased the dividend by 5 yen compared to the initial plan.

Dividends for the fiscal year ending October 31, 2022

- **Start to pay interim dividends**
- **Target a payout ratio of 20% or more**

We plan to pay an interim dividend of **12 yen** and a year-end dividend of **13 yen**, for **a total of 25 yen**, an **increase of 5 yen**.



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

IR website

Other investor relations (IR) materials are available on our English IR website:



<https://www.gift-group.co.jp/english/>



Reference Materials: Company Overview



Company name GIFT HOLDINGS INC.

Business details Restaurant operation

Head office address 3F Odakyu Machida Morino Building,
1-23-19 Morino, Machida-shi, Tokyo

Company factories Noodle production: Hiratsuka, Yokohama Daiichi,
Tanba Sasayama
Roast pork: Yokohama Daini

Established December 7, 2009
(Founded in January 2008)

Representative President and Representative Director:
Sho Tagawa

End of fiscal year October 31

Share capital 790 million yen (as of January 31, 2022)

Group employees 486 employees, 2,220 part-time and casual
workers
(as of October 31, 2021)

Affiliates 9 consolidated subsidiaries

(Names of important consolidated subsidiaries)
GIFT JAPAN K.K.
Ramen TENKA K.K.
GIFT FOODS MATERIAL K.K.
GIFT USA INC.

List of brands of company-owned stores



Core brand



MACHIDA SHOTEN

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.



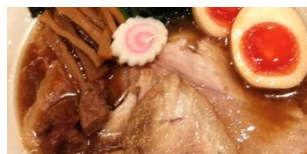
AKAMISOYA

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



GATTON

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



NAGAOKA SHOKUDO

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



SHI-TEN-NOH

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



New brand type



GANSO ABURADO

This is an oil noodle with various toppings made by combining our originally developed special noodles with a mild soy sauce made with umami soy sauce.

Foreign countries



E. A. K. RAMEN

E.A.K. RAMEN

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

Operation of restaurant business through the two channels of company-owned stores and produced stores

Company-owned stores

156 stores

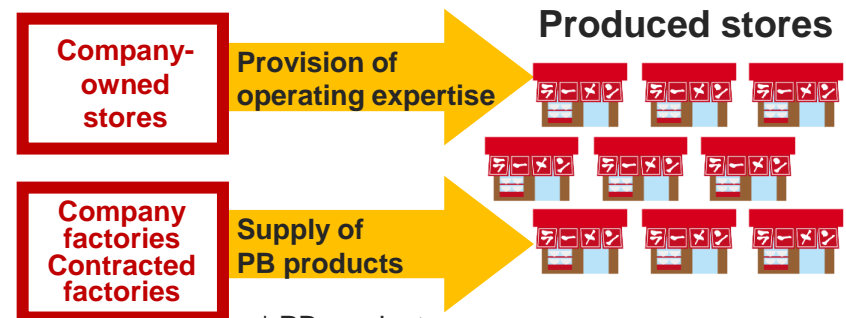
The Company operates stores offering various types of ramen

*Some of company-owned stores are operated by partners, which are called “outsourced stores.”

Produced stores

478 stores

The Company provides support for making stores owned and operated by partners popular by leveraging operating expertise of company-owned stores and supplying ingredients (PB products).



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

Strength: Store opening strategy



Possible to operate a thriving restaurant both in the vicinity of stations and roadside areas

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 Soka Store



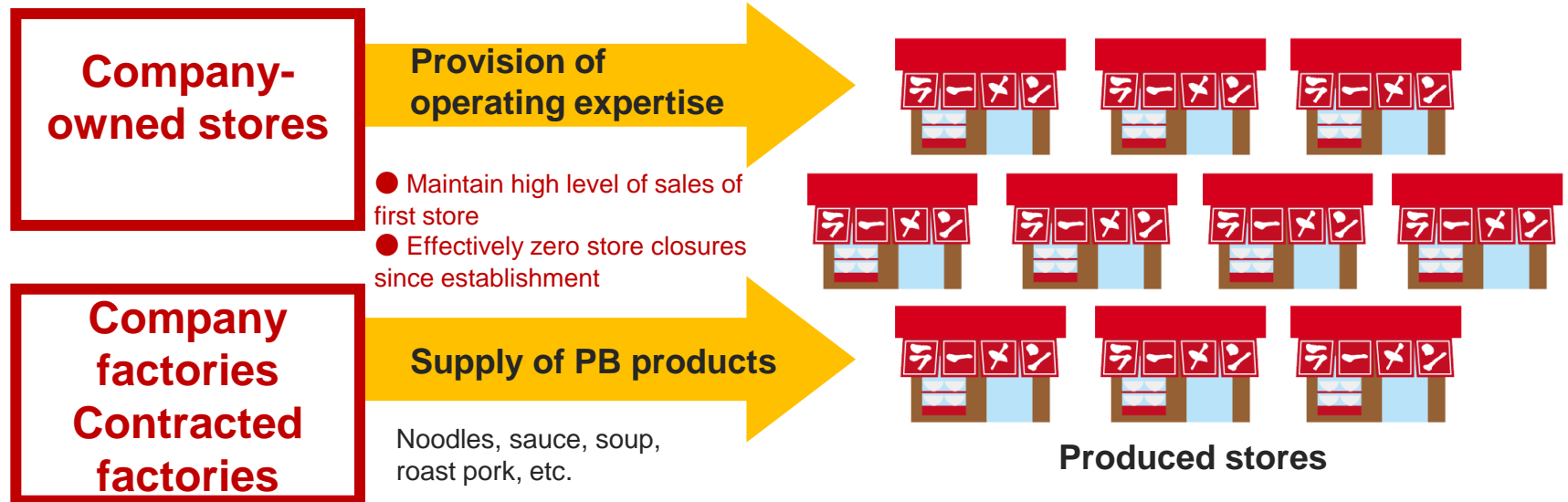
MACHIDA SHOTEN is also popular with families

- 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 company-owned stores is provided free of charge on the condition of purchase of ingredients.

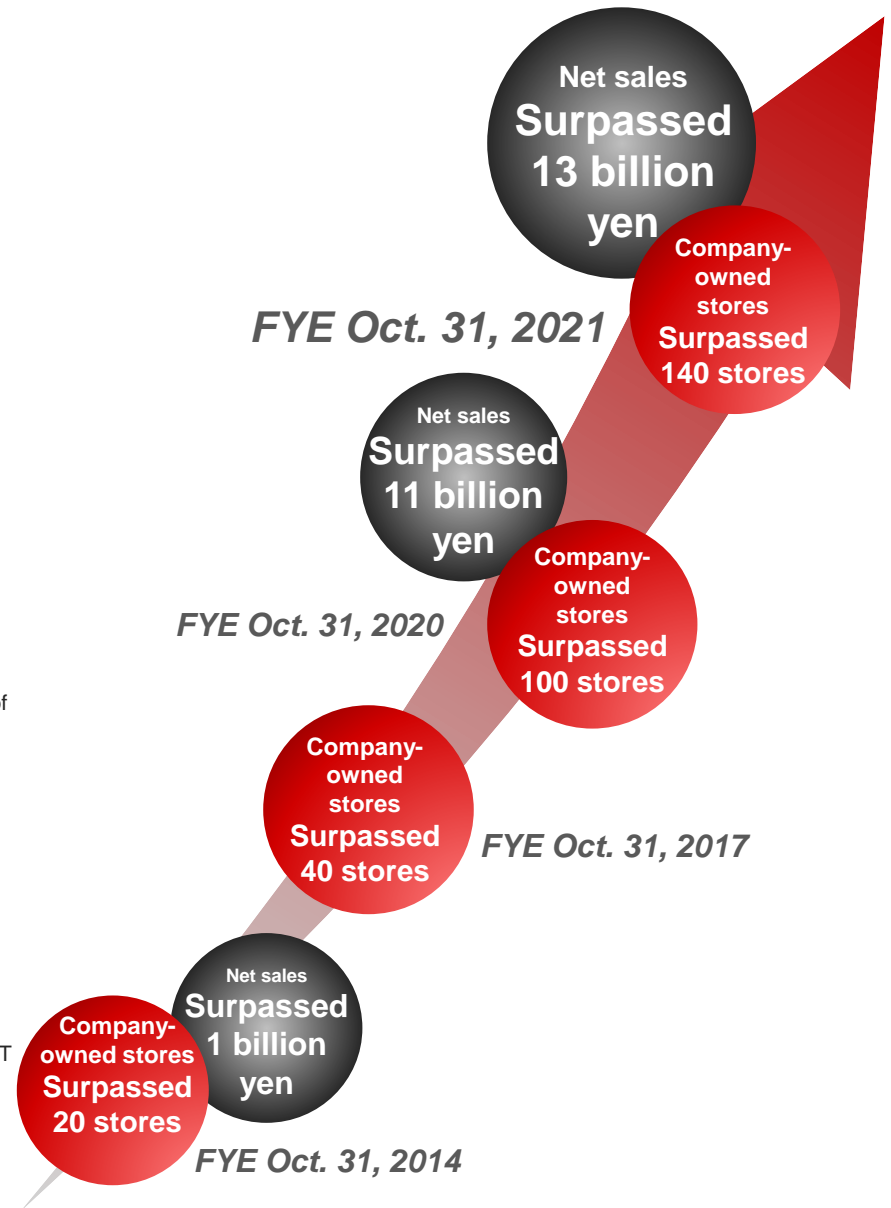
Differences between produced stores and franchise stores



	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 Company-owned Stores 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 company-owned store
- 2013** Nov Established a noodle factory in Hiratsuka-shi, Kanagawa
- 2014** Mar Reached 10 company-owned stores in Japan
Dec Reached 20 company-owned 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 the trade name to GIFT INC.
Established first foreign subsidiary in Singapore
Nov Reached 30 company-owned stores in Japan
- 2016** Mar Established foreign subsidiaries in the United States (GIFT USA INC. / GIFT LOS ANGELES, LLC / GIFT NEW YORK, LLC)
Jul Opened first company-owned foreign store (Singapore)
Dec Reached 40 company-owned 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 company-owned 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 K.I.K. Foods K.K. (currently GIFT FOODS MATERIAL K.K.) to make them subsidiaries
- 2020** Sep Changed listing market to First Section of Tokyo Stock Exchange
- 2021** Aug Transition to holding company structure
- 2022** Mar Changed the trade name to GIFT HOLDINGS INC.



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.

As part of the countermeasures against the COVID-19 infections, the Company has been participating in the Coronavirus Monitoring Inspection 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



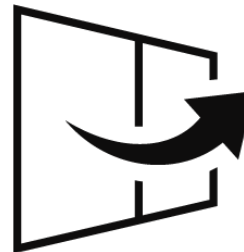
Periodic disinfection of store equipment with alcohol



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.
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