

Translation

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Summary of Consolidated Financial Results for the Three Months Ended January 31, 2020 (Based on Japanese GAAP)

March 16, 2020

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
 Managing Director & General Manager, Administration Division Norihiko Suehiro TEL 042-860-7182
 Scheduled date to file Quarterly Securities Report: March 16, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 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, 2020 (from November 1, 2019 to January 31, 2020)

(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, 2020	2,808	34.7	305	2.5	310	2.6	183	(6.9)
Three months ended January 31, 2019	2,084	–	297	–	302	–	196	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended January 31, 2020	37.00	36.74
Three months ended January 31, 2019	40.29	39.56

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of January 31, 2020	5,489	3,178	57.9
As of October 31, 2019	5,781	3,141	54.3

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, 2019	–	0.00	–	30.00	30.00
Year ending October 31, 2020	–	–	–	–	–
Year ending October 31, 2020 (Forecast)	–	0.00	–	15.00	15.00

(Note) As of March 19, 2020, the Company is going to conduct a split of its common shares 2 for 1. For the year ended October 31, 2019, the dividend amount is actual one before the stock split.

3. Forecast of consolidated financial results for the year ending October 31, 2020 (from November 1, 2019 to October 31, 2020)

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, 2020	5,585	28.9	560	1.9	570	2.6	365	3.0	73.76
Full year	11,825	30.6	1,185	17.7	1,200	17.3	640	22.0	129.33

4. Notes

- (1) Changes in significant subsidiaries during the three months ended January 31, 2020
(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, 2020	4,954,800 shares	As of October 31, 2019	4,948,400 shares
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Number of treasury shares at the end of the period

As of January 31, 2020	– shares	As of October 31, 2019	– shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended January 31, 2020	4,950,965 shares	Three months ended January 31, 2019	4,885,921 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of October 31, 2019	As of January 31, 2020
Assets		
Current assets		
Cash and deposits	1,875,855	1,377,113
Accounts receivable - trade	221,384	216,259
Merchandise and finished goods	55,666	46,604
Raw materials and supplies	46,705	46,430
Other	106,602	130,465
Allowance for doubtful accounts	(1,996)	(1,490)
Total current assets	2,304,217	1,815,383
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,168,150	2,177,005
Accumulated depreciation	(553,692)	(563,672)
Buildings and structures, net	1,614,457	1,613,333
Land	80,716	80,716
Other	872,772	941,764
Accumulated depreciation	(435,873)	(450,832)
Other, net	436,898	490,931
Total property, plant and equipment	2,132,072	2,184,981
Intangible assets		
Goodwill	166,302	161,105
Other	25,787	22,562
Total intangible assets	192,090	183,668
Investments and other assets		
Leasehold and guarantee deposits	643,026	733,882
Other	510,263	572,033
Allowance for doubtful accounts	(588)	(588)
Total investments and other assets	1,152,701	1,305,326
Total non-current assets	3,476,864	3,673,976
Total assets	5,781,082	5,489,359

(Thousands of yen)

	As of October 31, 2019	As of January 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	297,964	248,754
Short-term borrowings	470,537	568,672
Current portion of long-term borrowings	347,996	232,168
Income taxes payable	282,664	126,422
Provision for bonuses	45,654	31,486
Asset retirement obligations	2,164	3,780
Other	675,103	653,760
Total current liabilities	2,122,083	1,865,044
Non-current liabilities		
Long-term borrowings	332,556	249,160
Asset retirement obligations	171,088	175,677
Other	13,627	20,968
Total non-current liabilities	517,272	445,805
Total liabilities	2,639,356	2,310,850
Net assets		
Shareholders' equity		
Share capital	776,409	777,550
Capital surplus	1,028,537	1,029,678
Retained earnings	1,340,105	1,374,820
Total shareholders' equity	3,145,052	3,182,049
Accumulated other comprehensive income		
Foreign currency translation adjustment	(3,326)	(3,540)
Total accumulated other comprehensive income	(3,326)	(3,540)
Total net assets	3,141,725	3,178,509
Total liabilities and net assets	5,781,082	5,489,359

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, 2019	Three months ended January 31, 2020
Net sales	2,084,935	2,808,750
Cost of sales	618,840	865,347
Gross profit	1,466,094	1,943,403
Selling, general and administrative expenses	1,168,138	1,637,864
Operating profit	297,956	305,538
Non-operating income		
Interest income	666	1,141
Foreign exchange gains	2,461	261
Commission income	1,533	3,794
Other	870	744
Total non-operating income	5,531	5,943
Non-operating expenses		
Interest expenses	441	704
Other	98	13
Total non-operating expenses	539	718
Ordinary profit	302,948	310,763
Extraordinary income		
Gain on sales of non-current assets	6,754	–
Total extraordinary income	6,754	–
Extraordinary losses		
Loss on sales of non-current assets	–	17,548
Total extraordinary losses	–	17,548
Profit before income taxes	309,702	293,214
Income taxes	112,869	110,035
Profit	196,833	183,179
Profit attributable to owners of parent	196,833	183,179

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended January 31, 2019	Three months ended January 31, 2020
Profit	196,833	183,179
Other comprehensive income		
Foreign currency translation adjustment	5,774	(214)
Total other comprehensive income	5,774	(214)
Comprehensive income	202,607	182,965
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	202,607	182,965