Translation

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Summary of Consolidated Financial Results for the Six Months Ended April 30, 2021 (Based on Japanese GAAP)

June 14, 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: June 14, 2021
Scheduled date to commence dividend payments: –
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, 2021 (from November 1, 2020 to April 30, 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	%
Six months ended April 30, 2021	6,303	18.9	306	4.7	553	73.7	355	107.5
Six months ended April 30, 2020	5,301	22.3	292	(46.8)	318	(42.6)	171	(51.7)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended April 30, 2021	35.74	35.59
Six months ended April 30, 2020	17.28	17.16

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of April 30, 2021	7,493	3,370	45.0
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	–	0.00			
Year ending October 31, 2021 (Forecast)			–	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
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 six months ended April 30, 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 April 30, 2021	9,944,367 shares	As of October 31, 2020	9,930,362 shares

Number of treasury shares at the end of the period

As of April 30, 2021	124 shares	As of October 31, 2020	62 shares

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

Six months ended April 30, 2021	9,938,377 shares	Six months ended April 30, 2020	9,908,942 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of October 31, 2020	As of April 30, 2021
Assets		
Current assets		
Cash and deposits	1,791,976	1,626,216
Accounts receivable - trade	232,455	247,970
Merchandise and finished goods	50,358	56,003
Raw materials and supplies	39,489	46,462
Other	139,238	178,686
Allowance for doubtful accounts	(409)	(426)
Total current assets	2,253,109	2,154,912
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,869,600	3,376,212
Accumulated depreciation	(676,375)	(779,145)
Buildings and structures, net	2,193,224	2,597,067
Land	149,501	149,501
Other	1,205,528	1,427,752
Accumulated depreciation	(522,625)	(594,368)
Other, net	682,902	833,384
Total property, plant and equipment	3,025,629	3,579,953
Intangible assets		
Goodwill	145,515	211,242
Other	24,123	18,032
Total intangible assets	169,638	229,274
Investments and other assets		
Leasehold and guarantee deposits	733,594	786,169
Other	690,571	743,499
Allowance for doubtful accounts	(435)	(435)
Total investments and other assets	1,423,731	1,529,233
Total non-current assets	4,618,998	5,338,460
Total assets	6,872,108	7,493,373

(Thousands of yen)

	As of October 31, 2020	As of April 30, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	298,396	309,886
Short-term borrowings	754,861	732,029
Current portion of long-term borrowings	547,192	578,213
Income taxes payable	67,141	234,342
Provision for bonuses	68,166	79,786
Provision for point card certificates	—	4,253
Asset retirement obligations	1,251	5,102
Other	665,513	754,416
Total current liabilities	2,402,521	2,698,030
Non-current liabilities		
Long-term borrowings	1,093,332	1,135,091
Asset retirement obligations	241,030	270,725
Other	27,332	18,893
Total non-current liabilities	1,361,696	1,424,710
Total liabilities	3,764,217	4,122,741
Net assets		
Shareholders' equity		
Share capital	786,345	790,031
Capital surplus	1,038,473	1,042,159
Retained earnings	1,304,314	1,560,206
Treasury shares	(88)	(229)
Total shareholders' equity	3,129,044	3,392,167
Accumulated other comprehensive income		
Foreign currency translation adjustment	(21,154)	(21,535)
Total accumulated other comprehensive income	(21,154)	(21,535)
Total net assets	3,107,890	3,370,632
Total liabilities and net assets	6,872,108	7,493,373

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, 2020	Six months ended April 30, 2021
Net sales	5,301,513	6,303,304
Cost of sales	1,619,805	1,784,260
Gross profit	3,681,707	4,519,044
Selling, general and administrative expenses	3,389,302	4,213,033
Operating profit	292,404	306,011
Non-operating income		
Interest income	4,639	4,011
Commission income	9,281	9,919
Foreign exchange gains	—	0
Subsidy income	15,673	151,732
Compensation income	—	80,000
Other	1,268	4,985
Total non-operating income	30,862	250,649
Non-operating expenses		
Interest expenses	1,122	2,239
Foreign exchange losses	2,191	—
Prepayment fee	1,150	—
Other	—	810
Total non-operating expenses	4,464	3,049
Ordinary profit	318,803	553,611
Extraordinary income		
Gain on liquidation of subsidiaries	10,771	—
Total extraordinary income	10,771	—
Extraordinary losses		
Loss on retirement of non-current assets	4,019	714
Loss on sales of non-current assets	17,576	—
Loss on temporary closing of stores	3,868	—
Total extraordinary losses	25,463	714
Profit before income taxes	304,110	552,897
Income taxes	132,919	197,654
Profit	171,190	355,242
Profit attributable to owners of parent	171,190	355,242

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended April 30, 2020	Six months ended April 30, 2021
Profit	171,190	355,242
Other comprehensive income		
Foreign currency translation adjustment	1,254	(380)
Total other comprehensive income	1,254	(380)
Comprehensive income	172,445	354,861
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	172,445	354,861

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended April 30, 2020	Six months ended April 30, 2021
Cash flows from operating activities		
Profit before income taxes	304,110	552,897
Depreciation	133,280	187,748
Amortization of goodwill	10,393	10,393
Increase (decrease) in provision for point card certificates	―	4,253
Increase (decrease) in allowance for doubtful accounts	(958)	16
Interest and dividend income	(4,639)	(4,011)
Interest expenses	1,122	2,239
Subsidy income	―	(151,732)
Compensation income	―	(80,000)
Loss (gain) on sales of non-current assets	17,576	―
Loss on retirement of non-current assets	4,019	714
Decrease (increase) in trade receivables	60,442	(14,370)
Decrease (increase) in inventories	(4,483)	(11,794)
Increase (decrease) in trade payables	(74,052)	7,683
Increase (decrease) in provision for bonuses	(1,591)	11,620
Other, net	(212,305)	109,321
Subtotal	232,914	624,980
Interest and dividends received	1,925	279
Interest paid	(1,150)	(2,219)
Income taxes paid	(249,205)	(37,024)
Proceeds from subsidy income	―	149,332
Proceeds from compensation	―	80,000
Net cash provided by (used in) operating activities	(15,516)	815,348
Cash flows from investing activities		
Purchase of property, plant and equipment	(477,585)	(797,892)
Payments of leasehold and guarantee deposits	(94,173)	(96,625)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	―	(26,983)
Other, net	(27,319)	(11,986)
Net cash provided by (used in) investing activities	(599,077)	(933,487)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	185,938	(22,811)
Repayments of long-term borrowings	(262,068)	(295,668)
Proceeds from long-term borrowings	125,000	368,500
Proceeds from issuance of shares resulting from exercise of share acquisition rights	2,771	1,876
Dividends paid	(147,548	(98,888)
Other, net	(202)	(141)
Net cash provided by (used in) financing activities	(96,108)	(47,132)
Effect of exchange rate change on cash and cash equivalents	881	(489)
Net increase (decrease) in cash and cash equivalents	(709,820)	(165,760)
Cash and cash equivalents at beginning of period	1,875,855	1,791,976
Cash and cash equivalents at end of period	1,166,034	1,626,216