Translation

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Summary of Consolidated Financial Results for the Three Months Ended January 31, 2021 (Based on Japanese GAAP)

March 12, 2021

Company name: GIFT INC.
Stock exchange listing: Tokyo
Stock code: 9279 URL http://www.gift-group.co.jp/
Representative: President and Representative Director Sho Tagawa
Inquiries: Managing Director & General Manager, Administration Division Norihiko Suehiro TEL 042-860-7182
Scheduled date to file Quarterly Securities Report: March 12, 2021
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended January 31, 2021 (from November 1, 2020 to January 31, 2021)

(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	%
Three months ended January 31, 2021	3,362	19.7	254	(16.8)	261	(15.8)	169	(7.4)
Three months ended January 31, 2020	2,808	34.7	305	2.5	310	2.6	183	(6.9)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended January 31, 2021	17.07	16.99
Three months ended January 31, 2020	18.50	18.37

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of January 31, 2021	6,907	3,179	46.0
As of October 31, 2020	6,872	3,107	45.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended October 31, 2020	–	0.00	–	10.00	10.00
Year ending October 31, 2021	–				
Year ending October 31, 2021 (Forecast)		0.00	–	15.00	15.00

3. Forecast of consolidated financial results for the year ending October 31, 2021 (from November 1, 2020 to October 31, 2021)

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, 2021	7,100	33.9	400	36.8	450	41.2	280	63.6	28.20
Full year	15,150	37.9	1,080	134.1	1,130	120.7	590	423.7	59.41

4. Notes

(1) Changes in significant subsidiaries during the three months ended January 31, 2021 (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 January 31, 2021	9,938,362 shares	As of October 31, 2020	9,930,362 shares

Number of treasury shares at the end of the period

As of January 31, 2021	82 shares	As of October 31, 2020	62 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended January 31, 2021	9,934,890 shares	Three months ended January 31, 2020	9,901,930 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of October 31, 2020	As of January 31, 2021
Assets		
Current assets		
Cash and deposits	1,791,976	1,516,464
Accounts receivable - trade	232,455	196,898
Merchandise and finished goods	50,358	38,040
Raw materials and supplies	39,489	39,500
Other	139,238	151,596
Allowance for doubtful accounts	(409)	(361)
Total current assets	2,253,109	1,942,140
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,869,600	3,104,921
Accumulated depreciation	(676,375)	(725,687)
Buildings and structures, net	2,193,224	2,379,234
Land	149,501	149,501
Other	1,205,528	1,339,507
Accumulated depreciation	(522,625)	(558,203)
Other, net	682,902	781,304
Total property, plant and equipment	3,025,629	3,310,039
Intangible assets		
Goodwill	145,515	140,318
Other	24,123	20,403
Total intangible assets	169,638	160,721
Investments and other assets		
Leasehold and guarantee deposits	733,594	777,950
Other	690,571	716,610
Allowance for doubtful accounts	(435)	(435)
Total investments and other assets	1,423,731	1,494,125
Total non-current assets	4,618,998	4,964,886
Total assets	6,872,108	6,907,027

(Thousands of yen)

	As of October 31, 2020	As of January 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	298,396	242,873
Short-term borrowings	754,861	684,072
Current portion of long-term borrowings	547,192	550,702
Income taxes payable	67,141	108,264
Provision for bonuses	68,166	51,926
Provision for point card certificates	–	3,576
Asset retirement obligations	1,251	4,563
Other	665,513	746,704
Total current liabilities	2,402,521	2,392,683
Non-current liabilities		
Long-term borrowings	1,093,332	1,060,611
Asset retirement obligations	241,030	255,214
Other	27,332	19,144
Total non-current liabilities	1,361,696	1,334,970
Total liabilities	3,764,217	3,727,653
Net assets		
Shareholders' equity		
Share capital	786,345	786,876
Capital surplus	1,038,473	1,039,003
Retained earnings	1,304,314	1,374,573
Treasury shares	(88)	(126)
Total shareholders' equity	3,129,044	3,200,326
Accumulated other comprehensive income		
Foreign currency translation adjustment	(21,154)	(20,952)
Total accumulated other comprehensive income	(21,154)	(20,952)
Total net assets	3,107,890	3,179,373
Total liabilities and net assets	6,872,108	6,907,027

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended January 31, 2020	Three months ended January 31, 2021
Net sales	2,808,750	3,362,584
Cost of sales	865,347	959,625
Gross profit	1,943,403	2,402,958
Selling, general and administrative expenses	1,637,864	2,148,873
Operating profit	305,538	254,084
Non-operating income		
Interest income	1,141	1,818
Foreign exchange gains	261	13
Commission income	3,794	5,101
Subsidy income	–	1,199
Other	744	1,173
Total non-operating income	5,943	9,305
Non-operating expenses		
Interest expenses	704	1,101
Other	13	770
Total non-operating expenses	718	1,872
Ordinary profit	310,763	261,518
Extraordinary losses		
Loss on retirement of non-current assets	–	94
Loss on sales of non-current assets	17,548	–
Total extraordinary losses	17,548	94
Profit before income taxes	293,214	261,423
Income taxes	110,035	91,813
Profit	183,179	169,609
Profit attributable to owners of parent	183,179	169,609

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended January 31, 2020	Three months ended January 31, 2021
Profit	183,179	169,609
Other comprehensive income		
Foreign currency translation adjustment	(214)	201
Total other comprehensive income	(214)	201
Comprehensive income	182,965	169,811
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	182,965	169,811