

Translation

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Summary of Consolidated Financial Results for the Six Months Ended April 30, 2023 (Based on Japanese GAAP)

June 14, 2023

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 to file Quarterly Securities Report: June 14, 2023
 Scheduled date to commence dividend payments: July 20, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended April 30, 2023 (from November 1, 2022 to April 30, 2023)

(1) Consolidated operating results (cumulative)

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	%
Six months ended April 30, 2023	10,729	36.0	1,021	32.1	1,051	(12.2)	726	(11.1)
Six months ended April 30, 2022	7,891	25.2	773	152.6	1,197	116.3	816	130.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended April 30, 2023	72.89		72.72	
Six months ended April 30, 2022	82.05		81.81	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of April 30, 2023	11,319	5,995	52.9
As of October 31, 2022	9,905	5,432	54.8

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended October 31, 2022	–	12.00	–	15.00	27.00
Year ending October 31, 2023	–	15.00			
Year ending October 31, 2023 (Forecast)			–	15.00	30.00

3. Forecast of consolidated financial results for the year ending October 31, 2023 (from November 1, 2022 to October 31, 2023)

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
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 six months ended April 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of April 30, 2023	9,972,292 shares	As of October 31, 2022	9,962,745 shares
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Number of treasury shares at the end of the period

As of April 30, 2023	281 shares	As of October 31, 2022	220 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended April 30, 2023	9,965,609 shares	Six months ended April 30, 2022	9,956,202 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of October 31, 2022	As of April 30, 2023
Assets		
Current assets		
Cash and deposits	2,007,344	1,819,578
Accounts receivable - trade	405,756	486,693
Merchandise and finished goods	134,945	304,125
Raw materials and supplies	85,931	125,890
Other	392,658	410,811
Total current assets	3,026,635	3,147,099
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,687,326	5,548,815
Accumulated depreciation	(1,170,522)	(1,326,066)
Buildings and structures, net	3,516,804	4,222,748
Land	141,782	141,782
Other	1,843,810	1,990,564
Accumulated depreciation	(745,828)	(833,783)
Other, net	1,097,982	1,156,780
Total property, plant and equipment	4,756,569	5,521,312
Intangible assets		
Goodwill	103,939	217,300
Other	18,473	45,930
Total intangible assets	122,412	263,231
Investments and other assets		
Leasehold and guarantee deposits	1,027,083	1,119,113
Other	972,433	1,268,861
Total investments and other assets	1,999,516	2,387,975
Total non-current assets	6,878,498	8,172,518
Total assets	9,905,133	11,319,618

(Thousands of yen)

As of October 31, 2022

As of April 30, 2023

Liabilities		
Current liabilities		
Accounts payable - trade	544,863	708,173
Short-term borrowings	42,341	34,794
Current portion of long-term borrowings	512,375	612,267
Income taxes payable	526,749	366,819
Provision for bonuses	121,626	131,788
Provision for shareholder benefit program	6,546	8,172
Other	1,183,495	1,529,614
Total current liabilities	2,937,997	3,391,629
Non-current liabilities		
Long-term borrowings	1,195,284	1,552,939
Asset retirement obligations	334,796	373,686
Other	4,993	5,422
Total non-current liabilities	1,535,074	1,932,048
Total liabilities	4,473,072	5,323,678
Net assets		
Shareholders' equity		
Share capital	793,525	797,304
Capital surplus	1,045,652	1,049,431
Retained earnings	3,463,329	4,040,243
Treasury shares	(466)	(731)
Total shareholders' equity	5,302,040	5,886,247
Accumulated other comprehensive income		
Foreign currency translation adjustment	130,020	105,723
Total accumulated other comprehensive income	130,020	105,723
Non-controlling interests	—	3,968
Total net assets	5,432,061	5,995,939
Total liabilities and net assets	9,905,133	11,319,618

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended April 30, 2022	Six months ended April 30, 2023
Net sales	7,891,138	10,729,297
Cost of sales	2,343,739	3,444,066
Gross profit	5,547,398	7,285,230
Selling, general and administrative expenses	4,774,335	6,263,735
Operating profit	773,063	1,021,495
Non-operating income		
Interest income	4,643	16,054
Foreign exchange gains	946	—
Commission income	818	—
Subsidy income	410,899	2,442
Other	10,388	18,397
Total non-operating income	427,695	36,895
Non-operating expenses		
Interest expenses	1,943	1,863
Foreign exchange losses	—	2,113
Other	1,294	2,562
Total non-operating expenses	3,237	6,539
Ordinary profit	1,197,520	1,051,850
Extraordinary income		
Gain on sale of non-current assets	1,100	23,889
Insurance claim income	16,774	—
Other	628	—
Total extraordinary income	18,502	23,889
Extraordinary losses		
Loss on retirement of non-current assets	15,466	7,733
Impairment losses	2,586	—
Other	—	1,034
Total extraordinary losses	18,052	8,768
Profit before income taxes	1,197,970	1,066,972
Income taxes	381,035	340,710
Profit	816,935	726,262
Profit (loss) attributable to non-controlling interests	—	(89)
Profit attributable to owners of parent	816,935	726,351

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended April 30, 2022	Six months ended April 30, 2023
Profit	816,935	726,262
Other comprehensive income		
Foreign currency translation adjustment	29,296	(24,297)
Total other comprehensive income	29,296	(24,297)
Comprehensive income	846,231	701,964
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	846,231	701,974
Comprehensive income attributable to non-controlling interests	—	(9)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended April 30, 2022	Six months ended April 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,197,970	1,066,972
Depreciation	224,870	276,365
Impairment losses	2,586	—
Amortization of goodwill	10,393	14,147
Increase (decrease) in allowance for doubtful accounts	(13)	53
Interest and dividend income	(4,643)	(16,054)
Interest expenses	1,943	1,863
Subsidy income	(410,899)	(2,442)
Insurance claim income	(16,774)	—
Loss (gain) on sale of non-current assets	(1,100)	(23,889)
Loss on retirement of non-current assets	15,466	7,733
Decrease (increase) in trade receivables	(77,935)	(80,980)
Decrease (increase) in inventories	(75,100)	(209,103)
Increase (decrease) in trade payables	95,877	164,901
Increase (decrease) in provision for bonuses	(822)	10,162
Other, net	(92,756)	285,174
Subtotal	869,063	1,494,903
Interest and dividends received	1,953	16,054
Interest paid	(1,957)	(1,938)
Income taxes paid	(380,792)	(494,643)
Proceeds from subsidy income	457,263	2,442
Proceeds from insurance income	16,774	—
Net cash provided by (used in) operating activities	962,304	1,016,818
Cash flows from investing activities		
Payments into time deposits	—	(353,218)
Purchase of property, plant and equipment	(753,735)	(828,835)
Proceeds from sale of property, plant and equipment	1,100	25,545
Loan advances	(17,524)	(400,000)
Payments of leasehold and guarantee deposits	(62,788)	(94,180)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(77,634)
Other, net	(57,588)	(116,969)
Net cash provided by (used in) investing activities	(890,537)	(1,845,292)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	88,705	(7,547)
Proceeds from long-term borrowings	250,000	760,000
Repayments of long-term borrowings	(288,705)	(302,453)
Proceeds from share issuance to non-controlling shareholders	—	3,978
Proceeds from issuance of shares resulting from exercise of share acquisition rights	163	1,060
Dividends paid	(198,463)	(151,677)
Other, net	—	(265)
Net cash provided by (used in) financing activities	(148,300)	303,096
Effect of exchange rate change on cash and cash equivalents	28,373	5,710
Net increase (decrease) in cash and cash equivalents	(48,160)	(519,667)
Cash and cash equivalents at beginning of period	1,871,492	2,007,344
Cash and cash equivalents at end of period	1,823,332	1,487,676