

GIFT HOLDINGS INC. Securities Code 9279

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



IR website

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

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.



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1 | Financial Highlights for the Cumulative Third Quarter of the Fiscal Year Ending October 31, 2022

Financial highlights for the cumulative third quarter of the fiscal year ending October 31, 2022



Net sales

12,220 million yen
YoY: **+25.2%**

Operating profit

1,122 million yen
YoY: **+70.0%**

Ordinary profit

1,805 million yen
YoY: **+43.2%**

Overview of Financial Results for the Cumulative Third Quarter

Achieved **record-high quarterly sales** with solid business performance because we could operate our stores without shortening business hours despite reduced people's mobility due to the seventh wave of COVID in Japan followed by labor shortage in service industries.

Opening of Tokyo Ramen Yokocho

Opened seven ramen stores with different brands all at once in Yaesu Shopping Mall directly connected to Tokyo Station.

Expansion of distribution centers

Opened distribution centers in Chukyo and Kansai in June, following Kanto.

Price revisions implemented on July 1

Raised our prices as appropriate in accordance with soaring food prices.

Launch of new brand "Itoi"

Opened a store of "Itoi," a new brand of miso ramen.

Key indicators for the cumulative third quarter of the fiscal year ending October 31, 2022



Growth and Profitability

Sales growth

25.2%
(Annual goal: 26.2%)

Operating profit margin

9.2%

Ordinary profit margin

14.8%
(Annual goal: 11.8%)

YoY Change in Sales of Company-owned Stores

All company-owned stores in Japan

133.5%

Existing company-owned stores in Japan

109.6%
(Annual goal: 114.4%)

Stores Opened in the Period

Company-owned stores

19 stores
(Annual goal: 36 stores)

Produced stores

28 stores
(Annual goal: net increase of 48 stores)

Man-hour Productivity (company-owned stores)

Net sales per man-hour

5,913 yen
(Same period of the previous year: 5,744 yen)

Labor cost rate

26.3%
(Same period of the previous year: 26.3%)

Recruitment and Retention

Hiring employees

Newly hired **100** mid-career employees.
51 new graduates joined.

Retirement rate

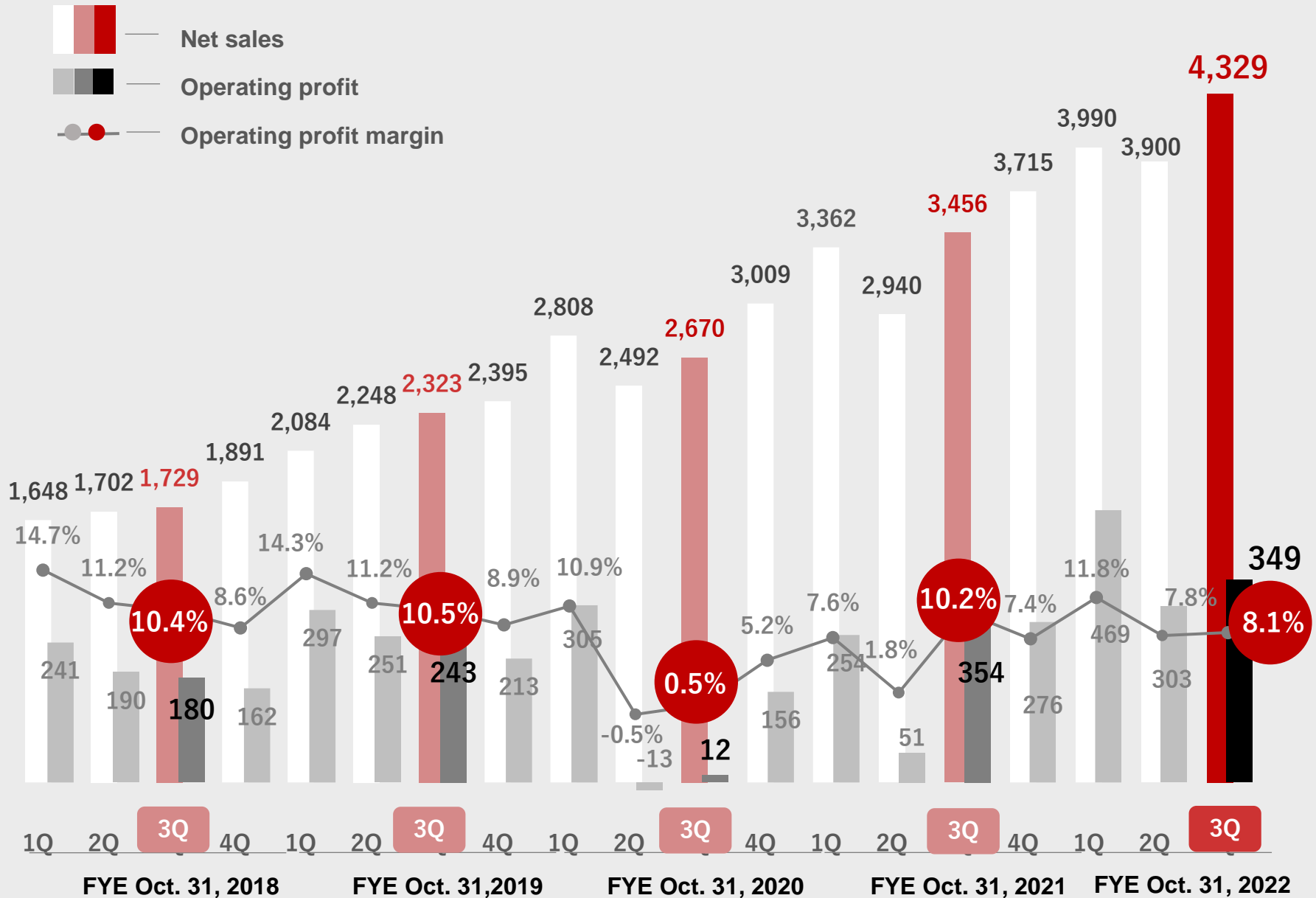
17.5%
(Same period of the previous year: 14.8%)

Statements of income



	3Q of FYE Oct. 31, 2021		3Q of FYE Oct. 31, 2022			Compared to initial plan	
	Amount	Percentage of sales	Amount	Percentage of sales	Change YoY % change	Full year plan for FYE Oct. 31, 2022	Progress
Net sales	9,759	-	12,220	-	+25.2%	17,000	71.9%
Cost of sales	2,696	27.6%	3,673	30.1%	+36.2%	-	-
Gross profit	7,063	72.4%	8,546	69.9%	+21.0%	-	-
Selling, general and administrative expenses	6,403	65.6%	7,424	60.8%	+15.9%	-	-
Operating profit	660	6.8%	1,122	9.2%	+70.0%	1,700	66.0%
Ordinary profit	1,260	12.9%	1,805	14.8%	+43.2%	2,000	90.3%
Profit attributable to owners of parent	862	8.8%	1,234	10.1%	+43.1%	1,280	96.5%

Quarterly trends in net sales and operating profit (fiscal period)



Subsidies for cooperating with requests to shorten business hours and employment adjustment



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.**

In the first nine months of the fiscal year under review, the Company posted subsidies for cooperation and subsidies for employment adjustment as subsidy income under non-operating income.

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

		Paid by July 31	August 1 and Later			Grand total	
			Payment decided	Payment undecided	To be applied for		Total
Subsidies for cooperating with requests to shorten business hours	Number of shortened business hours (days)	6,419	546	1,230	—	1,776	8,195
	Amount (Thousand yen)	606,410	48,699	Note 2	—	Note 2	Note 2
Subsidies for employment adjustment	Amount (Thousand yen)	20,206	29	Note 2	Note 2	Note 2	Note 2

Note 1: The number of shortened business hours (days) above is the number through the end of the first nine months of the fiscal year under review (the number of shortened days associated with the subsidies for cooperation for which payment was decided by the end of the previous fiscal year is excluded).

Note 2: We plan to recognize revenue from subsidies for cooperating with requests to shorten business hours and subsidies for employment adjustment when the payment decision is made as the amount is finalized then.

B/S summary



(Millions of yen)	Oct. 31, 2021	July. 31, 2022	Change	(Millions of yen)	Oct. 31, 2021	July. 31, 2022	Change
Current assets	2,413	2,675	+ 261	Current liabilities	2,539	2,616	+ 76
Cash and deposits	1,871	1,870	(0)	Accounts payable – trade	389	489	+ 99
Accounts receivable - trade	262	362	+ 100	Short-term borrowings	-	44	+ 44
Other	280	442	+ 162	Current portion of long-term borrowings	534	549	+ 14
Non-current assets	5,863	6,779	+ 915	Other	1,615	1,533	(82)
Property, plant and equipment	4,016	4,790	+ 774	Non-current liabilities	1,621	1,712	+ 90
Intangible assets	135	122	(12)	Long-term borrowings	1,274	1,329	+ 55
Investments and other assets	1,711	1,865	+ 154	Other	346	382	+ 35
Total assets	8,277	9,454	+ 1,177	Total liabilities	4,161	4,328	+167
				Total net assets	4,116	5,126	+1,010
				Share capital	790	793	+ 2
				Capital surplus	1,042	1,045	+ 2
				Retained earnings	2,281	3,185	+ 904
				Treasury shares	(0)	(0)	(0)
				Accumulated other comprehensive income	2	102	+99
				Total liabilities and net assets	8,277	9,454	+ 1,177

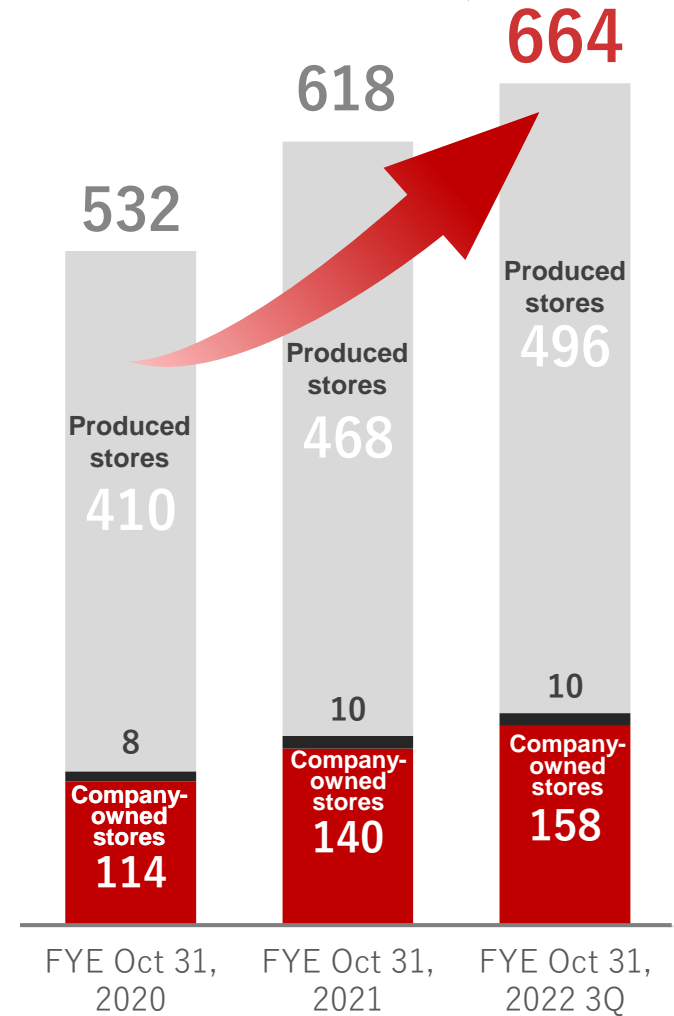
Open up stores



Continued to aggressively open new stores, resulting in a net increase of **46** stores compared to the annual plan of 80 stores.



Overall **+46** stores








	FYE Oct. 31, 2021	3Q of FYE Oct. 31, 2022
Produced stores	468 stores	496 stores
Company-owned stores	150 stores	168 stores
Total number of stores	618 stores	664 stores

Status of stores

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



Brand					
Number of stores as of July 31, 2022	115	20	5	1	6
Change (compared to October 31, 2021)	+7	+4	+3	—	—

Brand			New Brand 	International 	Other
Number of stores as of July 31, 2022	3	3	1	2	2
Change (compared to October 31, 2021)	+2	+1	+1	(1)	+1

*For details of brands and store types, please refer to “List of brands of company-owned stores” on the page 23 and “Business details” on the page 24, respectively.

Opening of Tokyo Ramen Yokocho



Opened seven ramen stores with different brands all at once in Yaesu Shopping Mall directly connected to Tokyo Station.

While utilizing the individuality of each brand, we created a lively and hangout area as "Yokocho," where you can feel nostalgic and entertained. It will connect a lot of customers from all over the world, and you would have fun, be excited and enjoy a special space not found anywhere else!

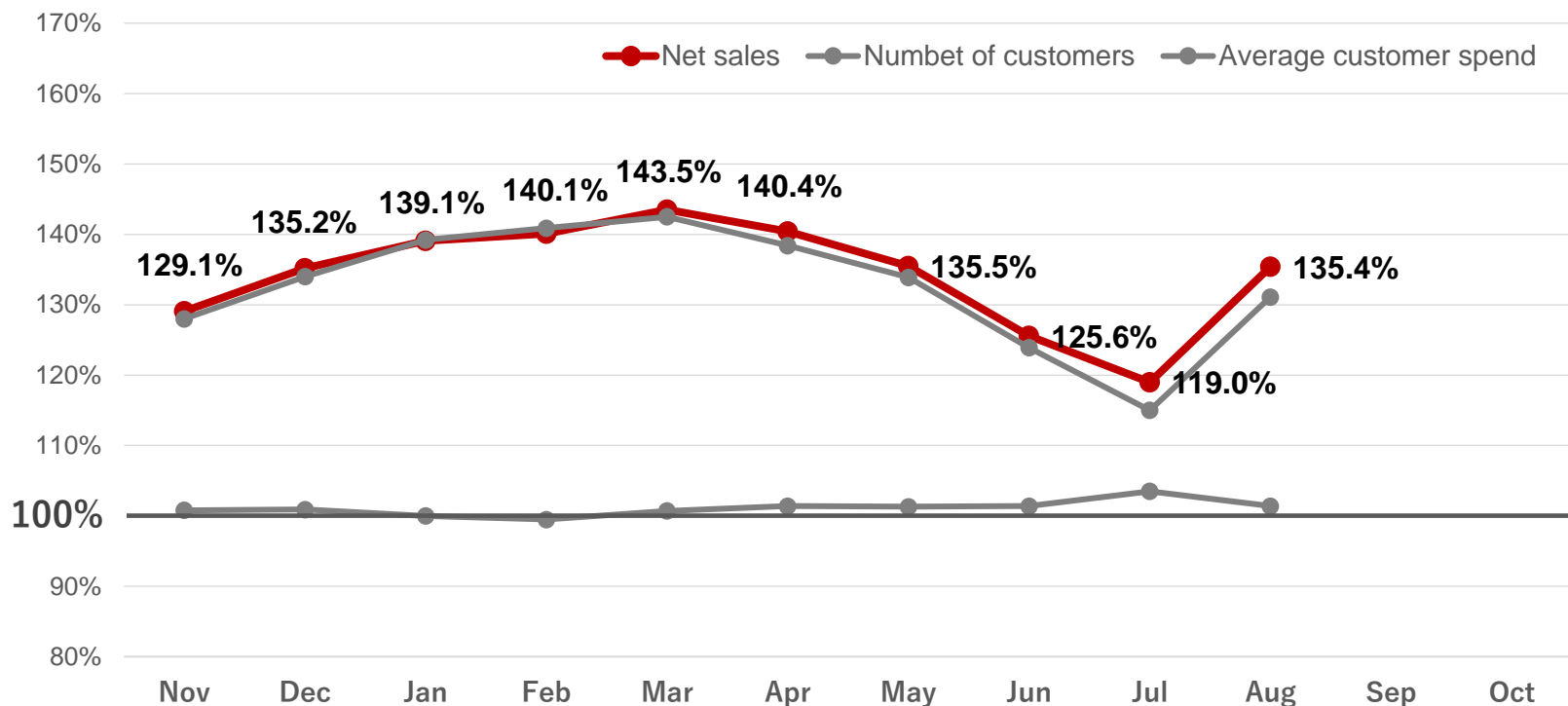


Status of stores (breakdown of change by region)



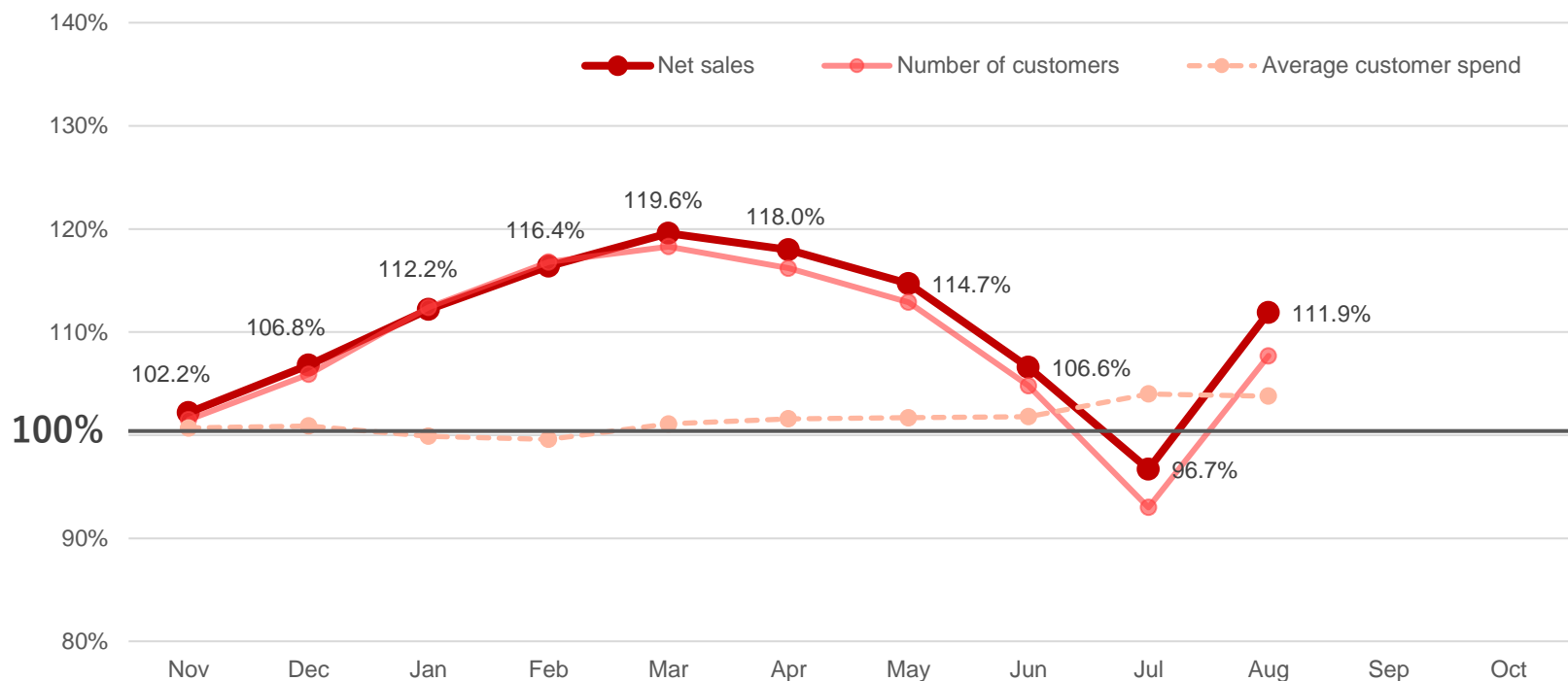
(Number of stores)		As of Oct. 31, 2021	As of July 31, 2022	Change	
Company-owned stores	Kanto	87	102	+15	
	East Japan (other than Kanto)	32	36	+4	
	West Japan	18	18	–	
	International	3	2	(1)	
	Subtotal	140	158	+18	
Net sales	10,132 million yen	Outsourced stores	10	10	–
		Total	150	168	+18
Produced stores	Kanto	293	302	+9	
	East Japan (other than Kanto)	95	105	+10	
	West Japan	67	75	+8	
	International	13	14	+1	
	Total	468	496	+28	
Net sales	2,088 million yen				
Total number of stores	618	664	+46		

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	Cumulative total
Net sales	129.1%	135.2%	139.1%	140.1%	143.5%	140.4%	135.5%	125.6%	119.0%	135.4%			133.7%
Number of customers	128.0%	134.0%	139.2%	140.9%	142.5%	138.4%	133.9%	123.9%	115.0%	131.1%			131.9%
Average customer spend	100.8%	100.9%	100.0%	99.5%	100.7%	101.4%	101.3%	101.4%	103.5%	103.3%			101.4%

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	Cumulative total
Net sales	102.2%	106.8%	112.2%	116.4%	119.6%	118.0%	114.7%	106.6%	96.7%	111.9%			109.9%
Number of customers	101.5%	105.9%	112.4%	116.8%	118.3%	116.2%	112.9%	104.8%	93.0%	107.7%			108.1%
Average customer spend	100.7%	100.9%	99.9%	99.6%	101.1%	101.6%	101.7%	101.8%	104.0%	103.8%			101.6%



2 | Forecasts for the Fiscal Year Ending October 31, 2022 (figures unchanged)

Forecasts for the fiscal year ending October 31, 2022 (unchanged)



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

vs. FYE Oct. 31, 2021: **114.4%**

vs. FYE Oct. 31, 2019: 101.0%

Store opening plan

Company-owned
domestic stores

35 stores

Net increase of 31 stores

Company-owned
foreign stores

1 store

Produced stores

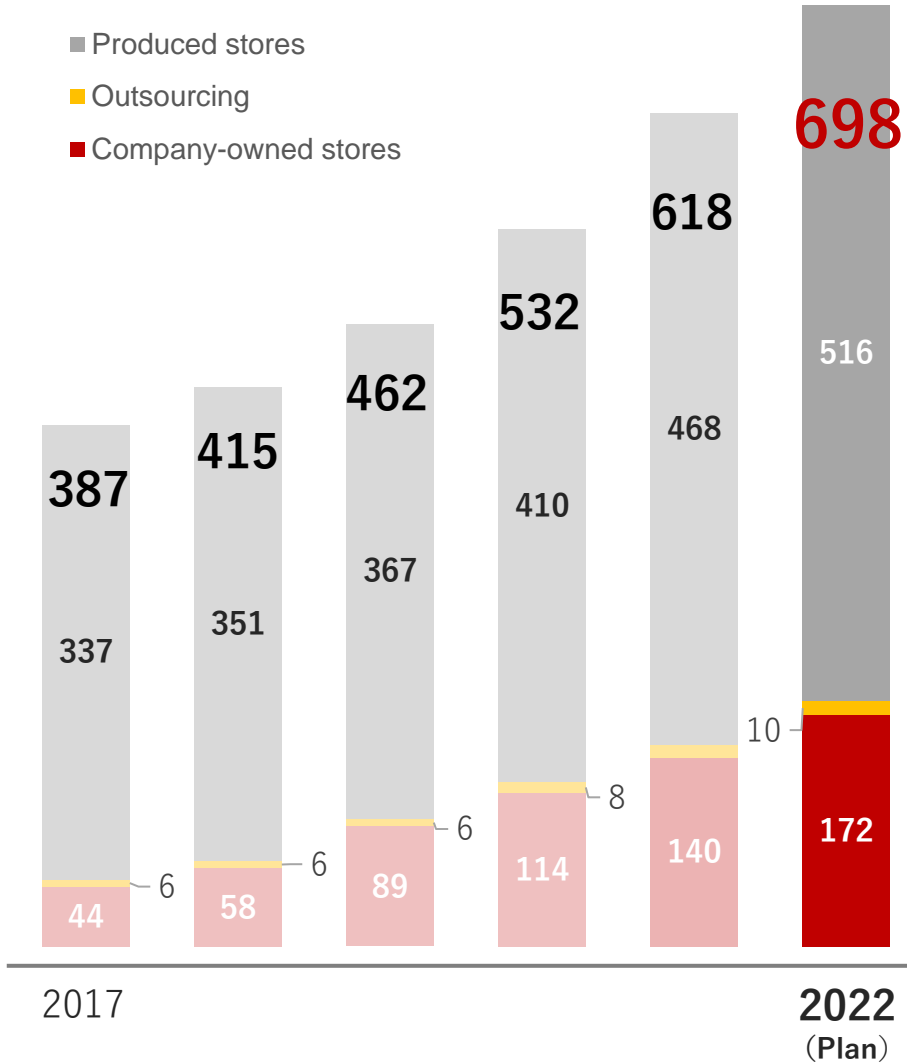
48 stores

45 domestic stores
3 foreign stores

Store opening plan (unchanged)



Number of stores



Number of stores at end of
FYE Oct. 31, 2022 (plan)

698 stores

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

Company-owned stores

+32 stores

Produced stores

+48 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.

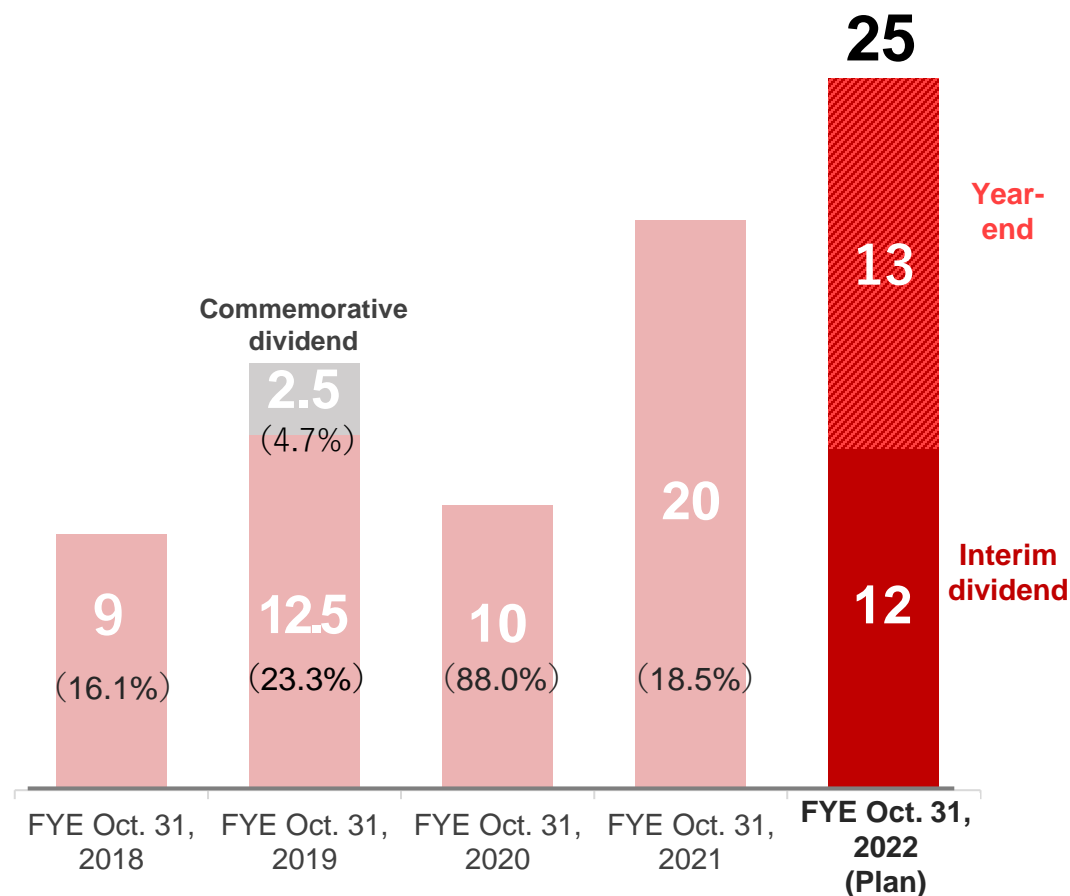
Dividends for the fiscal year ending October 31, 2022

- **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.

(Unit: Yen)



IR website

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



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



3 | Reference Materials: Company Overview

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 Soup production: Yokohama Daini Roast pork: Ayase
Established	December 7, 2009 (Founded in January 2008)
Representative	President and Representative Director: Sho Tagawa
End of fiscal year	October 31
Share capital	793 million yen (as of July 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 INC. Ramen TENKA K.K. GIFT FOODS MATERIAL K.K. GIFT USA INC.

List of brands of company-owned stores



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.



GATTON

Kyushu tonkotsu ramen characterized by rich soup. Choose the hardness of noodles to suit your taste.



SHI-TEN-NOH

Very popular with visitors from foreign countries. Pork bone broth ramen characterized by its light richness.



AKAMISOYA

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



NAGAOKA SHOKUDO

A light yet deeply flavorful Chinese soba that is popular as a local ramen in Nagaoka City in Niigata.



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.



Itoi

Noodles in shiromiso-based soup cooked with pork bones, chicken bones, and various vegetables. It perfectly matches with garlic, stir-fried bean sprouts and rice!



E.A.K RAMEN

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

E. A. K. RAMEN

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

Company-owned stores

168 stores

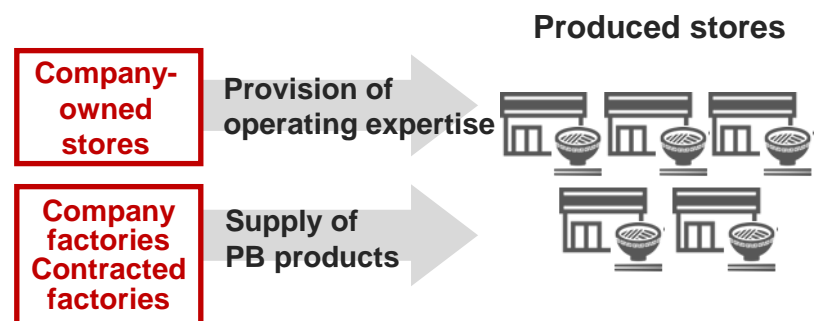
The Company operates stores under its own brands centered on Yokohama IEKEI Ramen MACHIDA SHOTEN (Refer to the previous page for other brands).



Produced stores

496 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, dumplings, roast pork)

Strength: Store opening strategy



Possible to operate a thriving restaurant both near train stations and roadside areas

Areas near train 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
Fujinomiya Store



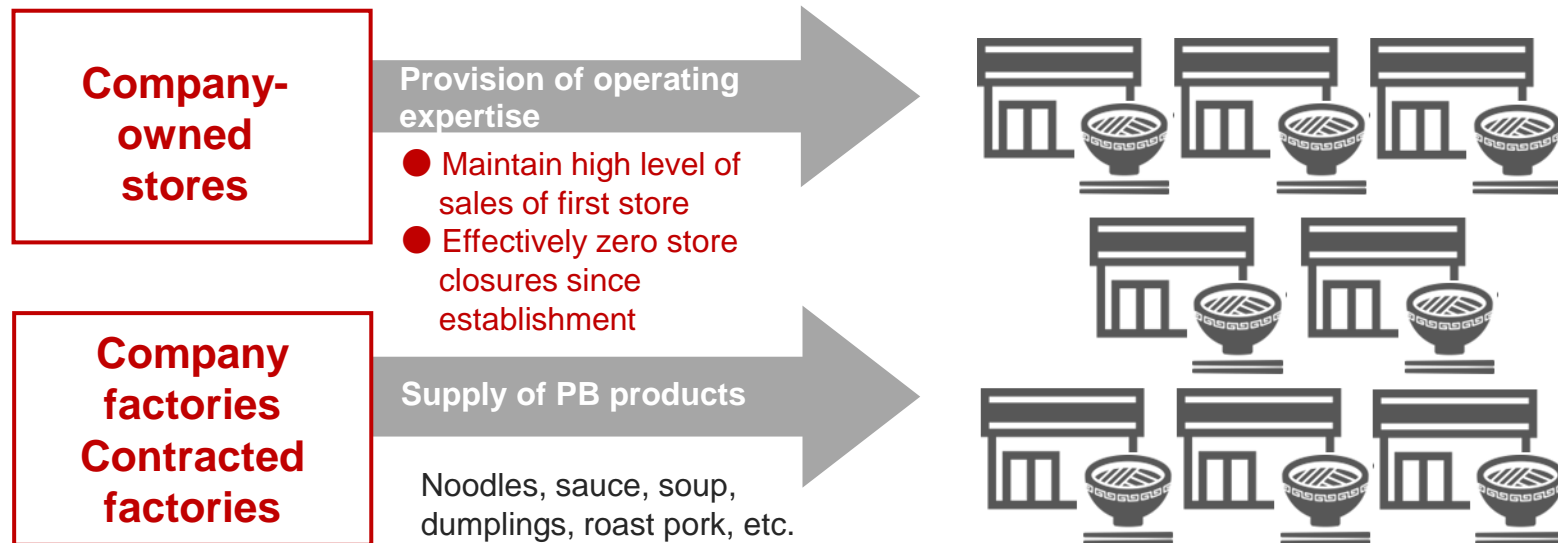
IEKEI Ramen is also popular with families

- 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 near train stations



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



* 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 the first international subsidiary in Singapore
- Nov Reached 30 company-owned stores in Japan
- 2016** Mar Established 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.



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.
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