

**For the Fiscal Year Ended March 31, 2017**

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**Annual Select<sup>®</sup> 2017**

# **G-7 HOLDINGS Inc.**

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**1-6, Yasakadai 3-chome, Suma-ku, Kobe-shi, Hyogo**

**(Securities Code: 7508)**

**+81-78-797-7700**

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## **Corporate Profile**

The G-7 Group has achieved strong and steady growth of its Store Franchising Business, which initially centered on franchise stores under the worldwide AUTOBACS brand of auto parts and accessories, and then made rapid progress with the development of Business Supermarkets.

Today, the G-7 Group operates 73 AUTOBACS stores in and outside Japan and 128 Business Supermarkets, making it the largest affiliated franchisee for both chains.

The G-7 Group has expanded to a wide range of businesses including the AUTOBACS/Car related Business, the Business Supermarket/Quality Food Business, the Motorcycle Parts and Accessories Business, the Agricultural Business, and Overseas Business.

In order to be a company that is worthy of the continued support of customers and shareholders, we will remain aggressive about entering new markets as we endeavor to sustain growth over the long term.

We have formulated a new mid-term management plan with the term ending March 2021, the 45th anniversary of our establishment, as its final year, in which consolidated net sales of 170 billion yen and ordinary profit of 7 billion yen have been set as our numerical goals. To achieve this target, the G-7 Group has been opening new stores when the timing is right and engaging in M&A opportunities. Going forward, we will continue to take on challenges geared toward attaining further growth, through initiatives that include expanding sales channels by making the most of Group synergies and ramping up store openings in Southeast Asia.



AUTOBACS Klan Sentral, Malaysia

Business Supermarket Shin-tatsuno

## I. Summary of Selected Financial Data (Consolidated)

	38 <sup>th</sup> term	39 <sup>th</sup> term	40 <sup>th</sup> term	41 <sup>st</sup> term	42 <sup>nd</sup> term	
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	
Net sales						
(Millions of yen)	¥82,623	¥88,178	¥88,261	¥103,895	¥110,377	\$1,018,957
(Thousands of U.S. dollars)						
Ordinary profit						
(Millions of yen)	2,933	3,139	2,512	3,220	4,062	37,498
(Thousands of U.S. dollars)						
Profit attributable to owners of parent						
(Millions of yen)	1,345	1,541	1,272	1,867	2,080	19,201
(Thousands of U.S. dollars)						
Comprehensive income						
(Millions of yen)	1,312	1,499	1,240	1,942	2,174	20,069
(Thousands of U.S. dollars)						
Net assets						
(Millions of yen)	10,558	11,599	12,404	14,183	15,658	144,548
(Thousands of U.S. dollars)						
Total assets						
(Millions of yen)	30,401	32,057	32,339	36,154	37,618	347,274
(Thousands of U.S. dollars)						
Net assets per share						
(Yen)	867.54	953.05	1,019.17	1,137.86	1,267.83	11.70
(U.S. dollars)						
Basic earnings per share						
(Yen)	110.51	126.66	104.59	153.95	171.76	1.58
(U.S. dollars)						
Diluted earnings per share						
(Yen)	–	–	–	–	–	–
(U.S. dollars)						
Equity ratio						
(%)	34.7	36.2	38.4	38.1	40.8	
Return on equity (ROE)						
(%)	13.41	13.92	10.61	14.26	14.28	
Price earnings ratio (PER)						
(Times)	5.27	5.96	9.57	8.33	14.65	
Net cash provided by (used in) operating activities						
(Millions of yen)	3,626	3,546	1,830	3,885	3,685	34,018
(Thousands of U.S. dollars)						
Net cash provided by (used in) investing activities						
(Millions of yen)	(1,722)	(2,096)	(1,288)	(1,296)	(1,884)	(17,392)
(Thousands of U.S. dollars)						
Net cash provided by (used in) financing activities						
(Millions of yen)	(692)	(619)	(799)	(1,293)	(638)	(5,889)
(Thousands of U.S. dollars)						
Cash and cash equivalents at end of period						
(Millions of yen)	6,299	7,183	6,952	8,242	9,395	86,731
(Thousands of U.S. dollars)						
Number of employees [Separately, average number of temporary employees]						
(Persons)	1,371 [2,422]	1,406 [2,455]	1,414 [2,613]	1,653 [2,873]	1,677 [3,145]	

- Notes: 1. U.S. dollar amounts are the yen equivalent, calculated for convenience only, at a rate of ¥108.323425 = U.S. \$1.  
2. Net sales do not include consumption taxes.  
3. Diluted earnings per share is not provided since there are no potential shares.

## II. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	(Millions of yen)		(Thousands of U.S. dollars)*
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
<b>Assets</b>			
Current assets			
Cash and deposits	8,242	9,395	86,731
Notes and accounts receivable - trade	1,937	1,915	17,678
Merchandise and finished goods	5,341	5,597	51,669
Deferred tax assets	363	349	3,221
Other	1,245	1,305	12,047
Allowance for doubtful accounts	(19)	(22)	(203)
<b>Total current assets</b>	<b>17,111</b>	<b>18,542</b>	<b>171,172</b>
Non-current assets			
Property, plant and equipment			
Buildings and structures	18,134	18,494	170,729
Accumulated depreciation	(10,841)	(11,533)	(106,468)
Buildings and structures, net	7,293	6,961	64,261
Machinery, equipment and vehicles	1,382	1,475	13,616
Accumulated depreciation	(873)	(952)	(8,788)
Machinery, equipment and vehicles, net	509	522	4,818
Land	4,973	4,973	45,908
Construction in progress	52	77	710
Other	3,881	4,326	39,935
Accumulated depreciation	(2,839)	(3,171)	(29,273)
Other, net	1,041	1,154	10,653
<b>Total property, plant and equipment</b>	<b>13,870</b>	<b>13,689</b>	<b>126,371</b>
Intangible assets			
Goodwill	39	11	101
Other	213	200	1,846
<b>Total intangible assets</b>	<b>253</b>	<b>211</b>	<b>1,947</b>
Investments and other assets			
Investment securities	214	276	2,547
Lease and guarantee deposits	3,651	3,721	34,350
Deferred tax assets	804	937	8,650
Other	278	330	3,046
Allowance for doubtful accounts	(29)	(89)	(821)
<b>Total investments and other assets</b>	<b>4,919</b>	<b>5,175</b>	<b>47,773</b>
<b>Total non-current assets</b>	<b>19,042</b>	<b>19,076</b>	<b>176,102</b>
<b>Total assets</b>	<b>36,154</b>	<b>37,618</b>	<b>347,274</b>

\* Please refer to the note 1 on page 1.

	(Millions of yen)		(Thousands of U.S. dollars)*
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
<b>Liabilities</b>			
Current liabilities			
Accounts payable - trade	5,298	5,468	50,478
Short-term loans payable	3,542	5,326	49,167
Income taxes payable	899	798	7,366
Provision for bonuses	587	488	4,505
Provision for point card certificates	265	247	2,280
Other	3,066	3,036	28,027
<b>Total current liabilities</b>	<b>13,659</b>	<b>15,366</b>	<b>141,852</b>
Non-current liabilities			
Long-term loans payable	4,800	3,100	28,618
Deferred tax liabilities for land revaluation	42	42	387
Provision for directors' retirement benefits	731	731	6,748
Asset retirement obligations	862	902	8,326
Net defined benefit liability	520	540	4,985
Other	1,355	1,276	11,779
<b>Total non-current liabilities</b>	<b>8,311</b>	<b>6,594</b>	<b>60,873</b>
<b>Total liabilities</b>	<b>21,971</b>	<b>21,960</b>	<b>202,726</b>
<b>Net assets</b>			
Shareholders' equity			
Capital stock	1,785	1,785	16,478
Capital surplus	2,717	2,757	25,451
Retained earnings	10,604	12,078	111,499
Treasury shares	(725)	(725)	(6,692)
<b>Total shareholders' equity</b>	<b>14,381</b>	<b>15,896</b>	<b>146,745</b>
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	5	61	563
Revaluation reserve for land	(522)	(522)	(4,818)
Foreign currency translation adjustment	(56)	(88)	(812)
Remeasurements of defined benefit plans	(28)	8	73
<b>Total accumulated other comprehensive income</b>	<b>(601)</b>	<b>(541)</b>	<b>(4,994)</b>
Non-controlling interests	402	303	2,797
<b>Total net assets</b>	<b>14,183</b>	<b>15,658</b>	<b>144,548</b>
<b>Total liabilities and net assets</b>	<b>36,154</b>	<b>37,618</b>	<b>347,274</b>

\* Please refer to the note 1 on page 1.

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### (Consolidated Statements of Income)

	(Millions of yen)		(Thousands of U.S. dollars)*
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Net sales	103,895	110,377	1,018,957
Cost of sales	77,236	81,741	754,601
Gross profit	26,658	28,636	264,356
Selling, general and administrative expenses	23,629	24,739	228,380
Operating profit	3,028	3,897	35,975
Non-operating income			
Interest income	2	6	55
Dividend income	0	0	0
Commission fee	175	169	1,560
Co-sponsor fee	75	71	655
Other	68	91	840
Total non-operating income	322	339	3,129
Non-operating expenses			
Interest expenses	46	54	498
Loss on disposal of non-current assets	57	48	443
Foreign exchange losses	0	37	341
Other	26	33	304
Total non-operating expenses	130	174	1,606
Ordinary profit	3,220	4,062	37,498
Extraordinary income			
Gain on bargain purchase	209	-	-
Total extraordinary income	209	-	-
Extraordinary losses			
Loss on closing of stores	-	20	184
Loss on business withdrawal	39	-	-
Loss on valuation of investment securities	7	44	406
Provision of allowance for doubtful accounts	8	74	683
Impairment loss	59	390	3,600
Total extraordinary losses	114	529	4,883
Profit before income taxes	3,315	3,532	32,606
Income taxes - current	1,347	1,578	14,567
Income taxes - deferred	35	(160)	(1,477)
Total income taxes	1,383	1,418	13,090
Profit	1,932	2,114	19,515
Profit attributable to non-controlling interests	65	34	313
Profit attributable to owners of parent	1,867	2,080	19,201

\* Please refer to the note 1 on page 1.

## (Consolidated Statements of Comprehensive Income)

	(Millions of yen)		(Thousands of U.S. dollars)*
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Profit	1,932	2,114	19,515
Other comprehensive income			
Valuation difference on available-for-sale securities	(0)	55	507
Revaluation reserve for land	2	–	–
Foreign currency translation adjustment	64	(32)	(295)
Remeasurements of defined benefit plans, net of tax	(56)	36	332
Total other comprehensive income	10	59	544
Comprehensive income	1,942	2,174	20,069
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	1,877	2,139	19,746
Comprehensive income attributable to non-controlling interests	65	34	313

\* Please refer to the note 1 on page 1.

### (3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,785	2,717	9,125	(612)	13,015
Changes of items during period					
Dividends of surplus			(388)		(388)
Purchase of treasury shares				(113)	(113)
Profit attributable to owners of parent			1,867		1,867
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	1,479	(113)	1,365
Balance at end of current period	1,785	2,717	10,604	(725)	14,381

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	5	(524)	(121)	28	(611)	–	12,404
Changes of items during period							
Dividends of surplus					–		(388)
Purchase of treasury shares					–		(113)
Profit attributable to owners of parent					–		1,867
Net changes of items other than shareholders' equity	(0)	2	64	(56)	10	402	413
Total changes of items during period	(0)	2	64	(56)	10	402	1,778
Balance at end of current period	5	(522)	(56)	(28)	(601)	402	14,183

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,785	2,717	10,604	(725)	14,381
Changes of items during period					
Increase and decrease by merger			(0)		(0)
Dividends of surplus			(605)		(605)
Purchase of treasury shares				(0)	(0)
Profit attributable to owners of parent			2,080		2,080
Change in ownership interest of parent due to transactions with non-controlling interests		40		(0)	40
Net changes of items other than shareholders' equity					
Total changes of items during period	-	40	1,473	(0)	1,514
Balance at end of current period	1,785	2,757	12,078	(725)	15,896

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	5	(522)	(56)	(28)	(601)	402	14,183
Changes of items during period							
Increase and decrease by merger							(0)
Dividends of surplus							(605)
Purchase of treasury shares							(0)
Profit attributable to owners of parent							2,080
Change in ownership interest of parent due to transactions with non-controlling interests							40
Net changes of items other than shareholders' equity	55	-	(32)	36	59	(98)	(39)
Total changes of items during period	55	-	(32)	36	59	(98)	1,475
Balance at end of current period	61	(522)	(88)	8	(541)	303	15,658



Fiscal year ended March 31, 2017

(Thousands of U.S. dollars)\*

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	16,478	25,082	97,892	(6,692)	132,759
Changes of items during period					
Increase and decrease by merger			(0)		(0)
Dividends of surplus			(5,585)		(5,585)
Purchase of treasury shares				(0)	(0)
Profit attributable to owners of parent			19,201		19,201
Change in ownership interest of parent due to transactions with non-controlling interests		369		(0)	369
Net changes of items other than shareholders' equity					
Total changes of items during period	-	369	13,598	(0)	13,976
Balance at end of current period	16,478	25,451	111,499	(6,692)	146,745

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	46	(4,818)	(516)	(258)	(5,548)	3,711	130,931
Changes of items during period							
Increase and decrease by merger							(0)
Dividends of surplus							(5,585)
Purchase of treasury shares							(0)
Profit attributable to owners of parent							19,201
Change in ownership interest of parent due to transactions with non-controlling interests							369
Net changes of items other than shareholders' equity	507	-	(295)	332	544	(904)	(360)
Total changes of items during period	507	-	(295)	332	544	(904)	13,616
Balance at end of current period	563	(4,818)	(812)	73	(4,994)	2,797	144,548

\* Please refer to the note 1 on page 1.

#### (4) Consolidated Statements of Cash Flows

	(Millions of yen)		(Thousands of U.S. dollars)*
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
<b>Cash flows from operating activities</b>			
Profit before income taxes	3,315	3,532	32,606
Depreciation	1,487	1,545	14,262
Amortization of goodwill	74	27	249
Impairment loss	59	390	3,600
Increase (decrease) in allowance for doubtful accounts	19	74	683
Increase (decrease) in provision for directors' retirement benefits	25	-	-
Loss on withdrawal from business	39	-	-
Loss on store closings	-	20	184
Increase (decrease) in provision for bonuses	168	(99)	(913)
Increase (decrease) in provision for point card certificates	20	(17)	(156)
Gain on bargain purchase	(209)	-	-
Increase (decrease) in net defined benefit liability	81	19	175
Interest and dividend income	(3)	(7)	(64)
Interest expenses	46	54	498
Loss on retirement of property, plant and equipment	57	48	443
Loss (gain) on valuation of investment securities	9	44	406
Decrease (increase) in guarantee deposits	(86)	(113)	(1,043)
Foreign exchange losses (gains)	0	37	341
Decrease (increase) in notes and accounts receivable - trade	131	22	203
Decrease (increase) in inventories	(111)	(265)	(2,446)
Decrease (increase) in other assets	(21)	(54)	(498)
Increase (decrease) in notes and accounts payable - trade	586	171	1,578
Increase (decrease) in accrued consumption taxes	(82)	(118)	(1,089)
Increase (decrease) in other liabilities	(709)	198	1,827
Other, net	(137)	(58)	(535)
<b>Subtotal</b>	<b>4,760</b>	<b>5,453</b>	<b>50,339</b>
Interest and dividend income received	3	7	64
Interest expenses paid	(39)	(47)	(433)
Income taxes paid	(839)	(1,727)	(15,942)
<b>Net cash provided by (used in) operating activities</b>	<b>3,885</b>	<b>3,685</b>	<b>34,018</b>

\* Please refer to the note 1 on page 1.

	(Millions of yen)		(Thousands of U.S. dollars)*
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
<b>Cash flows from investing activities</b>			
Purchase of shares of subsidiaries	(31)	–	–
Purchase of property, plant and equipment	(2,171)	(1,704)	(15,730)
Proceeds from sales of property, plant and equipment	–	5	46
Payments into time deposits	(29)	–	–
Proceeds from withdrawal of time deposits	596	–	–
Purchase of investment securities	(39)	(32)	(295)
Proceeds from sales of investment securities	75	–	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	580	–	–
Payments of loans receivable	(108)	(68)	(627)
Collection of loans receivable	4	4	36
Payments for lease and guarantee deposits	(189)	(93)	(858)
Proceeds from collection of lease and guarantee deposits	62	54	498
Proceeds from guarantee deposits received	38	26	240
Other payments	(101)	(76)	(701)
Other proceeds	16	–	–
Net cash provided by (used in) investing activities	(1,296)	(1,884)	(17,392)
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term loans payable	(124)	300	2,769
Repayments of long-term loans payable	(620)	(200)	(1,846)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(92)	(849)
Purchase of treasury shares	(113)	(0)	(0)
Cash dividends paid	(388)	(604)	(5,575)
Other payments	(46)	(41)	(378)
Net cash provided by (used in) financing activities	(1,293)	(638)	(5,889)
Effect of exchange rate change on cash and cash equivalents	(6)	(13)	(120)
Net increase (decrease) in cash and cash equivalents	1,289	1,149	10,607
Cash and cash equivalents at beginning of period	6,952	8,242	76,086
Increase in cash and cash equivalents resulting from merger	–	4	36
Cash and cash equivalents at end of period	8,242	9,395	86,731

\* Please refer to the note 1 on page 1.

### III. Corporate Data

#### Basic Information (as of March 31, 2017)

Trade name:	G-7 HOLDINGS Inc.
Established:	June 18, 1976
Listed market:	The First Section of Tokyo Stock Exchange (Securities Code: 7508)
Listed:	August 22, 1996
Business year:	From April 1 to March 31 of the following year
Paid-in capital:	1,785 million yen
Number of employees:	1,677 (Consolidated)
Head office:	1-6, Yasakadai 3-chome, Suma-ku, Kobe-shi, Hyogo
Telephone:	+81-78-797-7700

#### Group Companies (as of March 31, 2017)

G-7 AUTO SERVICE CO., LTD.  
G-7 SUPER MART CO., LTD.  
G-7 RETAIL JAPAN CO., LTD.  
G-7 BIKE WORLD CO., LTD.  
G7 JAPAN FOOD SERVICE CO., LTD.  
G-7 AGRI JAPAN CO., LTD.  
G-7 MEAT TERABAYASHI CO., LTD.  
G7 INTERNATIONAL PTE. LTD.  
G7 RETAIL MALAYSIA SDN. BHD.  
G7 AGRI VIET NAM CO., LTD.  
PT. G7 SERVICE. INDONESIA  
CM G-7 AGRI MYANMAR CO., LTD.  
G7 (THAILAND) CO., LTD.  
G7 FOODS ASIA PTE. LTD.  
SEVEN FORTUNE GROUP LTD. (HONG KONG)  
SEVEN FORTUNE CO., LTD. (TAIWAN)

### Directors and Corporate Auditors (as of June 29, 2017)

Founder and Chairman Emeritus	Mamoru Kinoshita
President and Representative Director	Tatsumi Kaneda
Executive Director	Norio Kinoshita
Director	Yasumasa Kishimoto
Director	Yukitoshi Matsuda
Director	Keiichi Okumoto
Director*	Mitsuru Sakamoto
Director*	Yukihiko Shida
Corporate Auditor (Full-time)	Taizo Yoshida
Corporate Auditor**	Teiji Joko
Corporate Auditor**	Hiroki Nishii

\* Outside Director \*\* Outside Corporate Auditor

Note: The Company designated Mr. Mitsuru Sakamoto, Mr. Yukihiko Shida, Mr. Teiji Joko, and Mr. Hiroki Nishii as Independent Directors/Auditors stipulated by Tokyo Stock Exchange Inc. and reported them to the Exchange.

### Stock Status (as of March 31, 2017)

Total number of shares authorized:	52,000,000 shares
Total number of shares issued:	13,336,400 shares
Number of shareholders:	4,626
Major shareholders (Top 10)	

Shareholder name	Number of shares held (Thousands)	Share-holding ratio (%)
Mamoru Kinoshita	1,830	15.11
Norio Kinoshita	1,829	15.11
Chinami Seki	1,129	9.32
Kinoshita Family Service	1,094	9.03
Yoko Kinoshita	826	6.82
Autobacs Seven Co., Ltd.	337	2.78
MSIP CLIENT SECURITIES	203	1.68
The Master Trust Bank of Japan, Ltd. (Trust Account)	138	1.14
Japan Trustee Services Bank, Ltd. (Trust Account)	136	1.12
Japan Trustee Services Bank, Ltd. (Trust Account 5)	107	0.88

Notes:

1. G-7 HOLDINGS Inc. holds 1,225,625 treasury shares, which are not included in the above table.
2. The number of shares held is rounded down to units of one thousand.
3. Share-holding ratio was calculated excluding treasury shares.
4. The share-holding ratios are rounded down to the second decimal place.

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