

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended October 31, 2022  
(Based on Japanese GAAP)**

December 15, 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 of ordinary general meeting of shareholders: January 27, 2023  
 Scheduled date to file Securities Report: January 30, 2023  
 Scheduled date to commence dividend payments: January 30, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended October 31, 2022 (from November 1, 2021 to October 31, 2022)

(1) Consolidated operating results

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	%
Year ended October 31, 2022	17,015	26.3	1,571	67.9	2,442	39.7	1,538	42.9
Year ended October 31, 2021	13,474	22.7	936	102.9	1,748	241.4	1,076	855.3

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended October 31, 2022	154.47	154.03	32.2	26.9	9.2
Year ended October 31, 2021	108.21	107.80	29.8	23.1	6.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of October 31, 2022	9,905	5,432	54.8	545.25
As of October 31, 2021	8,277	4,116	49.7	413.55

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended October 31, 2022	2,149	(1,808)	(315)	2,007
Year ended October 31, 2021	2,402	(1,707)	(639)	1,871

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended October 31, 2021	–	0.00	–	20.00	20.00	199	18.5	5.5
Year ended October 31, 2022	–	12.00	–	15.00	27.00	268	17.5	5.6
Year ending October 31, 2023 (Forecast)	–	15.00	–	15.00	30.00		21.7	

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
Six months ending April 30, 2023	9,700	22.9	970	25.5	1,000	(16.5)	680	(16.8)	68.26
Full year	20,500	20.5	2,050	30.4	2,080	(14.9)	1,380	(10.3)	138.52

4. Notes

(1) Changes in significant subsidiaries during the year ended October 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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: Yes

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of October 31, 2022	9,962,745 shares	As of October 31, 2021	9,953,967 shares
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Number of treasury shares at the end of the period

As of October 31, 2022	220 shares	As of October 31, 2021	157 shares
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Average number of shares during the period

Year ended October 31, 2022	9,958,127 shares	Year ended October 31, 2021	9,945,281 Shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of October 31, 2021	As of October 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	1,871,492	2,007,344
Accounts receivable - trade	262,090	405,756
Merchandise and finished goods	50,484	134,945
Raw materials and supplies	49,488	85,931
Other	180,348	392,658
Allowance for doubtful accounts	△127	—
Total current assets	2,413,776	3,026,635
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,900,522	4,687,326
Accumulated depreciation	△888,499	△1,170,522
Buildings and structures, net	3,012,022	3,516,804
Machinery, equipment and vehicles	904,551	1,066,084
Accumulated depreciation	△278,891	△389,512
Machinery, equipment and vehicles, net	625,660	676,572
Tools, furniture and fixtures	551,185	586,079
Accumulated depreciation	△319,525	△345,294
Tools, furniture and fixtures, net	231,660	240,785
Land	141,782	141,782
Construction in progress	5,302	180,624
Other	11,021	11,021
Accumulated depreciation	△11,021	△11,021
Other, net	0	0
Total property, plant and equipment	4,016,429	4,756,569
Intangible assets		
Goodwill	124,727	103,939
Other	10,696	18,473
Total intangible assets	135,423	122,412
Investments and other assets		
Long-term loans receivable	406,342	415,535
Deferred tax assets	239,630	326,820
Leasehold and guarantee deposits	870,911	1,027,083
Other	195,378	230,077
Allowance for doubtful accounts	△435	—
Total investments and other assets	1,711,827	1,999,516
Total non-current assets	5,863,680	6,878,498
Total assets	8,277,456	9,905,133

(Thousands of yen)

As of October 31, 2021 As of October 31, 2022

Liabilities		
Current liabilities		
Accounts payable - trade	389,490	544,863
Short-term borrowings	—	42,341
Current portion of long-term borrowings	534,834	512,375
Accounts payable - other	522,692	344,972
Income taxes payable	445,611	526,749
Contract liabilities	—	93,357
Provision for bonuses	103,435	121,626
Provision for point card certificates	5,965	—
Provision for shareholder benefit program	—	6,546
Other	537,708	745,164
Total current liabilities	2,539,738	2,937,997
Non-current liabilities		
Long-term borrowings	1,274,648	1,195,284
Asset retirement obligations	341,636	334,796
Other	5,045	4,993
Total non-current liabilities	1,621,329	1,535,074
Total liabilities	4,161,068	4,473,072
Net assets		
Shareholders' equity		
Share capital	790,287	793,525
Capital surplus	1,042,415	1,045,652
Retained earnings	2,281,161	3,463,329
Treasury shares	△324	△466
Total shareholders' equity	4,113,540	5,302,040
Accumulated other comprehensive income		
Foreign currency translation adjustment	2,847	130,020
Total accumulated other comprehensive income	2,847	130,020
Total net assets	4,116,387	5,432,061
Total liabilities and net assets	8,277,456	9,905,133

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Net sales	13,474,995	17,015,009
Cost of sales	3,762,743	5,176,005
Gross profit	9,712,252	11,839,004
Selling, general and administrative expenses	8,776,134	10,267,515
Operating profit	936,117	1,571,488
Non-operating income		
Interest income	8,593	10,910
Commission income	25,543	1,663
Foreign exchange gains	341	3,165
Subsidy income	659,972	847,254
Compensation income	80,000	—
Other	42,684	12,716
Total non-operating income	817,136	875,709
Non-operating expenses		
Interest expenses	4,307	3,768
Other	692	652
Total non-operating expenses	4,999	4,420
Ordinary profit	1,748,254	2,442,777
Extraordinary income		
Gain on sale of non-current assets	189	1,100
Insurance claim income	—	16,774
Total extraordinary income	189	17,874
Extraordinary losses		
Loss on retirement of non-current assets	22,607	27,219
Impairment losses	105,696	204,420
Amortization of goodwill	74,687	—
Other	—	14,667
Total extraordinary losses	202,991	246,307
Profit before income taxes	1,545,451	2,214,344
Income taxes - current	525,799	740,147
Income taxes - deferred	△56,546	△64,034
Total income taxes	469,253	676,112
Profit	1,076,198	1,538,232
Profit attributable to owners of parent	1,076,198	1,538,232

**Consolidated statements of comprehensive income**

(Thousands of yen)

	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Profit	1,076,198	1,538,232
Other comprehensive income		
Foreign currency translation adjustment	24,001	127,172
Total other comprehensive income	24,001	127,172
Comprehensive income	1,100,199	1,665,404
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,100,199	1,665,404

## Consolidated statements of changes in equity

Fiscal year ended October 31, 2021

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	786,345	1,038,473	1,304,314	(88)	3,129,044	(21,154)	(21,154)	3,107,890
Changes during period								
Issuance of new shares - exercise of share acquisition rights	1,194	1,194			2,388			2,388
Issuance of new shares-Restricted Stock	2,747	2,747			5,494			5,494
Dividends of surplus			(99,350)		(99,350)			(99,350)
Profit attributable to owners of parent			1,076,198		1,076,198			1,076,198
Purchase of treasury shares				(235)	(235)			△235
Net changes in items other than shareholders' equity						24,001	24,001	24,001
Total changes during period	3,941	3,941	976,847	(235)	984,495	24,001	24,001	1,008,497
Balance at end of period	790,287	1,042,415	2,281,161	(324)	4,113,540	2,847	2,847	4,116,387

Fiscal year ended October 31, 2022

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	790,287	1,042,415	2,281,161	(324)	4,113,540	2,847	2,847	4,116,387
Cumulative effects of changes in accounting policies			(37,475)		(37,475)			(37,475)
Restated balance	790,287	1,042,415	2,243,686	(324)	4,076,065	2,847	2,847	4,078,912
Changes during period								
Issuance of new shares - exercise of share acquisition rights	489	489			979			979
Issuance of new shares-Restricted Stock	2,747	2,747			5,495			5,495
Dividends of surplus			(318,588)		(318,588)			(318,588)
Profit attributable to owners of parent			1,538,232		1,538,232			1,538,232
Purchase of treasury shares				(141)	(141)			(141)
Net changes in items other than shareholders' equity						127,172	127,172	127,172
Total changes during period	3,237	3,237	1,219,643	(141)	1,225,975	127,172	127,172	1,353,148
Balance at end of period	793,525	1,045,652	3,463,329	(466)	5,302,040	130,020	130,020	5,432,061



## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,545,451	2,214,344
Depreciation	395,045	469,127
Impairment losses	105,696	204,420
Amortization of goodwill	100,454	20,787
Increase (decrease) in provision for point card certificates	5,965	△5,965
Increase (decrease) in allowance for doubtful accounts	△282	△562
Interest and dividend income	△8,593	△10,910
Interest expenses	4,307	3,768
Subsidy income	△659,972	△847,254
Compensation income	△80,000	—
Insurance claim income	—	△16,774
Loss (gain) on sale of non-current assets	△189	△1,100
Loss on retirement of non-current assets	22,607	27,219
Decrease (increase) in trade receivables	△28,372	△142,620
Decrease (increase) in inventories	△9,182	△120,071
Increase (decrease) in trade payables	86,148	148,363
Increase (decrease) in accounts payable - other	225,707	8,789
Increase (decrease) in provision for bonuses	35,269	18,190
Increase (decrease) in contract liabilities	—	93,357
Other, net	141,896	△61,118
Subtotal	1,881,957	2,001,993
Interest and dividends received	744	10,910
Interest paid	△4,278	△3,757
Income taxes paid	△169,908	△658,295
Proceeds from subsidy income	613,609	782,268
Proceeds from compensation	80,000	—
Proceeds from insurance income	—	16,774
Net cash provided by (used in) operating activities	2,402,124	2,149,892
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	△1,414,493	△1,514,674
Proceeds from sale of property, plant and equipment	2,500	1,100
Loan advances	△107,800	△36,861
Proceeds from collection of loans receivable	19,465	21,422
Payments of leasehold and guarantee deposits	△187,280	△196,543
Proceeds from refund of leasehold and guarantee deposits	47,963	2,045
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△30,528	—
Other, net	△37,654	△84,872
Net cash provided by (used in) investing activities	△1,707,828	△1,808,383
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	△755,487	42,341
Proceeds from long-term borrowings	987,152	550,000
Repayments of long-term borrowings	△774,240	△592,341
Proceeds from issuance of shares resulting from exercise of share acquisition rights	2,388	979
Dividends paid	△99,210	△316,343
Other, net	△235	△141
Net cash provided by (used in) financing activities	△639,634	△315,506
Effect of exchange rate change on cash and cash equivalents	24,853	109,850
Net increase (decrease) in cash and cash equivalents	79,515	135,852
Cash and cash equivalents at beginning of period	1,791,976	1,871,492
Cash and cash equivalents at end of period	1,871,492	2,007,344