

Translation

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

September 14, 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: September 14, 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 nine months ended July 31, 2020 (from November 1, 2019 to July 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	%
Nine months ended July 31, 2020	7,972	19.8	305	(61.5)	360	(55.1)	182	(63.1)
Nine months ended July 31, 2019	6,657	31.0	793	29.5	803	29.9	494	6.0

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended July 31, 2020	18.38	18.27
Nine months ended July 31, 2019	50.56	49.72

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of July 31, 2020	6,340	3,187	50.3
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	–	0.00	–		
Year ending October 31, 2020 (Forecast)				10.00	10.00

(Note) As of March 19, 2020, the Company conducted 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
Full year	10,880	20.2	569	(43.5)	616	(39.7)	132	(74.8)	13.36

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended July 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 July 31, 2020	9,928,762 shares	As of October 31, 2019	9,896,800 shares
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Number of treasury shares at the end of the period

As of July 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)

Nine months ended July 31, 2020	9,914,449 shares	Nine months ended July 31, 2019	9,783,642 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of October 31, 2019	As of July 31, 2020
Assets		
Current assets		
Cash and deposits	1,875,855	1,410,984
Accounts receivable - trade	221,384	199,966
Merchandise and finished goods	55,666	45,499
Raw materials and supplies	46,705	42,818
Other	106,602	200,725
Allowance for doubtful accounts	(1,996)	(911)
Total current assets	2,304,217	1,899,082
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,168,150	2,845,637
Accumulated depreciation	(553,692)	(664,552)
Buildings and structures, net	1,614,457	2,181,085
Land	80,716	80,716
Other	872,772	1,142,126
Accumulated depreciation	(435,873)	(512,032)
Other, net	436,898	630,094
Total property, plant and equipment	2,132,072	2,891,895
Intangible assets		
Goodwill	166,302	150,712
Other	25,787	28,060
Total intangible assets	192,090	178,772
Investments and other assets		
Leasehold and guarantee deposits	643,026	724,624
Other	510,263	647,012
Allowance for doubtful accounts	(588)	(435)
Total investments and other assets	1,152,701	1,371,202
Total non-current assets	3,476,864	4,441,870
Total assets	5,781,082	6,340,953

(Thousands of yen)

	As of October 31, 2019	As of July 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	297,964	266,204
Short-term borrowings	470,537	1,040,848
Current portion of long-term borrowings	347,996	420,872
Income taxes payable	282,664	80,554
Provision for bonuses	45,654	39,662
Asset retirement obligations	2,164	–
Other	675,103	522,467
Total current liabilities	2,122,083	2,370,608
Non-current liabilities		
Long-term borrowings	332,556	538,280
Asset retirement obligations	171,088	231,066
Other	13,627	13,798
Total non-current liabilities	517,272	783,144
Total liabilities	2,639,356	3,153,753
Net assets		
Shareholders' equity		
Share capital	776,409	786,141
Capital surplus	1,028,537	1,038,269
Retained earnings	1,340,105	1,373,918
Total shareholders' equity	3,145,052	3,198,329
Accumulated other comprehensive income		
Foreign currency translation adjustment	(3,326)	(11,129)
Total accumulated other comprehensive income	(3,326)	(11,129)
Total net assets	3,141,725	3,187,199
Total liabilities and net assets	5,781,082	6,340,953

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

Consolidated statements of income (cumulative)

	(Thousands of yen)	
	Nine months ended July 31, 2019	Nine months ended July 31, 2020
Net sales	6,657,330	7,972,451
Cost of sales	2,000,750	2,352,750
Gross profit	4,656,580	5,619,700
Selling, general and administrative expenses	3,862,818	5,314,436
Operating profit	793,762	305,263
Non-operating income		
Interest income	2,907	6,308
Commission income	9,509	13,875
Subsidy income	–	33,906
Other	3,522	4,315
Total non-operating income	15,939	58,405
Non-operating expenses		
Interest expenses	1,227	1,785
Foreign exchange losses	5,053	–
Prepayment fee	–	1,150
Other	21	40
Total non-operating expenses	6,303	2,976
Ordinary profit	803,398	360,693
Extraordinary income		
Gain on sales of non-current assets	6,754	–
Gain on liquidation of subsidiaries	–	10,771
Gain on insurance claims	–	9,331
Other	–	1,829
Total extraordinary income	6,754	21,932
Extraordinary losses		
Loss on retirement of non-current assets	19,528	4,982
Loss on sales of non-current assets	–	17,576
Loss on temporary closing of stores	–	6,374
Other	–	255
Total extraordinary losses	19,528	29,188
Profit before income taxes	790,624	353,438
Income taxes	295,998	171,161
Profit	494,626	182,276
Profit attributable to owners of parent	494,626	182,276

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended July 31, 2019	Nine months ended July 31, 2020
Profit	494,626	182,276
Other comprehensive income		
Foreign currency translation adjustment	(5,557)	(7,803)
Total other comprehensive income	(5,557)	(7,803)
Comprehensive income	489,068	174,473
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	489,068	174,473