GIFT HOLDINGS INC.

Financial Results Briefing for the Fiscal Year Ended October 31, 2024

December 17, 2024

Presentation

Tagawa: Hello everyone. I am Tagawa, President and Representative Director. Thank you very much for taking time out of your busy schedule to attend today's financial results briefing.

Today, I would like to explain our full-year results for the fiscal year ended October 31, 2024 and our initiatives for the fiscal year ending October 31, 2025 and beyond.

Financial Summary

Net sales	Operating profit	Ordinary profit
28,472 million yen	**2,909** million yen	**2,972** million yen
Year-on-year: **+23.9%**	Year-on-year: **+23.7%**	Year-on-year: **+22.6%**

Overview of financial results

Leading one-time expenses because of the increase in closed days accompanying the aggressive store refurbishment. Meanwhile, existing stores show a strong performance and opening company-owned stores have also exceeded our target so we have achieved a significant increase in sales and profits.

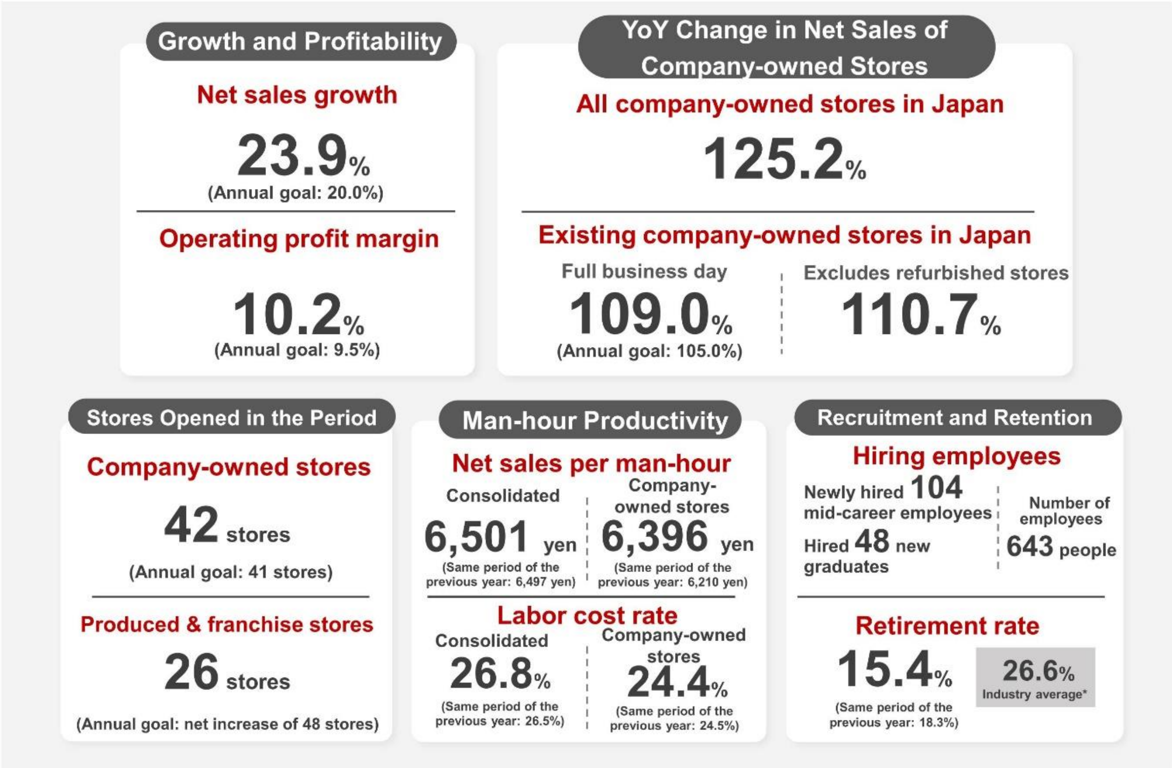
Strong-performing existing stores	**Monthly sales per company-owned store** hit **a record-high** thanks to continuous store QSCA enhancement. **Refurbishing to improve product quality** was also implemented.
Head office relocation	**Relocated head office to Shibuya** to **recruit human resources** in a timely and appropriate manner.
Strengthening production systems	Aiming to strengthen production systems against growing demand by **starting operation at a new noodle factory at the beginning of this period**.

I will now explain the financial highlights for the full year 2024.

Over the past year, inflationary increases in store operating costs have forced us to revise our prices twice. However, due in part to ongoing efforts to improve quality per store, customer foot traffic was not affected by the price revisions, and existing stores continued to perform well with monthly sales at company-owned stores continuing to reach record highs.

In addition, the acquisition of prime properties in favorable locations and progress in securing human resources enabled us to achieve our goal of opening company-owned stores.

Financial Highlights for the Fiscal Year Ended October 31, 2024



*Source: Summary of 2023 Employment Trends Survey Results (Ministry of Health, Labour and Welfare)

On the other hand, we believe that we were able to solidify our earnings base for the next fiscal year and beyond, albeit slightly below the revised plan, due to the high pace of store remodeling. As a result, we were able to secure solid performance in the current fiscal year, achieving significant increases in both sales and profits.

Key indicators other than business performance are described here. Because we are increasing the proportion of operations for company-owned stores, we lowered our operating profit margin target from the previous 10%, but we were able to achieve a level above 10% due to the strong performance of existing stores. For the next fiscal year, we would like to aim for an operating profit margin of 10% or higher again.

The retirement rate was reduced by nearly three percentage points from the previous fiscal year, which helped to secure human resources.

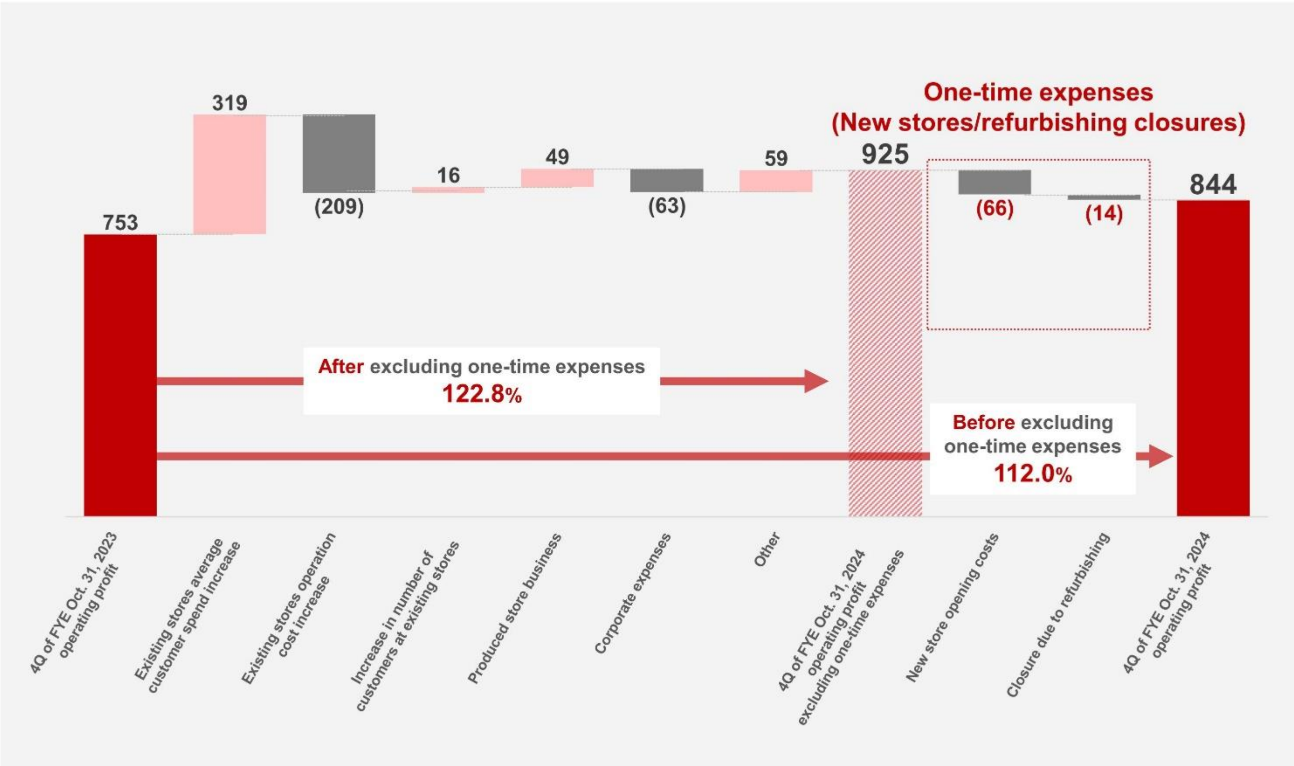
Results vs. KPIs for the Fiscal Year Ended October 31, 2024

	KPI	Targets	FYE Oct. 31, 2024 Results	
Growth	1. Net sales growth	20% or above	○	23.9%
Profitability	2. Operating profit margin	9.5% or above	○	10.2%
Gain on investments	3. ROA (ordinary profit to total assets)	20% or above	○	20.1%
	4. ROE (net profit to shareholders' equity)	20% or above	○	24.8%
Returns to shareholders	5. Dividend payout ratio	20% or above		19.2%

This is the actual performance against the KPI targets presented last year. We were able to achieve in four of the five indicators.

Analysis of Changes in Operating Profit (4Q, 3-months)

Operating profit increased 22.8% year on year in 4Q (quarterly accounting period), excluding one-time expenses, due to strong performance of existing stores.

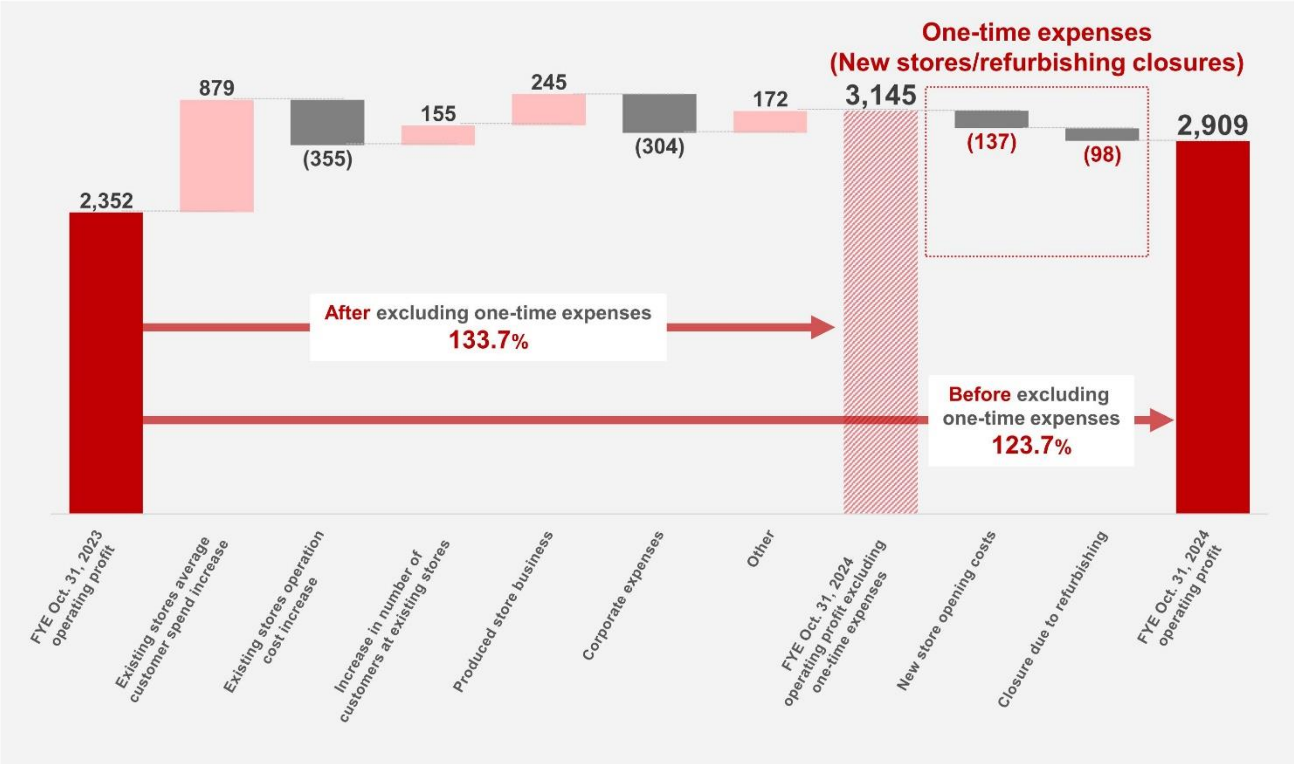


Here is a chart comparing operating profit for Q4 of the previous year with Q4 of the current year. We opened 16 new stores in the current quarter compared to 4 new stores in the previous quarter.

New stores will be charged to expense in the first month of opening, as the cost of supplies and other items necessary for the opening of the new store are expensed in a lump sum. Therefore, although expenses temporarily precede the increase in new stores, they are viewed as a one-time expense, as they become profitable from the second month of opening.

Analysis of Changes in Operating Profit (Full-year, 12-months)

Operating profit increased 33.7% year on year excluding one-time expenses, due to strong performance of existing stores throughout the year.



Here is a chart comparing operating profit for the previous full year with that for the current full year. In the last fiscal year, there were 11.3 months of closures due to renovations. For this fiscal year, there were 34.7 months of closures due to renovations.

During the renovation, the store will not be open for business and will not generate sales but will continue to incur fixed costs, such as rent. Therefore, although there will be a loss during the renovation closure period, it is viewed as a one-time expense since sales will increase after the renovation. For the current fiscal year, we believe that if we exclude one-time expenses, we would likely have achieved the revised plan.

Impact on Operating Profit due to Refurbishing Closures and New Store Opening

- For FYE Oct. 31, 2024, a total of 23 stores have been refurbished, affecting operating profit by -147 million yen. (-98 million yen year on year)
- We are planning to refurbish 16 stores for FYE Oct. 31, 2025.

FYE Oct. 31, 2023

	1Q	2Q	3Q	4Q	Total
Number of refurbishing closure months/stores	0.9 1	5.5 5	1.7 2	3.3 5	11.3 months 13 stores
Number of New Stores	8	9	7	4	28 stores

Impact on operating profit	
Full-year	-49 million yen
Full-year	-207 million yen*

FYE Oct. 31, 2024

	1Q	2Q	3Q	4Q	Total
Number of refurbishing closure months/stores	1.9 1	8.0 4	17.7 13	7.1 5	34.7 months 23 stores
Number of New Stores	6	8	12	16	42 stores

Impact on operating profit	
Full-year	-147 million yen YoY -98 million yen
Full-year	-345 million yen* YoY -137 million yen

FYE Oct. 31, 2025 (projection)

	1Q	2Q	3Q	4Q	Total
Number of refurbishing closure months/stores	Pending				23.1 months 16 stores
Number of New Stores	Pending				52 stores

Impact on operating profit	
Full-year (projection)	-101 million yen YoY +45 million yen
Full-year (projection)	-427 million yen* YoY -82 million yen

*New store opening costs

This is the supporting data. As for renovations, there are 30 stores that have not yet been renovated, and we expect to slow down the pace a little from the current fiscal year and complete the renovations in the next fiscal year and the year after that. In addition, we plan to open 52 new company-owned stores, an increase in pace from the current fiscal year.

Effect of Refurbishment

Sales and number of customers increased due to refurbishments

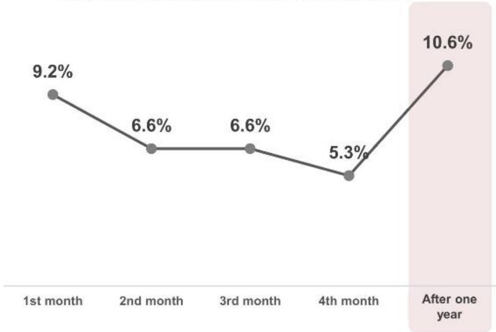
- Operation efficiency has improved due to the new layout, and customer seating turnover rate has increased.
- The improved soup quality has made a positive impact on customer traffic.

Effect of refurbishment on sales

+10.6 pt

*The difference between refurbished and non-refurbished stores after one year following the refurbishment

Difference in sales increase rate between refurbished and non-refurbished stores

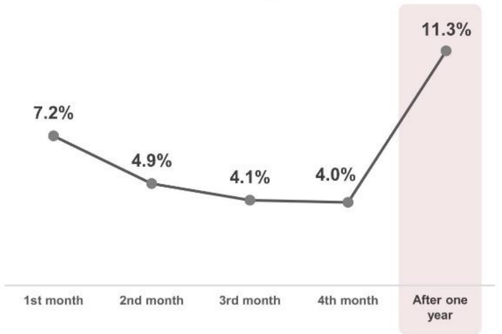


Effect of refurbishment on number of customers

+11.3 pt

*The difference between refurbished and non-refurbished stores after one year following the refurbishment

Difference in customer number increase rate between refurbished and non-refurbished stores



Here is a chart showing the effect of the renovation. In-house verification has shown that keeping the soup at a constant temperature stabilizes soup quality. When keeping soups warm, IH cookware can more easily maintain a constant temperature than gas cookware, so we are introducing IH cookware.

We also believe that the introduction of a modern layout will improve operational efficiency and increase the speed at which ramen is served.

Impact of Price Revisions

Customer traffic is steady even after the price revision. There is still room to implement flexible price revisions.

Price revisions have not caused customer numbers to decline. Sales and customer numbers are both steady.

Price revision during the current fiscal year
• January 2024: approximately 1% • July 2024: approximately 5%

Number of customers (year-on-year comparison)

Year-on-year (compared to FYE Oct. 31, 2023)

	Net sales (yen)	Number of customers (persons)	Average customer spend (yen)
Full business day	109.0%	103.8%	105.0%
Excludes refurbished stores	110.7%	105.4%	105.0%

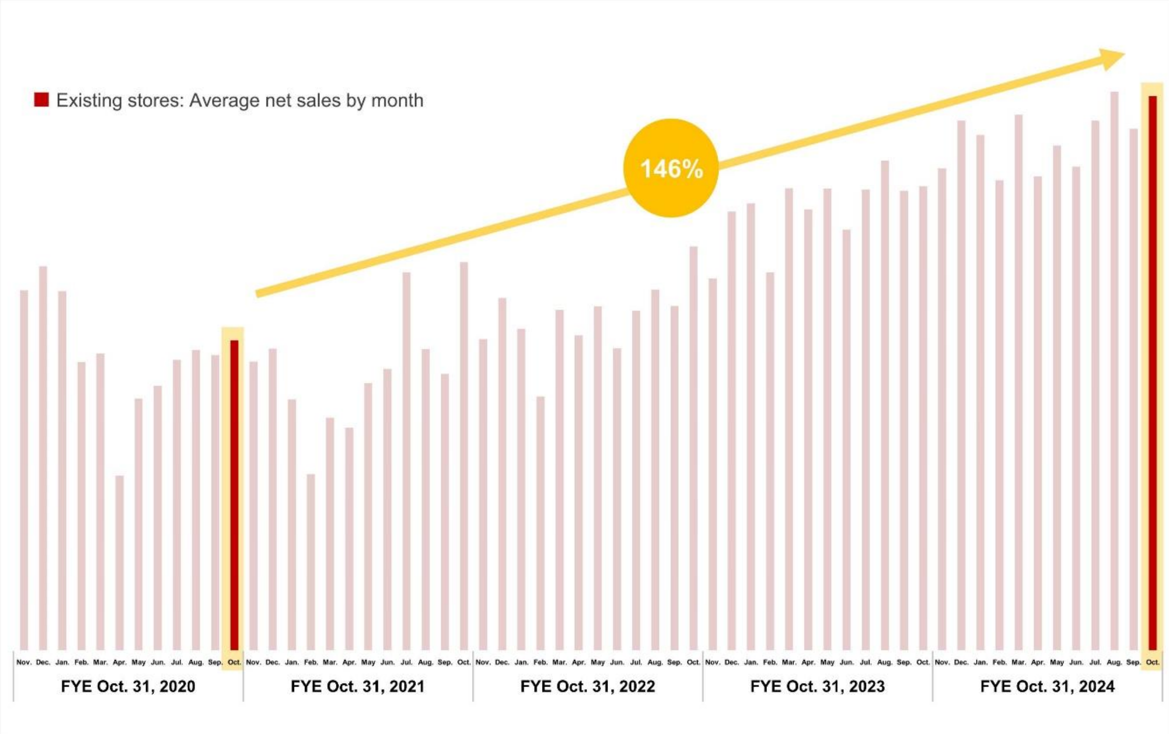
Source: Conditions for November 2023 to October 2024 in company-owned existing stores

We would like to explain our cost projections and price revisions. Our policy on price revisions is to pass on any increases in store operating costs.

During the period under review, we implemented two price revisions in January and July. For the next fiscal year, we anticipate higher labor costs due to wage increases and higher prices for rice and other food ingredients. Since this effect is expected to be the same not only for our company but also for other restaurants, we assume that there will be no significant change in the relative price difference.

Existing Company-owned Domestic Stores: Average Net Sales per Store

Average monthly sales per company-owned domestic store continue to advance and expand thanks to initiatives to continuously improve store QSCA.
***Hit a record-high most recently in August 2024**



Here are the monthly sales per store for existing stores in Japan. Although the growth rate appears to have slowed compared to last year due to the hurdle set in the previous year, we have been able to continue to achieve record highs in terms of value. We intend to continuously improve store QSCA to maintain high store sales in the future.

Progress of Human Resource Recruitment Measures

We have been actively recruiting human resources to achieve the medium-term business plan.

Implemented

- ✓ Recruitment website update
- ✓ **Promote cast to regular employees**

  Results — FYE Oct. 31, 2024 cumulative total — **21** people

- ✓ **Recruit overseas**

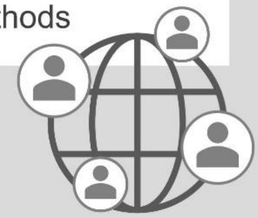
  Planned — April 2025 — **8** people

- ✓ Increased wage levels in January 2024
- ✓ **Head office relocated** in June 2024

▲ Promoting cast to regular employees (President seminar)

Planned initiatives

- Consider further increasing wage levels
- Create a human resources development program for overseas
- Implement diverse recruitment methods



I would like to explain our efforts to secure human resources. We recognize that securing human resources is a top management priority, and we are doing everything we can to both strengthen our recruiting capabilities and reduce turnover.

As for the promotion of cast members to regular employees, I was able to convert 21 cast members to regular employees for the full year by explaining and conveying the appeal of the company to them. In addition, we have conducted recruiting activities overseas and have received approvals for eight informal job offers from people who are scheduled to join us in April next year. This is still an experimental effort, but we hope to move forward with various initiatives.

Status of Stores (Company-owned Stores + Franchise Stores / Breakdown of Change by Brand)

Accelerated also for the opening of “BUTAYAMA” and “GANSO ABURADO” stores.

Brand	横浜家系ラーメン 町田商店	豚山	元祖油堂 油そば	がっとん	元祖 赤みそ家 麺
Number of stores as of October 31, 2024	153	39	20	6	4
Change compared to end of the previous fiscal year	+22	+6	+10	-	-

Brand	中華そば 長岡食堂	四天王	Overseas E. A. K. RAMEN	Overseas MACHIDA SHOTEN	Other
Number of stores as of October 31, 2024	2	1	3	10	9
Change compared to end of the previous fiscal year	-	-	-	+7	+4

*The number of franchise stores has been added to the number of stores from the third quarter of the fiscal year ended October 31, 2024.

I would like to explain the number of stores and store openings by brand. In Japan, BUTAYAMA and GANSO ABURADO are on track to become the second brand after Machida Shoten. In the next fiscal year, we expect that the percentage of openings of BUTAYAMA and GANSO ABURADO will further increase. Overseas, the number of Machida Shoten franchises is gradually increasing.

I will now skip the financial figures and explain the outlook for the next fiscal year and our medium-term business plan.

Consolidated Earning Forecasts for the Fiscal Year Ending October 31, 2025

Plan significant increases in net sales and operating profit by steadily implementing the medium-term business plan.

(Unit: Millions of yen)	FYE Oct. 31, 2024 Results Amount	FYE Oct. 31, 2024 Results Percentage to sales	FYE Oct. 31, 2025 Forecast Amount	FYE Oct. 31, 2025 Forecast Percentage to sales	Change (%)
Net sales	28,472	-	36,000	-	+26.4%
Operating profit	2,909	10.2%	3,600	10.0%	+23.7%
Ordinary profit	2,972	10.4%	3,620	10.1%	+21.8%
Profit attributable to owners of parent	1,875	6.6%	2,200	6.1%	+17.3%

I would like to explain the outlook for the next fiscal year. For the next fiscal year, we forecast sales of JPY36 billion and operating profit of JPY3.6 billion, a growth of more than 20%. As for existing stores, the price revision in April will contribute to the full year's sales, and we expect mainly an increase in sales per customer.

Assumptions Behind Forecast for the Fiscal Year Ending October 31, 2025

Existing stores sales

Company-owned stores	Produced stores
105.0% (Number of customers 100.7%, average customer spend 104.3%)	105.0%

Store opening plan

Company-owned stores	Franchise & produced stores
50 stores in Japan	40 stores in Japan
2 overseas stores	12 stores overseas
Net increase of 51 stores	Net increase of 52 stores

In terms of store openings, we expect to open 52 company-owned stores and a net increase of 52 franchise and produced stores.

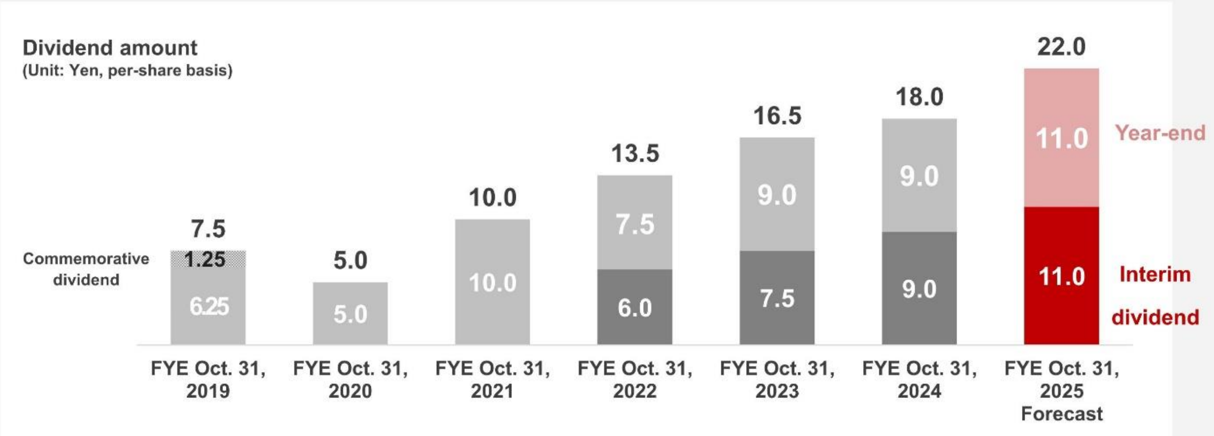
Store Opening Plan

The number of stores is expected to exceed 900 by the end of the next fiscal year.

Returns to Shareholders

Consecutive increase in dividend accompanying expanded performance. For FYE October 31, 2025, at this point both interim and year-end will be 11.0 yen each, with annual dividend of 22.0 yen planned.

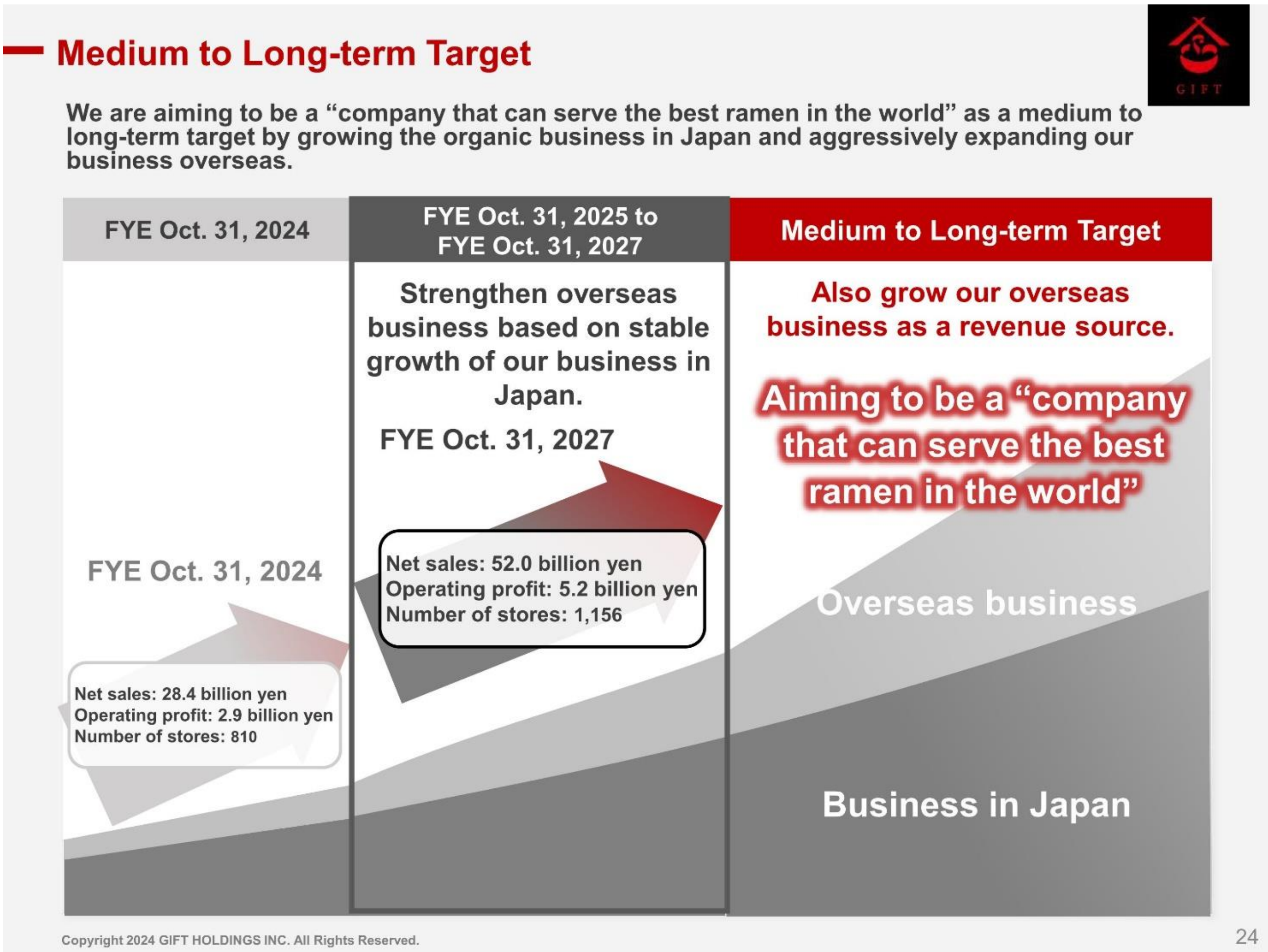
Aiming for a payout ratio of 20.0% or more.



Dividend payout ratio	28.0%	88.0%	18.5%	17.5%	20.6%	19.2%	20.0%

Note: We implemented stock splits on March 19, 2020, and August 1, 2023, wherein our common shares were split with a ratio of 1:2. The dividend figures per share in this briefing material have therefore been calculated retroactively based on the stock splits.

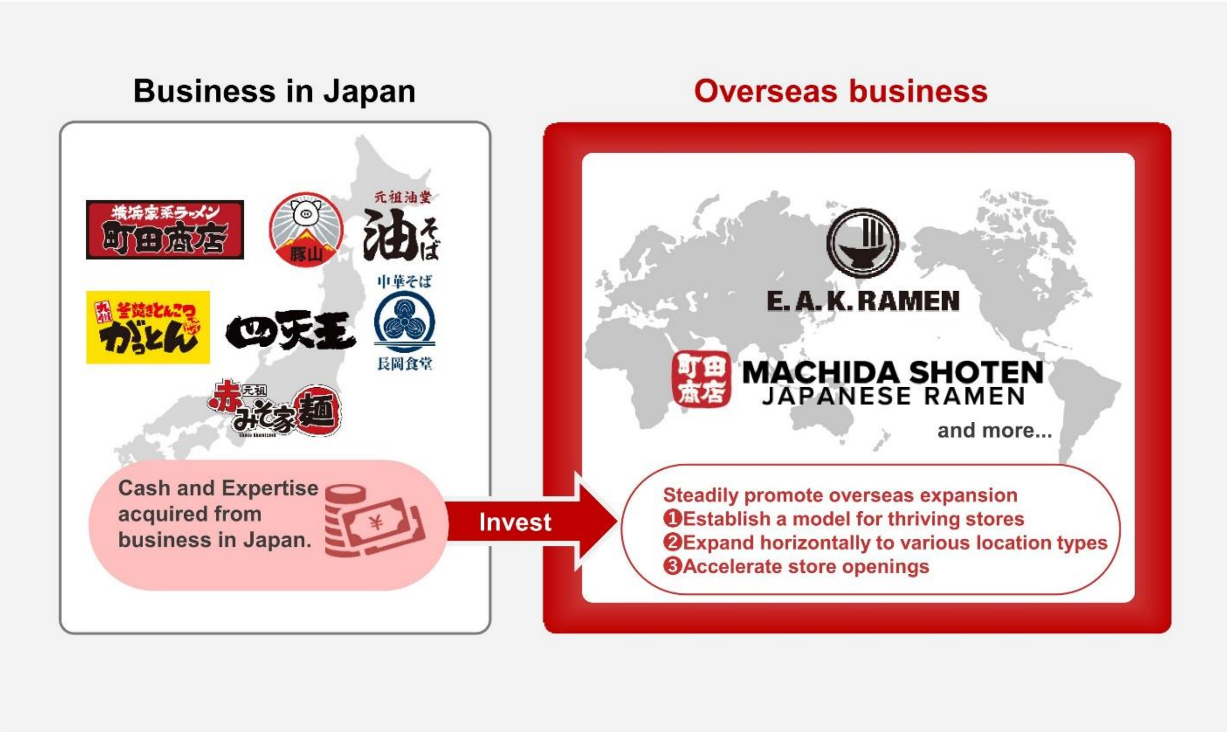
We plan to increase the dividend by JPY4 to JPY22 per share in anticipation of steady earnings growth.



I would like to continue by explaining our medium- to long-term vision. At present, our focus is on domestic business, but in the mid- to long term, we would like to grow our business to include overseas operations as well. Therefore, our mid- to long-term goal is to become a company that can deliver the best ramen throughout the world.

Overseas Expansion

Invest revenue and experience earned from business in Japan into overseas business in an effective manner.



As for our overseas business, we are still a challenger and would like to take up the challenge by investing the earnings and expertise gained from our domestic business. As with our domestic business to date, we believe that steadily building a thriving business one store at a time is necessary for the success of our overseas business.

Basic Strategy - Aspirations and Approach

Targets to be achieved in FYE October 31, 2027

Net sales **52.0** billion yen

Operating profit **5.2** billion yen

Expansion of business and strengthening of structure

+

Promotion of digital transformation (DX)

Here are the goals for 2027, the final year of the medium-term business plan. We hope to achieve operating profit in excess of JPY5 billion in three years.

KPIs

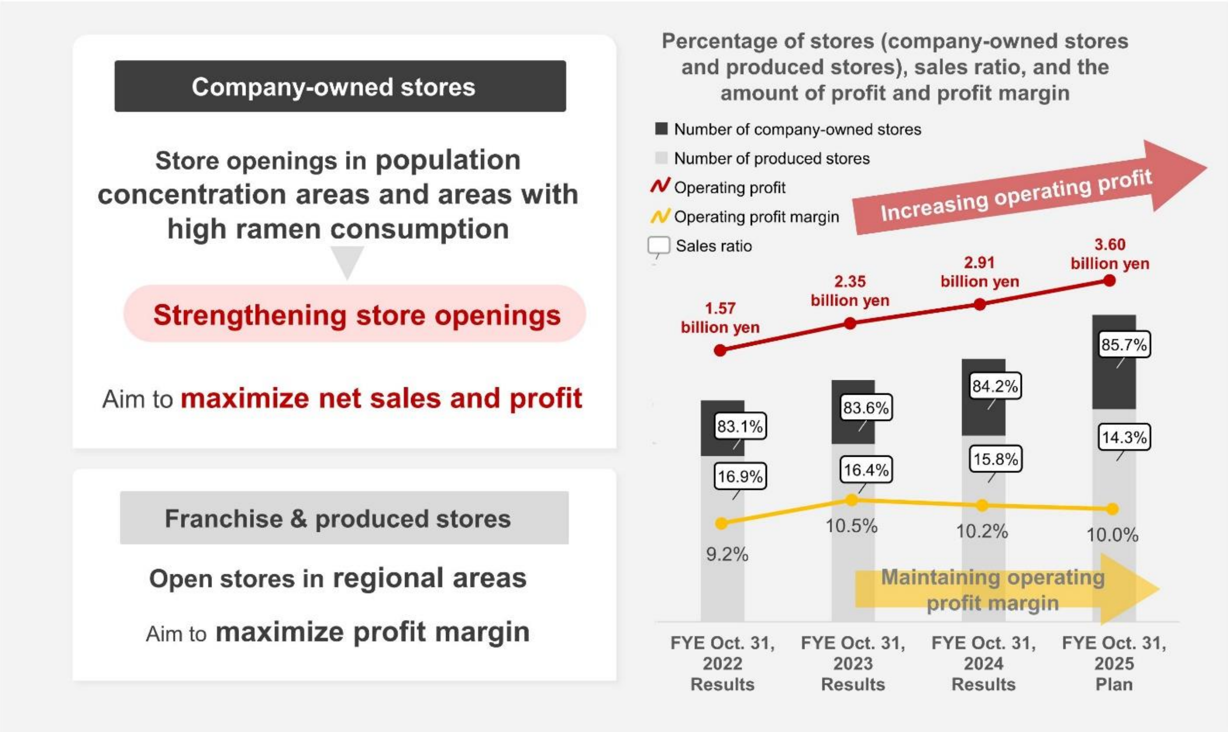
Raise operating profit margin by 0.5 points from the target for FYE Oct. 31, 2024.

	KPI	Targets
Growth	1. Net sales growth	20% or above
Profitability	2. Operating profit margin	10.0% or above
Gain on investments	3. ROE (net profit)	20% or above
Returns to shareholders	4. Dividend payout ratio	20% or above

This is the KPI target for the medium-term business plan. The operating profit margin has returned to the target of 10% or more due to the strong performance of existing stores.

Relationship Between Store Opening Strategy and Sales, Profit and Profit Margin

By opening company-owned stores in areas with concentrated population that have large markets, and opening produced stores in regional areas, we aim to maximize net sales and profit and also maintain profit margin.



I will continue by explaining the relationship between store opening strategies and sales, profits, and profit margins. The Company is currently increasing the percentage of company-owned stores. By opening company-owned stores in areas with high population concentration and high ramen consumption and opening franchise/produced stores in other areas, we intend to maximize sales and profit amount while maintaining a high profit margin.

Medium-term Business Plan (FYE October 31, 2025 to FYE October 31, 2027) / Quantitative Plan

Created a new three-year plan using the rolling method.

Aiming for operating profit of over 5 billion yen in 2027.

	2023	2024	2025	2026	2027
Net sales	22.9 (billion yen)	28.5 (billion yen)	36.0 (billion yen)	43.0 (billion yen)	52.0 (billion yen)
Operating profit	2.35 (billion yen)	2.90 (billion yen)	3.6 (billion yen)	4.3 (billion yen)	5.2 (billion yen)

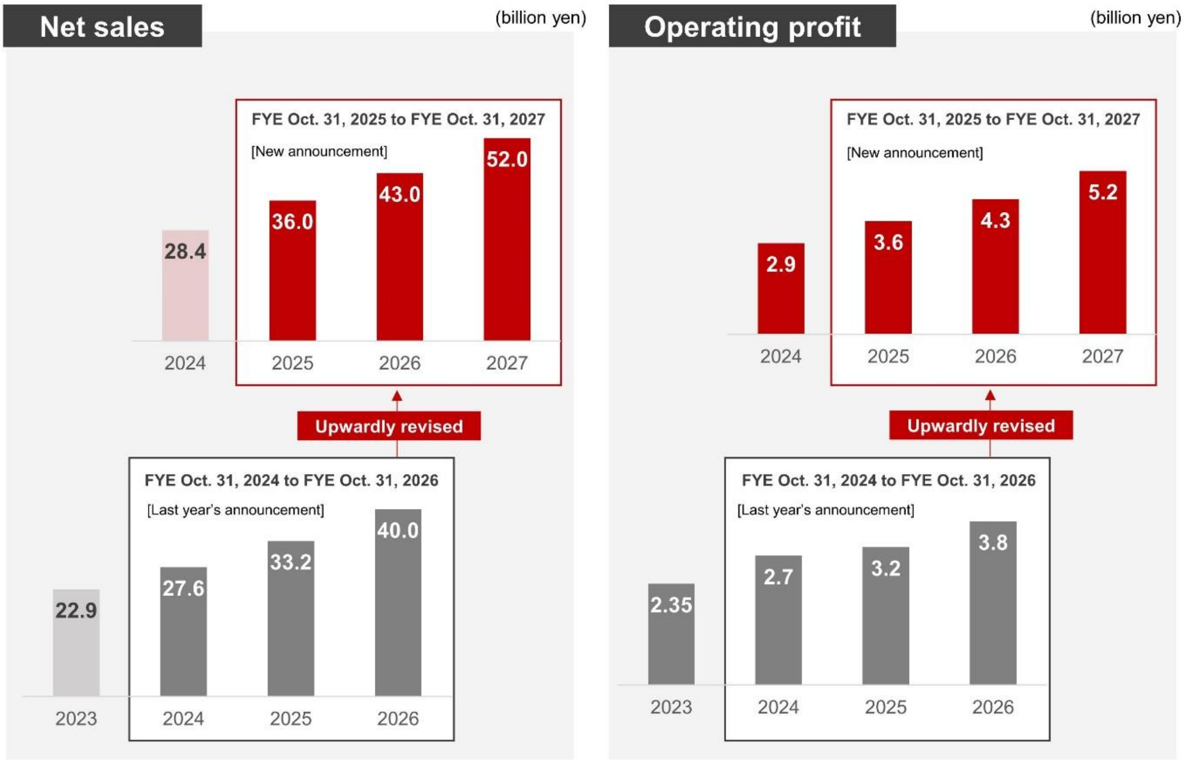
*For FYE October 31, 2026 and 2027, planned figures assume that existing store sales is 100% YoY.

		2023	2024	2025	2026	2027
Japan	Total number of stores	726 stores	783 stores	873 stores	973 stores	1,083 stores
	Company-owned stores	194 stores	232 stores	282 stores	342 stores	412 stores
	Franchise & produced stores	532 stores	551 stores	591 stores	631 stores	671 stores
Overseas	Total number of stores	19 stores	27 stores	40 stores	54 stores	73 stores
	Company-owned stores	3 stores	4 stores	5 stores	5 stores	5 stores
	Franchise & produced stores	16 stores	23 stores	35 stores	49 stores	68 stores
Total	Total number of stores	745 stores	810 stores	913 stores	1,027 stores	1,156 stores
	Company-owned stores	197 stores	236 stores	287 stores	347 stores	417 stores
	Franchise & produced stores	548 stores	574 stores	626 stores	680 stores	739 stores

Here is the new three-year plan. We aim to achieve the sales and profit targets ahead of the previous plan. We aim to achieve 1,000 stores in Japan by 2027.

Variance Against the Previously Announced Medium-term Business Plan

Upwardly revised from the previous announcement, backed by the achievement of the store opening plan and strong existing stores.



Here is a comparison with the previous medium-term business plan. Existing stores continue to perform well, and we have revised the plan upward from the previous plan. We are aiming to achieve our goals ahead of schedule, with sales of JPY43 billion and profits of JPY4.3 billion, instead of JPY40 billion in sales and JPY3.8 billion in profits planned for 2026.

Medium-term Business Plan

Key themes	Overview of initiatives
Expansion of existing business	(1) Quality enhancement at each store **(2) Improvements in store operation** NEW
Recruitment PICK UP	(3) Strengthening recruitment capability (4) Measures to reduce turnover (5) Improvement of education system (6) Reexamination of store operation system
Strengthening of ability to open stores	(7) Advancement of opening business development stores (8) Development of M&A and new business types
Overseas expansion	(9) Establishing an overseas promotion system (10) Recruitment and training of overseas human resources (11) Establishment of ingredient supply system overseas
Strengthening of manufacturing system	(12) Reduction of manufacturing costs (13) Enhancement of manufacturing quality **(14) Enhancement of in-house production ratio** NEW (15) Creation of stable supply systems (by area)
Strengthening of purchasing and logistics systems PICK UP	(16) Optimization of logistics costs (17) Stockout risk control (18) Improvement of distribution frequency and distribution quality (year-round next-day delivery) **(19) Establishment of a scheme for automated ordering** NEW (20) Improved quality and reduced costs of ingredients by scaling up purchasing
DX	(21) Improvement of customer convenience (22) Reduction of internal man hours and development of a secure work environment (23) Stronger data integration
Sustainability	(24) Promotion and disclosure of sustainability management

This is a priority theme to be addressed in the medium-term business plan. The following pages and thereafter will explain how to secure human resources and strengthen procurement and logistics systems.

Medium-term Business Plan

PICK UP **Recruitment** **Initiatives to secure human resources**

■ Strengthening recruitment capability

✓ Measure effect of relocating head office, strengthen employee conversions, strengthen foreigner recruitment

■ Measures to reduce turnover

✓ Wage increases, improve in-store working environment, improve overtime system

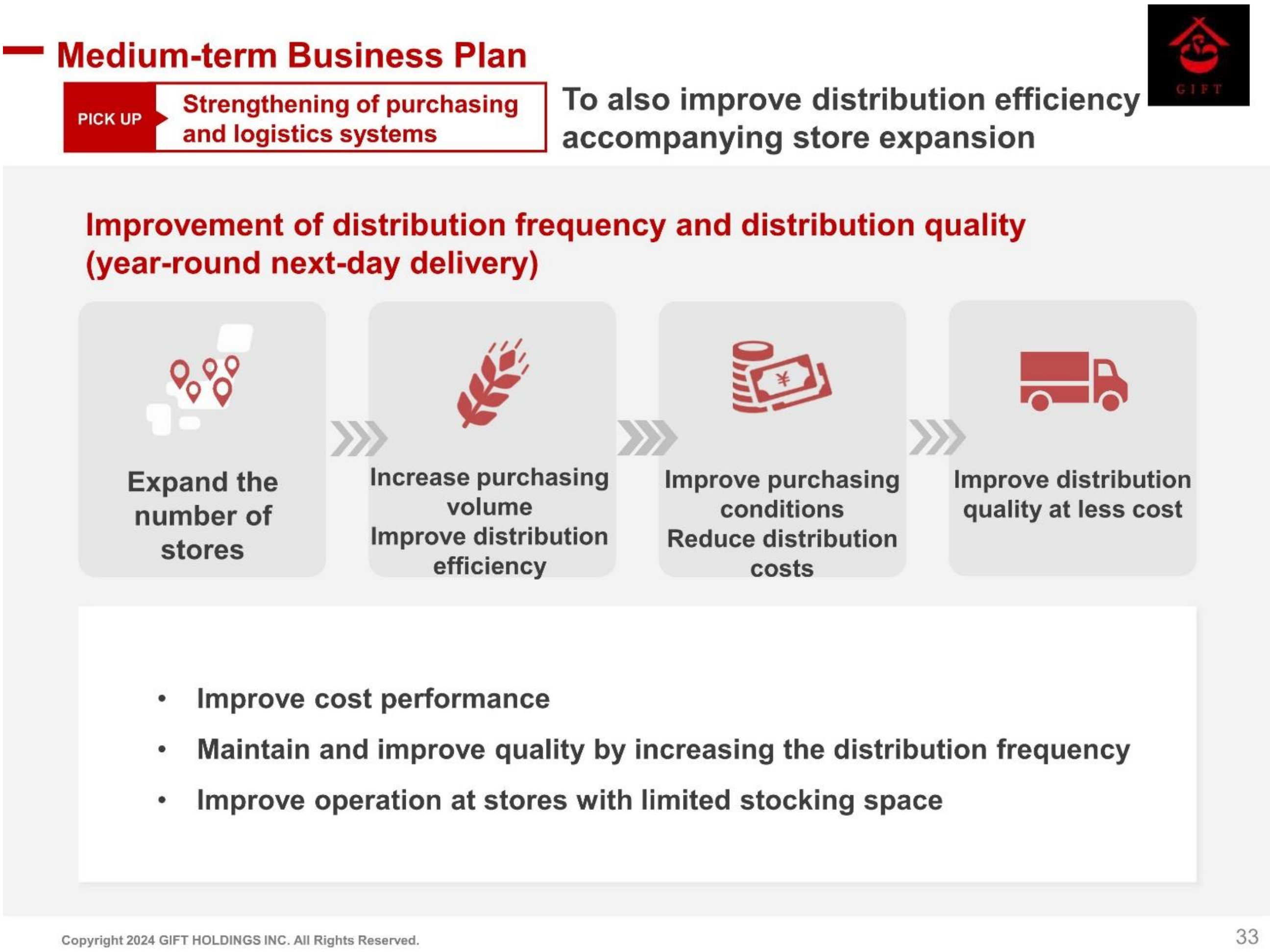
■ Improvement of education system

✓ Establish education system for foreigners in particular

■ Reexamination of store operation system

✓ Examine number of employees per store

We recognize that securing human resources is a top-priority management issue, and we will do all we can in terms of strengthening our recruiting capabilities, reducing turnover, and improving our training system. We will make further efforts to promote regular employees from cast members, hire foreign nationals, raise wages, and improve the in-store environment.

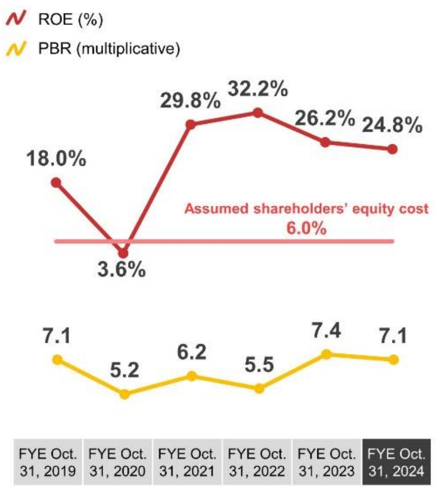


Next, I will explain how we are strengthening our procurement and logistics systems. As the number of stores has expanded, we are now in a phase where we can take advantage of the benefits of scale in procurement and logistics more than ever before. We are committed to improving delivery efficiency, as well as delivery frequency and quality, in order to provide our customers with high-quality ramen at the lowest possible cost.

Management Initiatives That Consider the Capital Cost

Maintain high ROE for the current capital cost of around 6%, and aim to control the shareholders' equity cost

The Company's ROE and PBR trends



Shareholders' equity costs based on the Company's PBR and ROE

$$\frac{\text{ROE - Expected growth rate}}{\text{Capital cost - Expected growth rate}} = \text{PBR} \leftrightarrow \frac{\text{ROE - Expected growth rate}}{\text{PBR}} + \text{Expected growth rate} = \text{Capital cost}$$

ROE	PBR	Expected growth rate
24.8%	7.1 times	2 to 3%

》》 **Capital cost** 5.2 to 6.0%

Shareholders' equity costs based on CAPM

Risk free rate + Stocks β × (Risk premium – Expected growth rate) = Capital cost

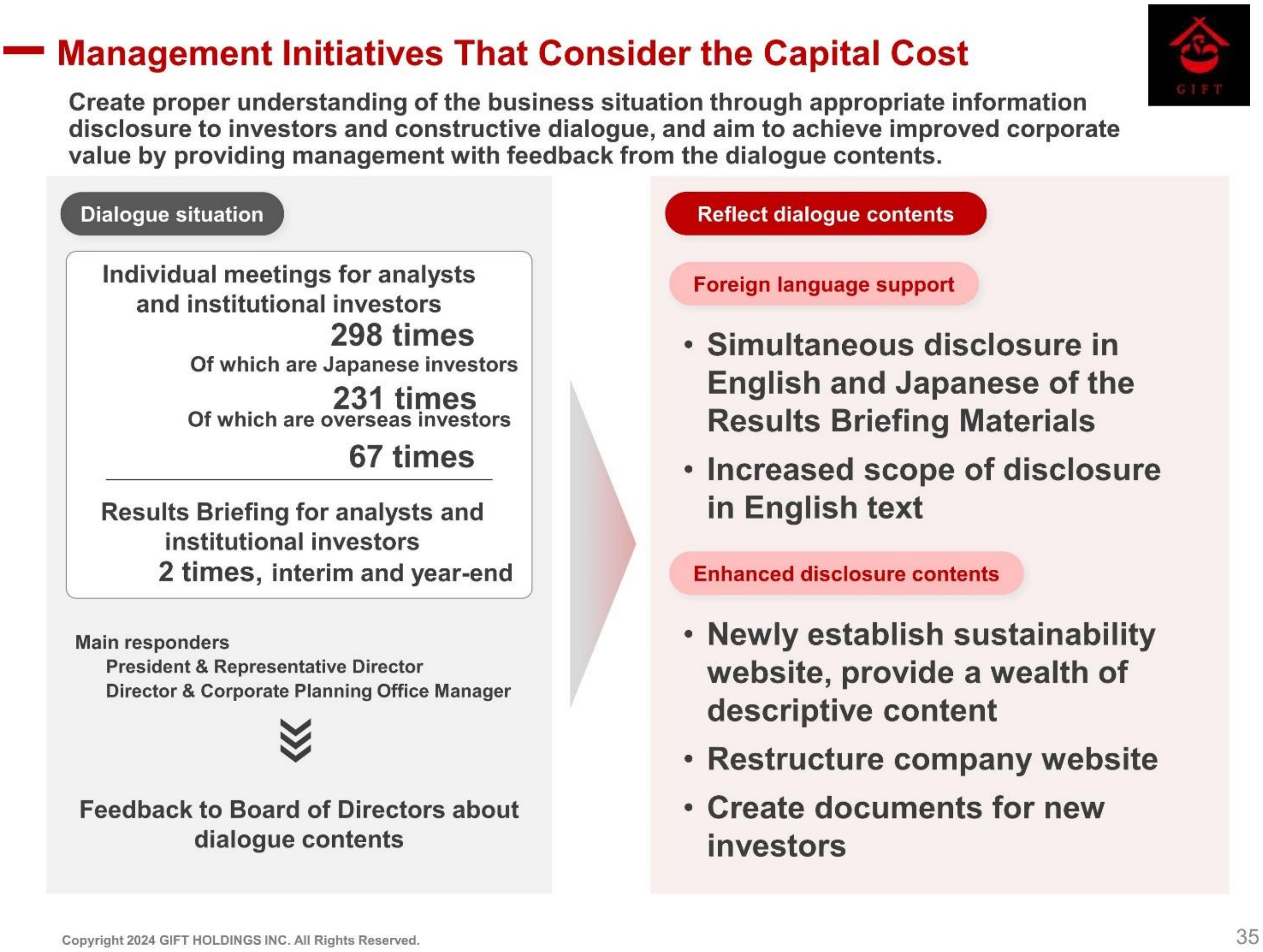
Risk free rate	Risk premium	Stocks β	Expected growth rate
0.95%	5%	0.97	2 to 3%

》》 **Capital cost** 3.4 to 4.3%

Various assumptions

ROE	Use FYE Oct. 31, 2024 average
Expected growth rate	Assume 2 to 3% from the long-term economic growth rate and the Company's individual growth rate
Risk free rate	Refer to the standard 10-year Japanese bond yield
Stocks β	Refer to our Sensitivity of the Company's share price to volatility of TOPIX

I will continue with an explanation of our cost of capital conscious management initiatives. Currently, we are able to post an ROE well above the cost of shareholders' equity. We intend to maintain a high ROE and control the cost of shareholders' equity.



We are grateful for the opportunity to meet with many analysts and institutional investors. I had several meetings each quarter, and I make use of the feedback I receive in the management of the Company.

That concludes my explanation of the financial results. Going forward, we will not chase short-term growth and profits but will continue to grow continuously by delivering delicious ramen throughout the world and meeting your expectations as well.

Thank you for your attention.