



**GIFT HOLDINGS INC.** Securities Code 9279

## **Results Briefing Materials for the Fiscal Year Ended October 31, 2022**



**IR site**

<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 Fiscal Year Ended October 31, 2022

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Net sales

**17,015** million yen

YoY: **+26.3%**

Operating profit

**1,571** million yen

YoY: **+67.9%**

Ordinary profit

**2,442** million yen

YoY: **+39.7%**

## Overview of financial results

**Operating profit was up substantially** owing to increased profitability (improvement in man-hour productivity) contributing throughout the year, despite shortened business hours from January to March.

Furthermore, **ordinary profit reached a record level** due to the recording of subsidies for cooperation, and **net sales, operating profit, ordinary profit and profit attributable to owners of parent all reached record levels.**

### Improvement in profitability

Improved man-hour productivity and profitability through the implementation of 3 reforms (improvement of products, store operations, and logistics).

### Implementation of price revisions

Flexible price revisions were made to address rising raw material prices, etc.

### Raising production capacity

New roast pork factory went into full operation in August. Production capacity tripled, enabling expansion of wholesale items to produced stores.

## Growth and Profitability

### Sales growth

**26.3%**

(Annual goal: 20.0%)

### Operating profit margin

**9.2%**

### Ordinary profit margin

**14.4%**

(Annual goal: 11.8%)

## YoY Change in Sales of Company-owned Stores

### All company-owned stores in Japan

**132.9%**

### Existing company-owned stores in Japan

**109.9%**

(Annual goal: 114.4%)

## Stores Opened in the Period

### Company-owned stores

**22** stores

(Annual goal: 36 stores)

### Produced stores

**43** stores

(Annual goal: net increase of 48 stores)

## Man-hour Productivity (company-owned stores)

### Net sales per man-hour

**5,976** yen

(Same period of the previous year: 5,829 yen)

### Labor cost rate

**26.0%**

(Same period of the previous year: 26.1%)

## Recruitment and Retention

### Hiring employees

Newly hired **135** mid-career employees.

**51** new graduates joined.

### Retirement rate

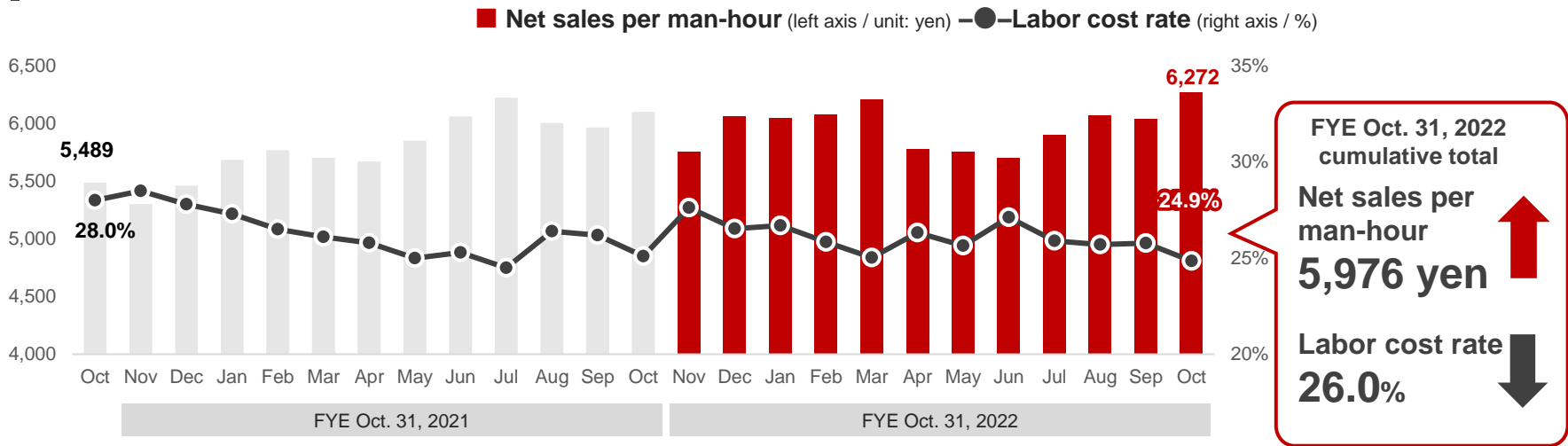
**17.0%**

(Same period of the previous year: 15.3%)

# Improved profitability through the implementation of 3 reforms



## Improved man-hour productivity



### 1 Control of appropriate employee time sheets

We visualized the difference between appropriate employee time sheets and actual employee time sheets in real time.

This enabled the company to **operate stores without excesses or shortages of employee time sheets.**

### 2 Reduced preparation time outside of business hours

**Standardization and simplification of store operations and reduction of processes** were achieved through the construction of a new roast pork factory, common use of toppings, and batch delivery from distribution centers. They have made it possible to **reduce preparation time outside of business hours.**

### 3 Optimization of home delivery service

**Order control of home delivery services** was implemented based on the level of congestion in the stores.



## 2 | Overview of Financial Results for the Fiscal Year Ended October 31, 2022

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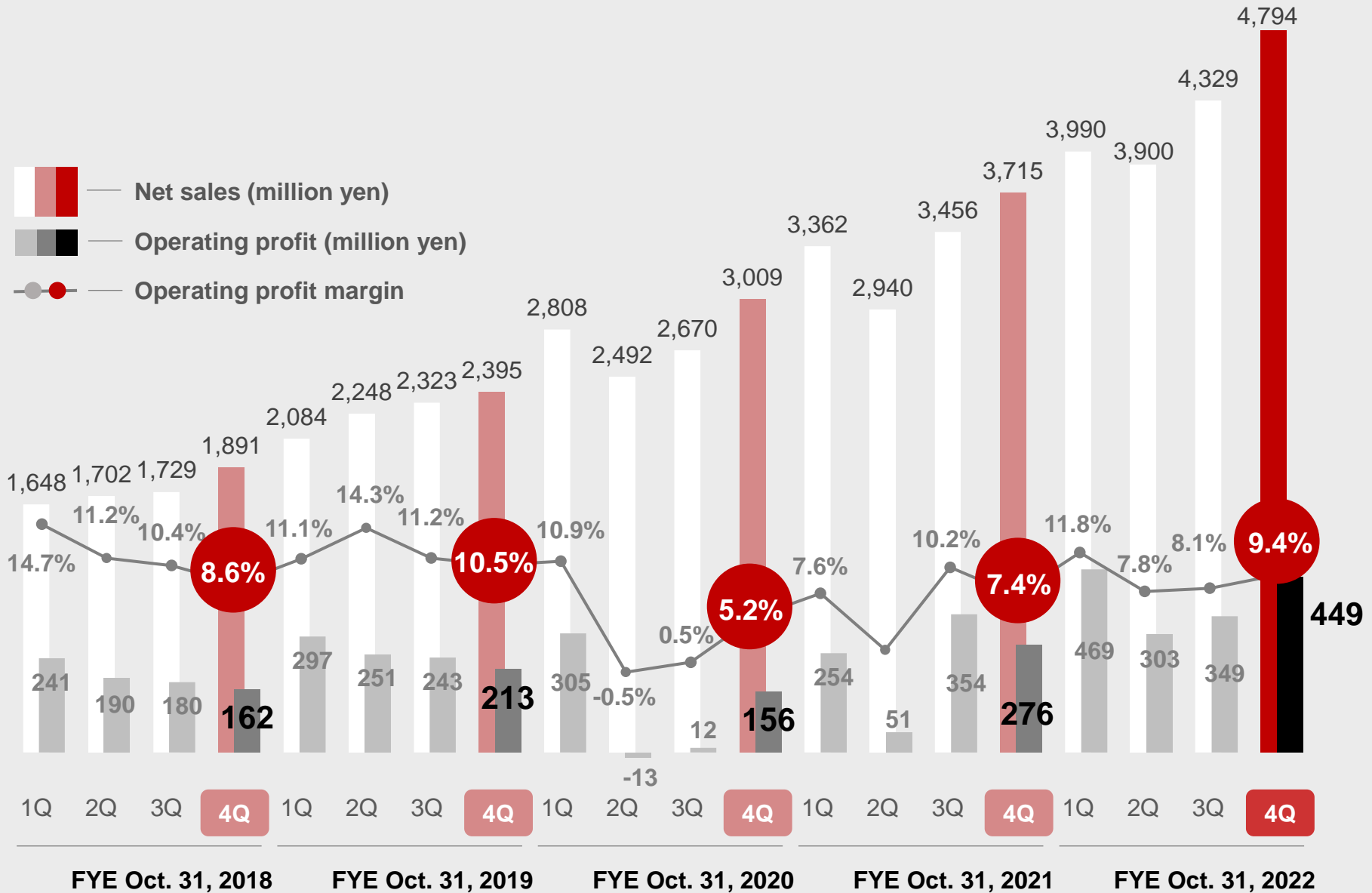
# Statements of income



	FYE Oct. 31, 2021		FYE Oct. 31, 2022			Change		Compared to plan	
	Amount	Percentage of sales	Amount	Percentage of sales	YoY % change	Full year plan for FYE Oct. 31, 2022	Level of achievement		
<b>Net sales</b>	13,474	-	<b>17,015</b>	-	<b>+26.3%</b>	17,000	100.1%		
Cost of sales	3,762	27.9%	5,176	30.4%	+37.6%	-	-		
<b>Gross profit</b>	9,712	72.1%	<b>11,839</b>	<b>69.6%</b>	<b>+21.9%</b>	-	-		
Selling, general and administrative expenses	8,776	65.1%	10,267	60.3%	+17.0%	-	-		
<b>Operating profit</b>	936	6.9%	<b>1,571</b>	<b>9.2%</b>	<b>+67.9%</b>	1,700	92.4%		
<b>Ordinary profit</b>	1,748	13.0%	<b>2,442</b>	<b>14.4%</b>	<b>+39.7%</b>	2,000	122.1%		
<b>Profit</b> attributable to owners of parent	1,076	8.0%	<b>1,538</b>	<b>9.0%</b>	<b>+42.9%</b>	1,280	120.2%		



# 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 fiscal year under review, the Company posted in 847,254 thousand yen in subsidy income under non-operating income as income from subsidies cooperating with requests to shorten business hours and subsidies for employment adjustment.

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

	Paid by October 31	After November 1				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)	8,195	-	-	-	8,195
	Amount (Thousand yen)	766,214	-	-	-	766,214
Subsidies for employment adjustment	Amount (Thousand yen)	20,235	-	Note 2	Note 2	Note 2

Note 1: The number of shortened business hours (days) above is the number through the end 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.

# Open up stores



Continued to open new stores,  
resulting in a net increase of **64**  
stores



compared to the plan of **80** stores.

As of Oct. 31,  
2021

As of Oct. 31,  
2022

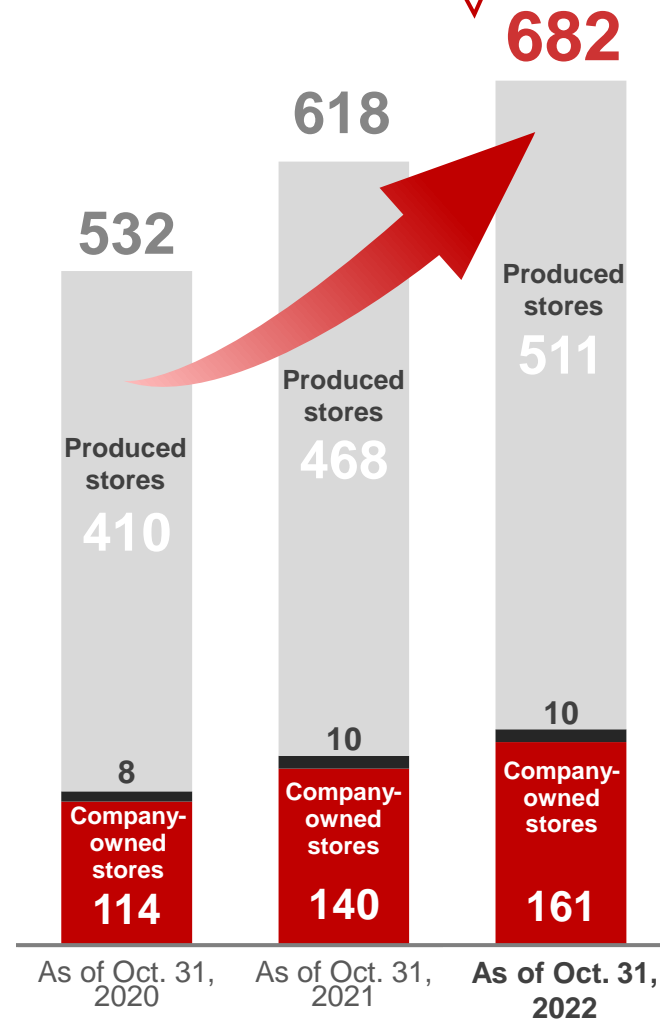
Produced stores **468 stores** >>> **511** stores

Company-owned stores **150 stores** >>> **171** stores

Total number of stores

**618 stores** >>> **682** stores






Overall **+64** stores







# Status of stores

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



Brand					
Number of stores as of October 31, 2022	116	21	5	1	6
Change (compared to October 31, 2021)	+8	+5	+3	—	—

Brand					Other
Number of stores as of October 31, 2022	3	4	1	2	2
Change (compared to October 31, 2021)	+2	+2	+1	-1	+1

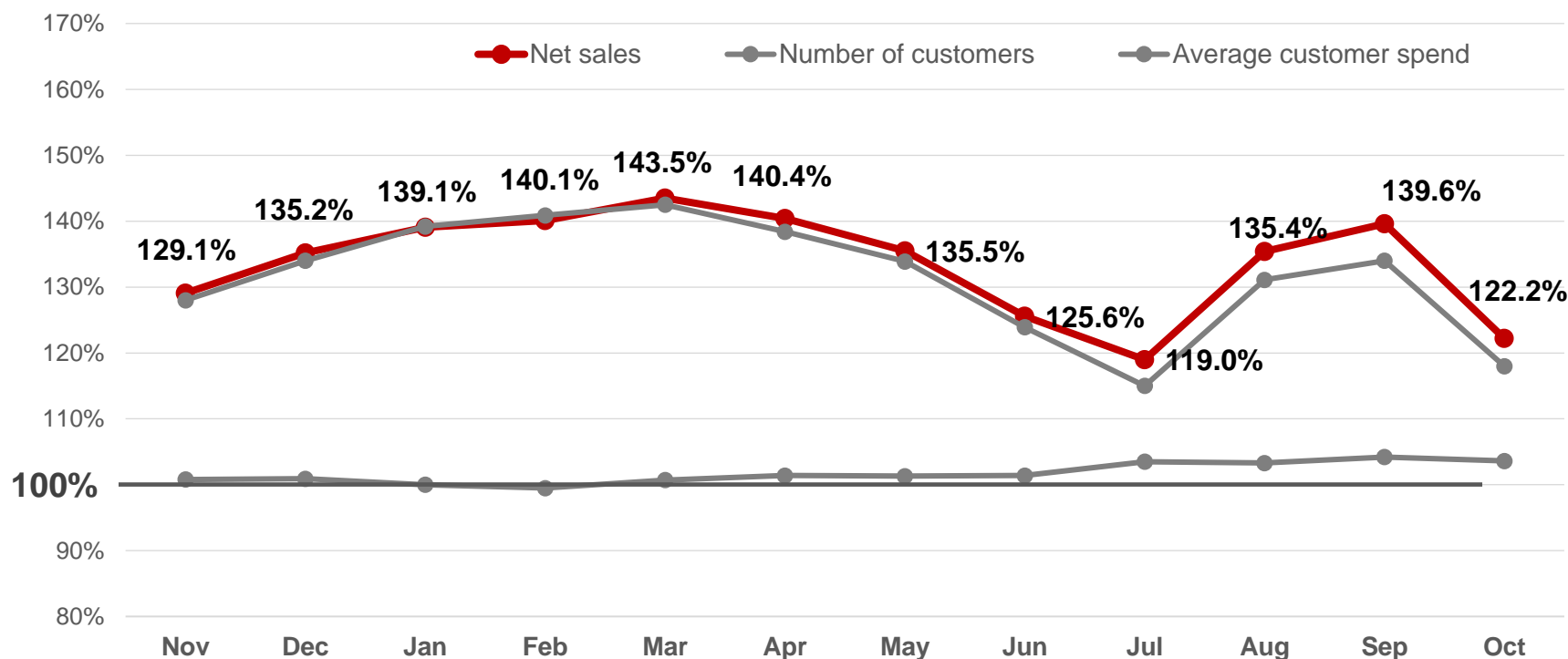
\*For details of brands and store types, please refer to “List of brands of company-owned stores” on the page 43 and “Business details” on the page 44, respectively.

# Status of stores (breakdown of change)



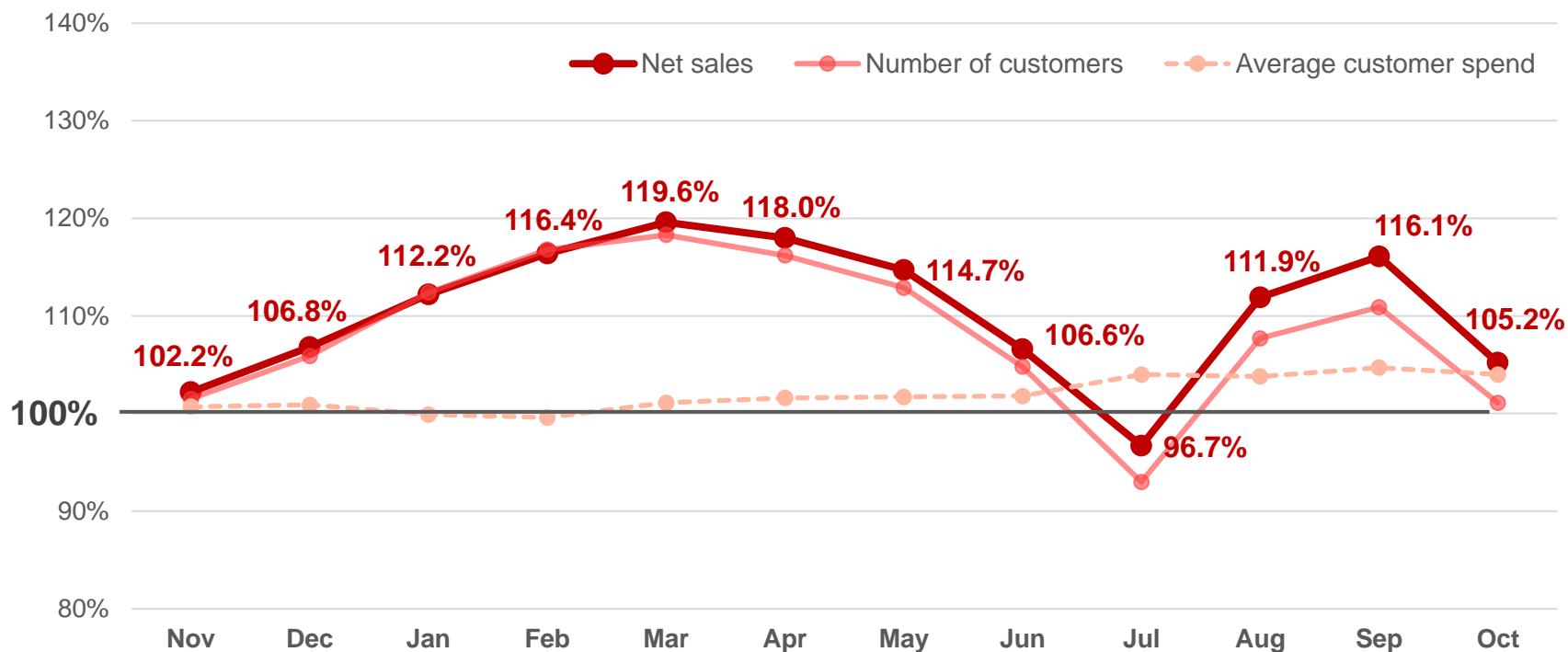
		As of Oct. 31, 2021 Number of stores	As of Oct. 31, 2022 Number of stores	Change	
(Number of stores)					
<b>Company-owned store business</b>	Kanto	87	104	+17	
	East Japan (other than Kanto)	32	36	+4	
	West Japan	18	19	+1	
	International	3	2	-1	
	<b>Subtotal</b>	<b>140</b>	<b>161</b>	<b>+21</b>	
<b>Net sales</b>	<b>14,139</b> million yen	<b>Outsourced stores</b>	<b>10</b>	<b>10</b>	<b>—</b>
		<b>Total</b>	<b>150</b>	<b>171</b>	<b>+21</b>
<b>Produced stores</b>	Kanto	293	306	+13	
	East Japan (other than Kanto)	95	107	+12	
	West Japan	67	83	+16	
	International	13	15	+2	
	<b>Total</b>	<b>468</b>	<b>511</b>	<b>+43</b>	
		<b>Total number of stores</b>	<b>618</b>	<b>682</b>	<b>+64</b>

# 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
<b>Net sales</b>	129.1%	135.2%	139.1%	140.1%	143.5%	140.4%	135.5%	125.6%	119.0%	135.4%	139.6%	122.2%	132.9%
<b>Number of customers</b>	128.0%	134.0%	139.2%	140.9%	142.5%	138.4%	133.9%	123.9%	115.0%	131.1%	134.0%	118.0%	130.6%
<b>Average customer spend</b>	100.8%	100.9%	100.0%	99.5%	100.7%	101.4%	101.3%	101.4%	103.5%	103.3%	104.2%	103.6%	101.8%

# 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%	116.1%	105.2%	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%	110.9%	101.1%	107.6%
Average customer spend	100.7%	100.9%	99.9%	99.6%	101.1%	101.6%	101.7%	101.8%	104.0%	103.8%	104.7%	104.0%	102.2%

# B/S summary



(Millions of yen)	FYE Oct. 31, 2021	FYE Oct. 31, 2022	Change	(Millions of yen)	FYE Oct. 31, 2021	FYE Oct. 31, 2022	Change
<b>Current assets</b>	<b>2,413</b>	<b>3,026</b>	<b>+612</b>	<b>Current liabilities</b>	<b>2,539</b>	<b>2,937</b>	<b>+398</b>
Cash and deposits	1,871	2,007	+135	Accounts payable - trade	389	544	+155
Accounts receivable - trade	262	405	+143	Short-term borrowings	-	42	+42
Other	280	613	+333	Current portion of long term borrowings	534	512	(22)
<b>Non-current assets</b>	<b>5,863</b>	<b>6,878</b>	<b>+1,014</b>	Other	1,615	1,838	+223
Property, plant and equipment	4,016	4,756	+740	<b>Non-current liabilities</b>	<b>1,621</b>	<b>1,535</b>	<b>(86)</b>
Intangible assets	135	122	(13)	Long-term borrowings	1,274	1,195	(79)
Investments and other assets	1,711	1,999	+287	Other	346	339	(6)
<b>Total assets</b>	<b>8,277</b>	<b>9,905</b>	<b>+1,627</b>	<b>Total liabilities</b>	<b>4,161</b>	<b>4,473</b>	<b>+312</b>
				<b>Total net assets</b>	<b>4,116</b>	<b>5,432</b>	<b>+1,315</b>
				Share capital	790	793	+3
				Capital surplus	1,042	1,045	+3
				Retained earnings	2,281	3,463	+1,182
				Treasury shares	(0)	(0)	(0)
				Accumulated other comprehensive income	2	130	+127
				<b>Total liabilities and net assets</b>	<b>8,277</b>	<b>9,905</b>	<b>+1,627</b>



# C/F summary



(Millions of yen)	FYE Oct. 31, 2021	FYE Oct. 31, 2022	Change
Net cash provided by (used in) operating activities	2,402	2,149	(252)
Net cash provided by (used in) investing activities	(1,707)	(1,808)	(100)
Net cash provided by (used in) financing activities	(639)	(315)	+ 324
Effect of exchange rate change on cash and cash equivalents	24	109	+ 84
Cash and cash equivalents at end of period	1,871	2,007	+ 135

FYE Oct. 31,  
2022

Main details

## ■ Cash flows from operating activities

Profit before income taxes: 2,214 million yen  
 Depreciation: 469 million yen  
 Income taxes paid: (658) million yen

## ■ Cash flows from investing activities

Purchase of property, plant and equipment:  
 (1,514) million yen  
 Payments of leasehold and guarantee deposits:  
 (196) million yen

## ■ Cash flows from financing activities

Net change in short-term borrowings:  
 42 million yen  
 Proceeds from long-term borrowings:  
 550 million yen  
 Repayments of long-term borrowings:  
 (592) million yen  
 Dividends paid:  
 (316) million yen

Price revisions have not had a noticeable impact on customer traffic.

## Comparison with before revisions (year-on-year comparison)

Net sales (yen)



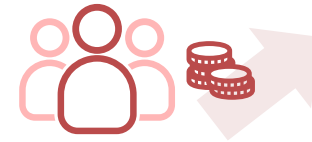
**119.5%**

Number of customers (persons)



**115.6%**

Average customer spend (yen)



**103.4%**

Source: Conditions for nine months after price revision on March 1 in "Machida Shoten" roadside stores

### Basic policy

#### Reflect increased costs in prices

The policy is to reflect increased costs in prices in response to soaring cost of wheat to make noodles and crude oil for transportation.

### Reflecting costs in prices at produced stores

#### Fully linking to price revisions from suppliers

Example: Wheat





## 3 | Forecast for the Fiscal Year Ending October 31, 2023

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# Forecast for the fiscal year ending October 31, 2023



Plan significant increases in net sales and operating profit by steadily implementing the Medium-term Business Plan.

(Millions of yen)	FYE Oct. 31, 2022 Results		FYE Oct. 31, 2023 Forecast		Change
	Amount	Percentage of sales	Amount	Percentage of sales	
<b>Net sales</b>	<b>17,015</b>	<b>—</b>	<b>20,500</b>	<b>—</b>	<b>+20.5%</b>
<b>Operating profit</b>	<b>1,571</b>	<b>9.2%</b>	<b>2,050</b>	<b>10.0%</b>	<b>+30.4%</b>
<b>Ordinary profit</b>	<b>2,442</b>	<b>14.4%</b>	<b>2,080</b>	<b>10.1%</b>	<b>-14.9%</b>
<b>Profit</b> attributable to owners of parent	<b>1,538</b>	<b>9.0%</b>	<b>1,380</b>	<b>6.7%</b>	<b>-10.3%</b>

## Sales of existing company-owned domestic stores

vs. FYE Oct. 31, 2022: **104.7%**

vs. FYE Oct. 31, 2019: 102.0%

## Open up stores

Company-owned  
domestic stores

**39** stores

Net increase of 38 stores

Company-owned  
foreign stores

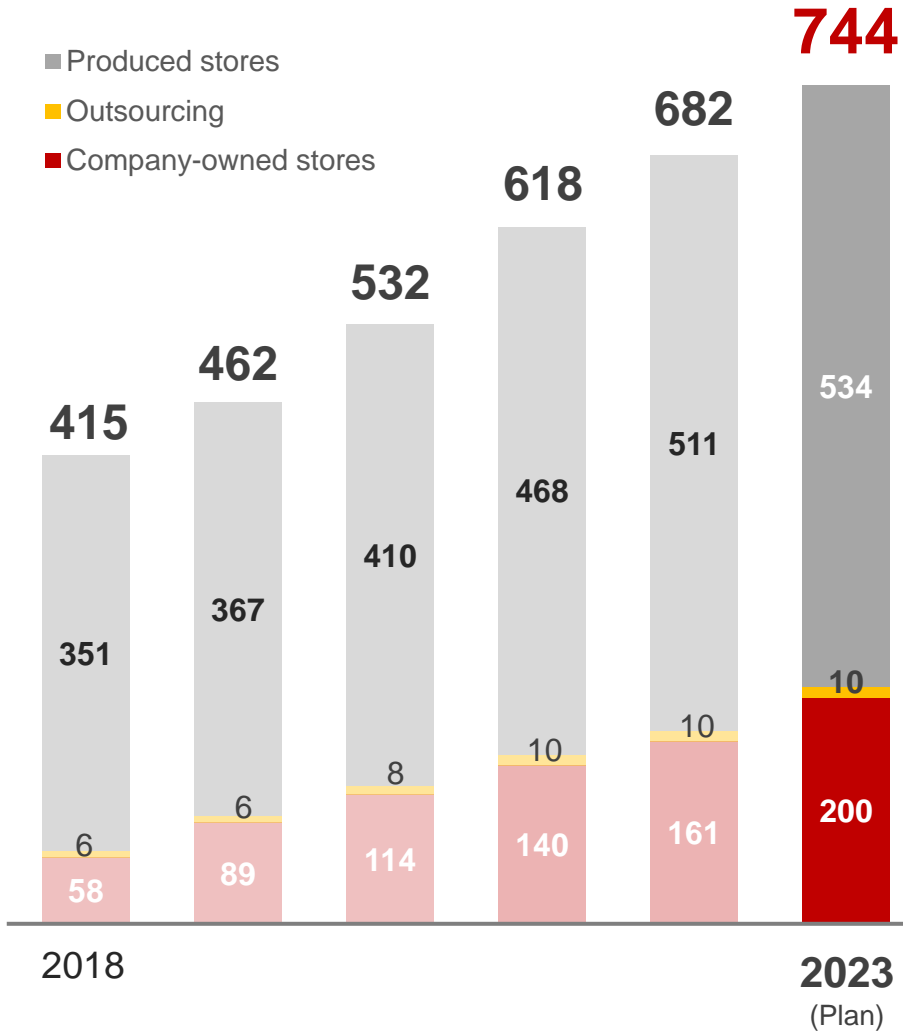
**1** store

Produced stores

**23** stores

20 domestic stores  
3 foreign stores

## Number of stores



## Number of stores as of Oct. 31, 2023

(plan)

**744** stores

Plan for **+62** stores year on year

Company-owned stores

**+39** stores

Produced stores **+23** stores

# Store opening strategy



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

- Significantly increase Machida Shoten focusing on roadside stores. Also continue to open BUTAYAMA stores.
- Start to open many GANSO ABURADO stores as well.

## Machida Shoten



Continue to open and significantly increase roadside stores and stores near train stations.

Roadside **20** stores

Location near train stations **5** stores

\* Seek ways to open stores in food courts and service areas

## BUTAYAMA



Continue to open stores near train stations. Open stores in properties to have returns faster on investment.

Location near train stations **5** stores

\* Seek ways to open roadside stores

## Other



Start to open many GANSO ABURADO stores.

Roadside **1** store

Location near train stations **4** stores

Other new business types



Actively consider M&A, etc. of extremely busy stores

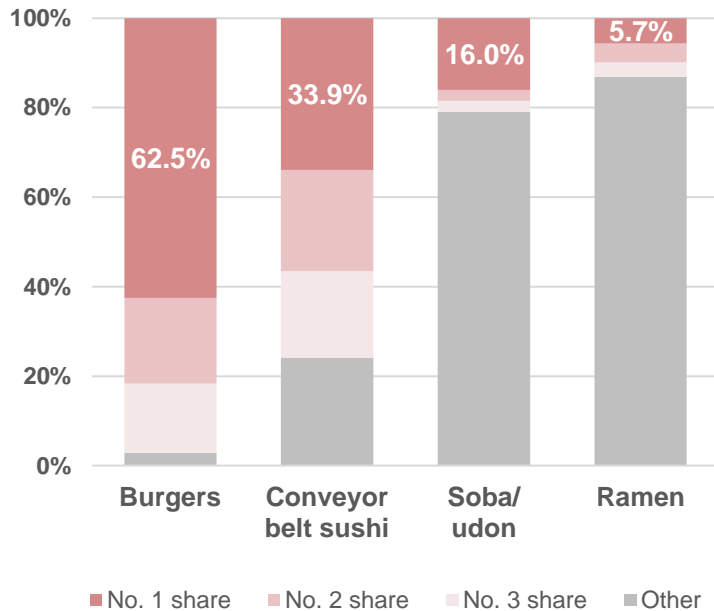
# Characteristics of main restaurant industries and domestic ramen market



As opposed to mature markets such as burger, conveyor belt sushi and soba/udon, where major companies capture most of the demand, the ramen market is flooded with small stores, and is a developing market with plenty of potential for expansion of our share.

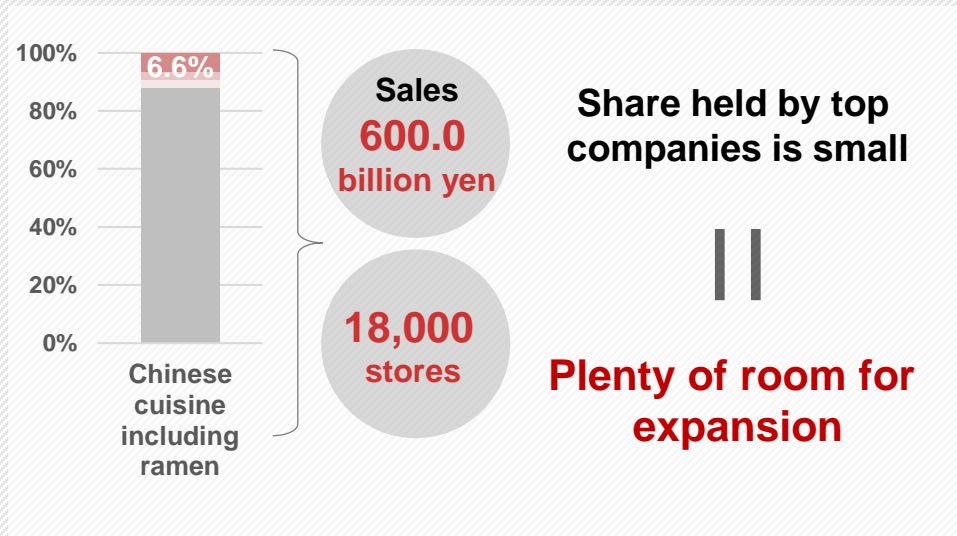
## Mature markets

Share of top companies in main restaurant industries



## Developing market

Share of top companies in ramen market



Expand share through  
**"appeal of individual stores"** and  
**"standardization and simplification"**

Source: Calculated in-house based on Economic Conditions Survey of Ministry of Internal Affairs and Communications



# Opening of Tokyo Ramen Yokocho



Seven brands concentrated near Yaesu Exit, just one minute's walk from JR Tokyo Station

We have created a vibrant and busy "place to hang out" with the nostalgia and entertainment of an alley while leveraging the individuality of each brand. It connects a variety of customers from Japan and abroad, providing nostalgia, excitement and a feeling of a special space that cannot be found elsewhere.

## 東京ラーメン横丁



<https://tokyo-ramenyokocho.com/>

# Strengthening of expansion of brands



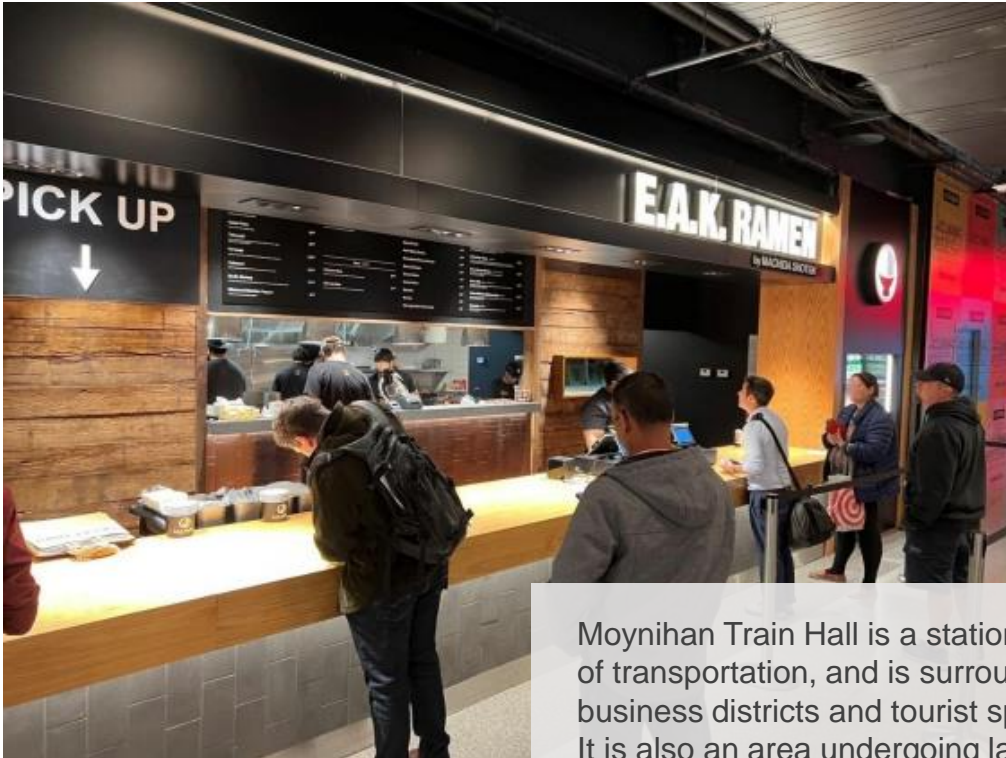
Opened multiple stores of the Company's ramen brands within the same area



# Overseas expansion



Grand opening of 3rd New York store in Pennsylvania Station, which boasts the most users in North America, on November 21



**E. A. K. RAMEN**

**Store  
name**

**E.A.K RAMEN Moynihan Train Hall**  
(Within food court)

3383 W31st Street, New York, NY, 10001, USA

Moynihan Train Hall is a station building that is the center of a variety of modes of transportation, and is surrounded by some of America's most well-known business districts and tourist spots. It is also an area undergoing large-scale redevelopment, and will be used by even more people in future.

By providing the Group's ramen with smiling and energetic service in a prime location in the United States where many people gather, we will embody the Group's business concept of **"making ramen a gift to the world."**

## 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, 2022

We decided to pay an interim dividend of **12 yen** per share and a year-end dividend of **15 yen**, for **a total of 27 yen**.

### Dividends for the fiscal year ending October 31, 2023

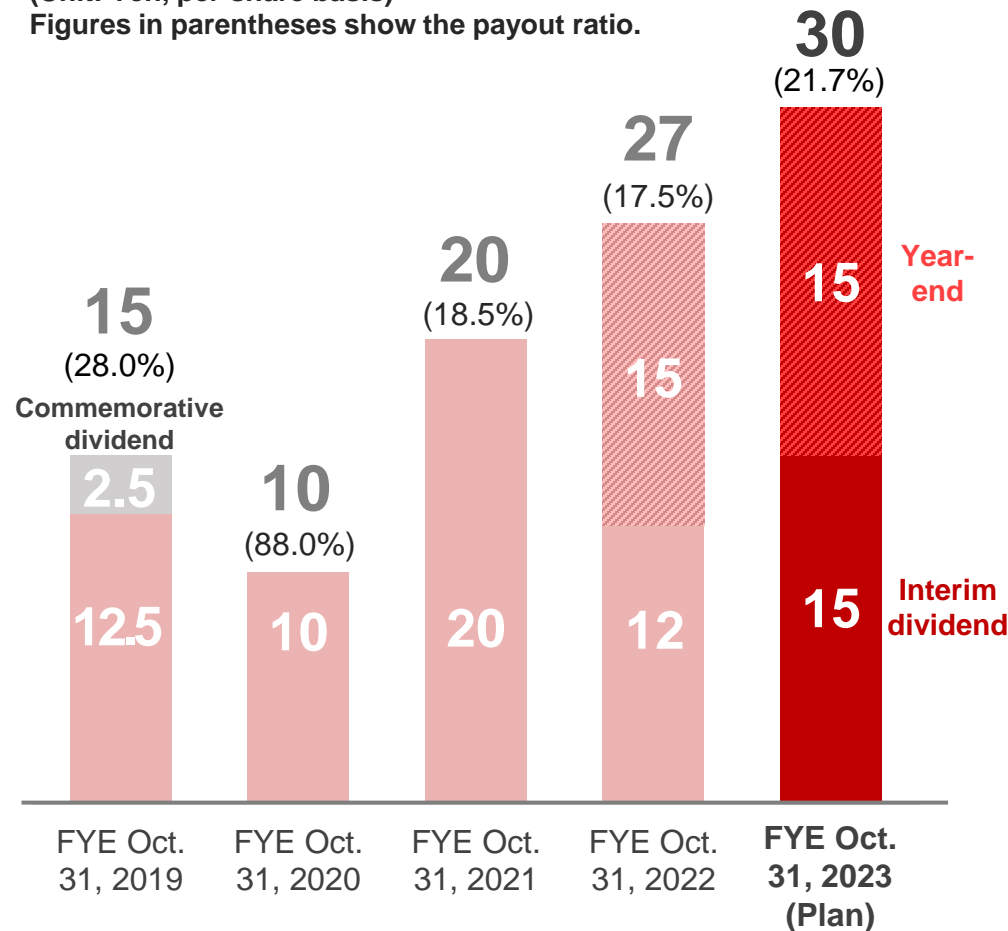
- **Target a payout ratio of 20% or more**

We plan to pay an interim dividend of **15 yen** per share and a year-end dividend of **15 yen**, for **a total of 30 yen**, an **increase of 3 yen**.

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

(Unit: Yen, per-share basis)

Figures in parentheses show the payout ratio.



# Shareholder benefit



Expansion of benefits (from shareholders as of October 31, 2022, provided in January 2023)

- Established a **shareholder benefit system for continuous holding of shares for 1 year or more**
- Also support the **Ramen BUTAYAMA online shop**

Number of shares held	Before change	After change	
		If held for less than 1 year	If held for 1 year or more
100-199 shares	2 coupons (4 per year)	2 coupons (4 per year)	3 coupons (6 per year)
200-299 shares	3 coupons (6 per year)	3 coupons (6 per year)	4 coupons (8 per year)
300-499 shares	4 coupons (8 per year)	4 coupons (8 per year)	5 coupons (10 per year)
500 shares or more	5 coupons (10 per year)	5 coupons (10 per year)	6 coupons (12 per year)

- **Held for 1 year or more** means 100 or more shares are continuously held for 1 year or more with statement in the shareholder registry on the record dates (April 30 and October 31 every year). It covers shareholders who have been listed in the Company's shareholder registry with the same shareholder number for the past three record dates (April 30 and October 31) including the relevant record date.
- Meal coupons can be used to choose any item free of charge from the ticket vending machine. One item from the menu is free at restaurants without ticket vending machines. They can also be used for take-out\*. At Ramen BUTAYAMA, after selecting a button, you can change to souplless or tsukemen.
- They can also be used for set items with a value of 1,000 yen or more.
- Meal coupons can be used in the Company-owned domestic stores. Information will be provided separately on the stores where they can be used. A **1,000 yen discount coupon will be issued for each electronic ticket** on the Ramen BUTAYAMA online shop. **Only one coupon may be used per order.**

\* This service is not available for frozen take-out products such as IEKEI Ramen Set sold at some stores.



## 4 | Medium-term Business Plan (Fiscal Year Ending October 31, 2023 to Fiscal Year Ending October 31, 2025)

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FYE October 31, 2025: Targets to be achieved

Net sales **30.0**  
billion yen

Operating profit **3.0**  
billion yen



Expansion of business and strengthening of structure



**Promotion of digital transformation (DX)**

<p><b>Growth</b></p>	<p>1. Sales growth</p>	<p><b>20%</b> or above</p>
<p><b>Profitability</b></p>	<p>2. Operating profit margin</p>	<p><b>10%</b> or above</p>
<p><b>Gain on investments</b></p>	<p>3. ROA (ordinary profit to total assets)</p>	<p><b>15%</b> or above</p>
	<p>4. ROE (net profit to shareholders' equity)</p>	<p><b>15%</b> or above</p>
<p><b>Returns to shareholders</b></p>	<p>5. Dividend payout ratio</p>	<p><b>20%</b> or above</p>



# Medium-term business plan (fiscal year ending October 31, 2023 to fiscal year ending October 31, 2025) / Quantitative plan



(Billion of yen)	2020	2021	2022	2023	2024	2025
<b>Net sales</b>	11.0	13.4	17.0	20.5	25.0	30.0
<b>Operating profit</b>	0.46	0.93	1.57	2.05	2.5	3.0
<b>Ordinary profit</b>	0.51	1.74	2.44	2.08	2.5	3.0

Japan	<b>Total number of stores</b>	<b>519</b>	<b>602</b>	<b>665</b>	<b>723</b>	<b>781</b>	<b>1,000</b>
	Company-owned stores	119	147	169	207	245	300
	Produced stores	400	455	496	516	536	700

International	<b>Total number of stores</b>	<b>13</b>	<b>16</b>	<b>17</b>	<b>21</b>	<b>24</b>	<b>33</b>
	Company-owned stores	3	3	2	3	3	3
	Produced stores	10	13	15	18	21	30

Total	<b>Total number of stores</b>	<b>532</b>	<b>618</b>	<b>682</b>	<b>744</b>	<b>805</b>	<b>1,033</b>
	Company-owned stores	122	150	171	210	248	303
	Produced stores	410	468	511	534	557	730

# Medium-term business plan



Key themes	Overview of initiatives
<b>Expansion of existing business</b>	<p><b>(1) Enhancement of quality per store</b> ← PICK UP</p> <p>(2) Human resource development and retention</p> <p>(3) Flexible response to inflation</p>
<b>Operation of new business types</b>	<p><b>(4) Acquisition of new business types through aggressive M&amp;A</b> ← PICK UP</p> <p>(5) Development and brush-up of additional business types</p>
<b>Overseas expansion</b>	<p>(6) Expansion of stores (Company-owned stores, franchise stores)</p> <p>(7) Creation of head office and sales functions supporting overseas expansion</p>
<b>Strengthening of ability to open stores</b>	<p><b>(8) Strengthening of model development</b> ← PICK UP</p> <p>(9) Strengthening of property development capability</p>
<b>Strengthening of manufacturing, purchasing and logistics system</b> ← PICK UP	<p>(10) Reduction of manufacturing costs and enhancement of manufacturing quality</p> <p>(11) Creation of stable supply system by area</p> <p>(12) Utilization of logistics centers (cost optimization, stockout risk control)</p> <p>(13) Enhancement of logistics quality (frequency, quality)</p>
<b>ESG</b>	<p><b>(14) Promotion of ESG management</b> ← PICK UP</p>

**(15) Promotion of DX** ← PICK UP

Aim to create appealing stores in both company-owned stores and produced stores

### 1. Company-owned stores

#### **Reallocate control of Company-owned foreign stores to Company-owned domestic stores**

- ✓ Aim to balance QSCA\* enhancement and cost control by conducting operations in the same manner as Company-owned domestic stores

\*Quality, service, cleanliness, and atmosphere

### 2. Produced stores

#### **Supply of high-quality ingredients by maintaining freshness**

- ✓ Supply the same ingredients as Company-owned domestic stores using the same logistics network
- ✓ Build a system enabling the provision of high-quality ramen by supplying high-quality ingredients and maintaining freshness



Aim to secure brand and locations, and enhance manufacturing capacity

M&A targets	Aim
<b>Extremely busy stores</b>	Expansion of brands
<b>Chain stores</b>	Securing advantageous locations and human resources
<b>Factories</b>	Enhancement of manufacturing capacity essential for expansion of stores



Proceed with property development while verifying the opening of stores

### Verification of expansion in a variety of locations



元祖油堂  
油そば



Expansion of roadside stores  
and franchise stores



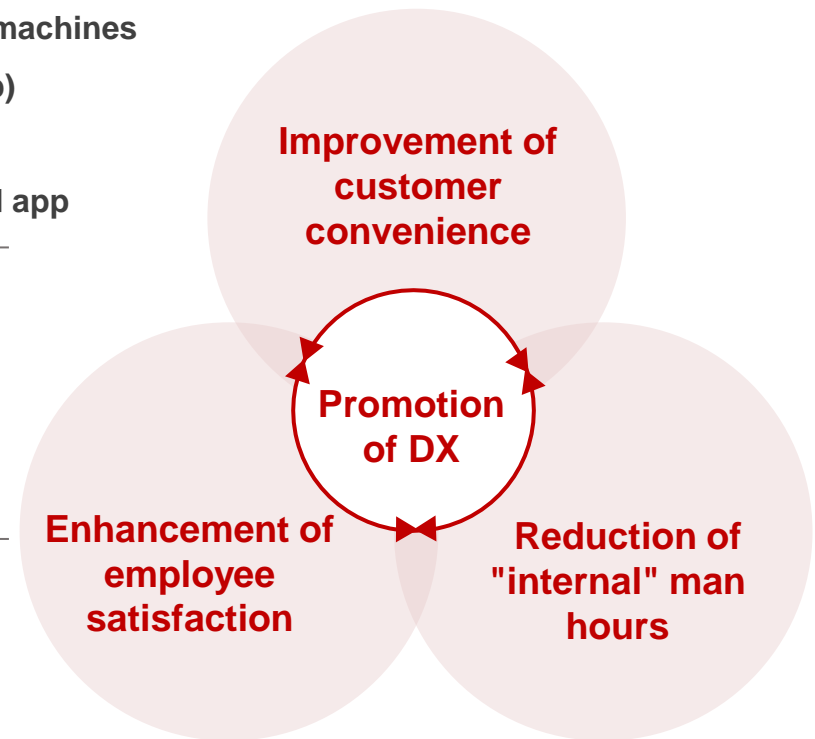
Food courts and service areas



Promotion of DX is a priority measure to take companywide

**A virtuous cycle is created by DX promotion, providing returns in all directions.**

Measures for promotion of DX	Improvement of customer convenience	<ul style="list-style-type: none"><li>✓ Introduction of new ticket vending machines (cashless payment, linking with app)</li><li>✓ Introduction of eGift tickets</li><li>✓ Renewal of store search screen and app</li></ul>
	Enhancement of employee satisfaction	<ul style="list-style-type: none"><li>✓ Single sign-on and enhancement of security</li><li>✓ Creation of data analysis infrastructure</li></ul>
	Reduction of "internal" man hours	<ul style="list-style-type: none"><li>✓ Introduction of multi-devices in all stores</li><li>✓ Digitalization of reporting operations</li></ul>



Establishment of factories and logistics centers aimed at opening many stores and area expansion

### Factories



Hiratsuka



Yokohama  
Daiichi  
Yokohama  
Daini



Tamba-  
Sasayama



Ayase

- Reduction of manufacturing costs
- Enhancement of manufacturing quality
- Securing supply capacity

### Logistics centers



Kanto area



Kansai area



Chukyo area

- Optimization of logistics costs
- Stockout risk control
- Improvement of distribution frequency and distribution quality
- Bulk distribution to stores

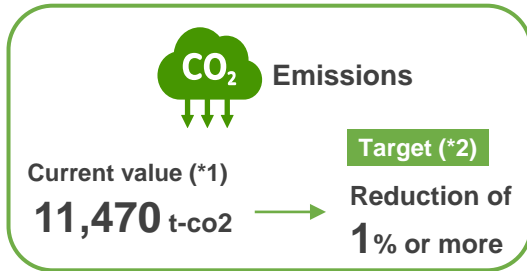
Receive the benefits of synergy effects throughout the Gift Group as a whole by building and operating a **manufacturing, purchasing and logistics platform**

# Details of medium-term business plan

## PICK UP (14) Promotion ESG management



In order to contribute to the creation of a sustainable society, the Company will engage in management emphasizing ESG (Environment, Social, Governance), and will conduct business activities with the aim of achieving the targets set out in the SDGs adopted by the United Nations.



\*1 April 2021 to March 2022  
\*2 Per hour of business hours

## ENVIRONMENT

- Measures to address global warming
- Effective utilization of energy and resources
- Utilization of environmentally friendly products
- Waste and recycling



## GOVERNANCE

- Strengthening of corporate governance
- Creation of risk management system
- Ensuring compliance
- Strengthening information security and protection of privacy
- IR activities (constructive dialogue with investors)
- Dynamic renewal of governance system

## SOCIAL

- Planning and development of products with high added value
- Consumer peace of mind and safety
- Fair marketing and advertising
- Protection of personal information
- Compliance with fair trade and internal dissemination
- Supply chain management
- Personnel and welfare
- Promotion of employee health
- Promotion of work-life balance
- Business reform utilizing ICT, AI, RPA, etc.
- Promotion of respect for human rights and self-development of human rights
- Promotion of diversity and active participation by women
- Human resource development, hiring and retention
- Strengthening of coordination with local government policies and implementation of regional revitalization activities
- Company open to local communities
- Next-generation support



## IR website

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



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



## 5 | Reference Materials: Company Overview

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**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 factories: Hiratsuka, Yokohama  
Daiichi, Tamba-Sasayama  
Roast pork factory: Ayase  
Soup factory: 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** 793 million yen (as of October 31, 2022)

**Group employees** 550 employees, 2,939 part-time and casual  
workers  
(as of October 31, 2022)

**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

IEKEI Ramen characterized by creamy soup that you never tire of.  
A popular chain with over 100 stores nationwide offering a lively and transcendent space.



## BUTAYAMA

A "hearty ramen" characterized by thick and tender pork and a plentiful helping of vegetables  
The powerful soup combined with the sweet soy sauce and chewy "washiwashi" noodles provide a filling experience.



## GATTON

"Kyushu tonkotsu ramen" characterized by soup matured by hours of cooking.  
The specially ordered ultra-thin noodles sought to match the rich and deeply flavored soup provide the ultimate flavor.



## 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

"Chinese soba" with ginger soy sauce that is popular as a local ramen in Nagaoka City in Niigata.  
Popular with men and women of all ages due to the deep flavor of the light soup using carefully selected ingredients.



## GANSO ABURADO

"Oil noodles" using carefully made custom noodles that can be customized for your own original taste with tabletop condiments.  
The stylish atmosphere of the stores is also popular with women, and arrangements of flavor are limitless!



## ITOI

Rich "miso ramen" with soup containing loads of flavor of pork bone, chicken bone and vegetables  
The white miso, garlic and stir-fried crisp bean sprouts are amazing and a perfect match with rice!



## E.A.K RAMEN

Providing a flavor to match local needs based on "IEKEI Ramen."

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

## Company-owned stores

171 stores

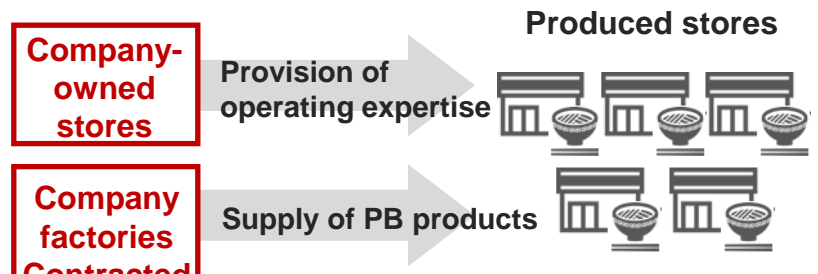
The Company operates stores under its own brands centered on Yokohama IEKEI Ramen MACHIDA SHOTEN (Refer to the previous page for other brands).



## Produced stores

511 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

### 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



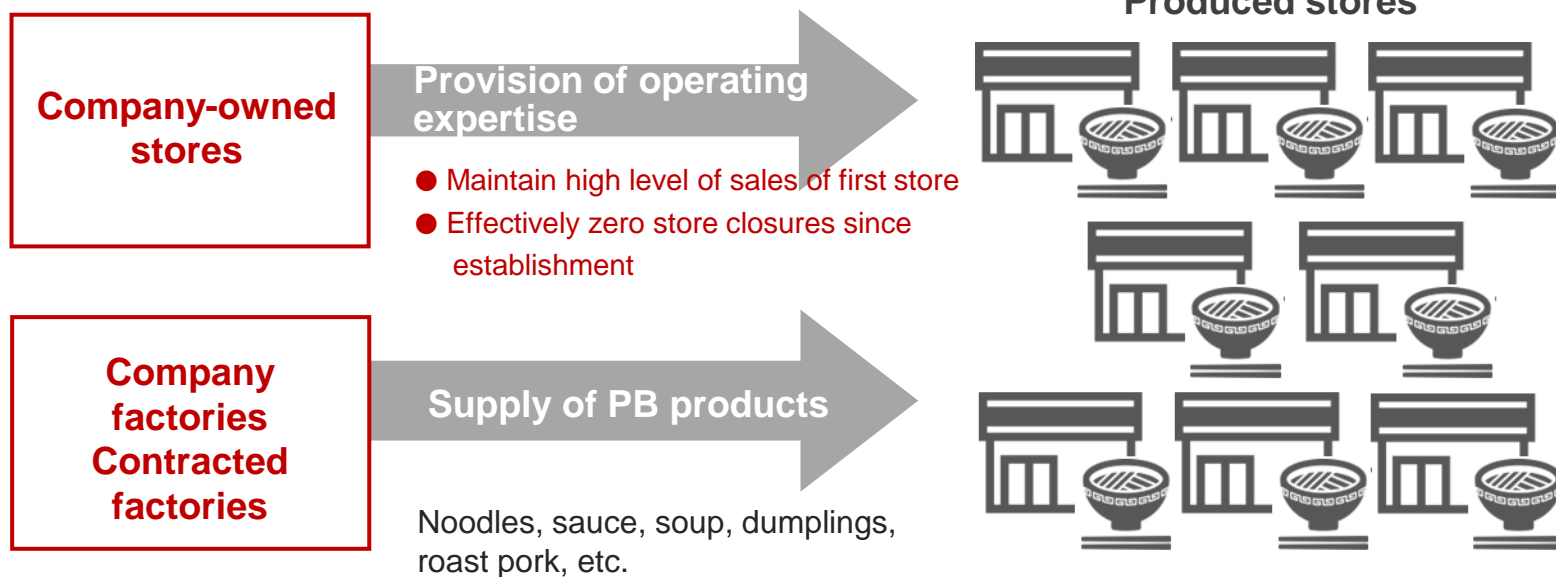
## Roadside stores are also popular with families

- 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.



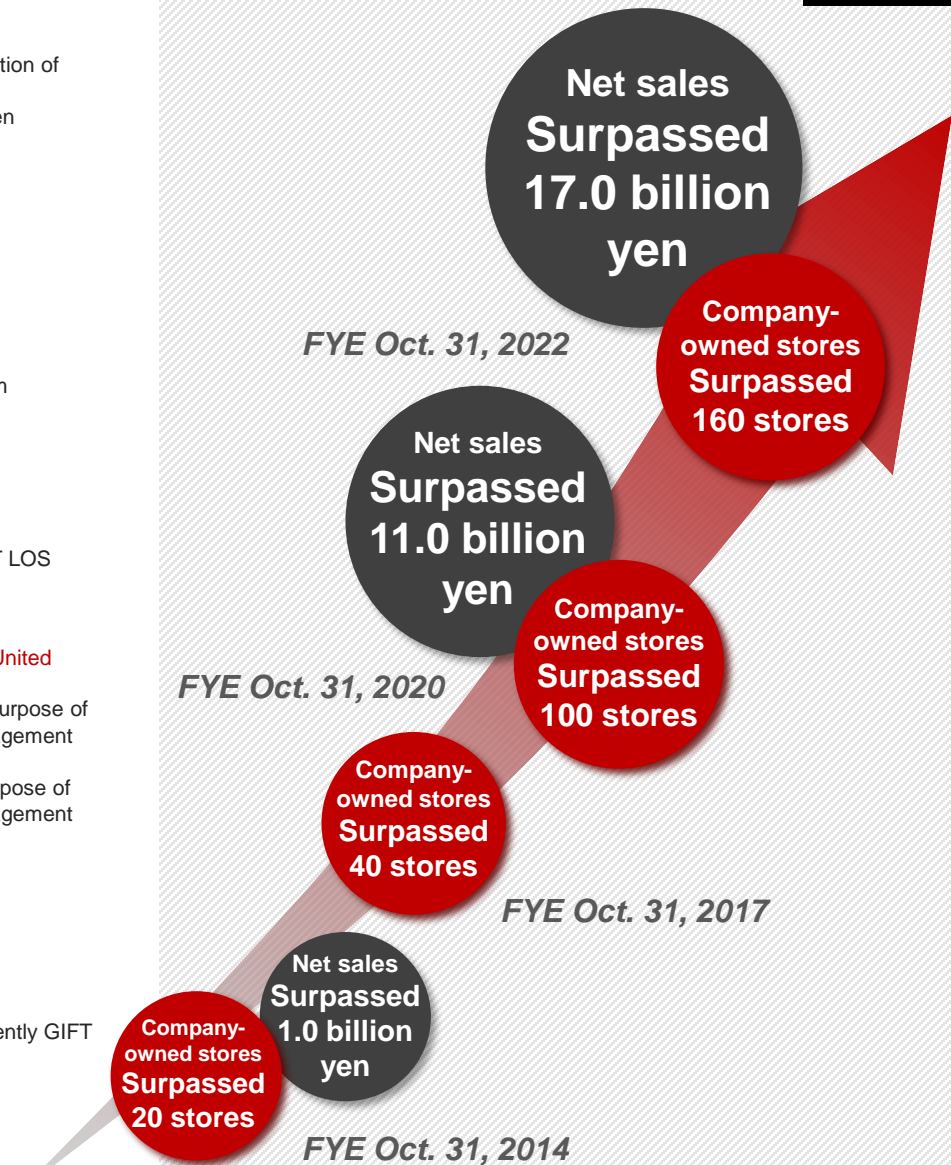
# Differences between produced stores and franchise stores



	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.
- 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.