

For the Fiscal Year Ended March 31, 2019

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Annual Select<sup>®</sup> 2019

# 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 137 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)

	40 <sup>th</sup> term	41 <sup>st</sup> term	42 <sup>nd</sup> term	43 <sup>rd</sup> term	44 <sup>th</sup> term	
	Fiscal year ended	Fiscal year ended	Fiscal year ended	Fiscal year ended	Fiscal year ended	
	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	
Net sales						
(Millions of yen)	¥88,261	¥103,895	¥110,377	¥119,816	¥122,502	\$1,104,517
(Thousands of U.S. dollars)						
Ordinary profit						
(Millions of yen)	2,512	3,220	4,062	4,568	5,019	45,252
(Thousands of U.S. dollars)						
Profit attributable to owners of parent						
(Millions of yen)	1,272	1,867	2,080	2,648	3,041	27,418
(Thousands of U.S. dollars)						
Comprehensive income						
(Millions of yen)	1,240	1,942	2,174	2,761	2,935	26,462
(Thousands of U.S. dollars)						
Net assets						
(Millions of yen)	12,404	14,183	15,658	17,732	19,502	175,836
(Thousands of U.S. dollars)						
Total assets						
(Millions of yen)	32,339	36,154	37,618	41,594	44,691	402,948
(Thousands of U.S. dollars)						
Net assets per share						
(Yen)	1,019.17	1,137.86	1,267.83	1,433.92	1,607.52	14.49
(U.S. dollars)						
Basic earnings per share						
(Yen)	104.59	153.95	171.76	218.73	251.12	2.26
(U.S. dollars)						
Diluted earnings per share						
(Yen)	—	—	—	—	—	—
(U.S. dollars)						
Equity ratio						
(%)	38.4	38.1	40.8	41.7	43.6	
Return on equity (ROE)						
(%)	10.61	14.26	14.28	16.19	16.51	
Price earnings ratio (PER)						
(Times)	9.57	8.33	14.65	11.27	9.29	
Net cash provided by (used in) operating activities						
(Millions of yen)	1,830	3,885	3,685	5,204	5,740	51,753
(Thousands of U.S. dollars)						
Net cash provided by (used in) investing activities						
(Millions of yen)	(1,288)	(1,296)	(1,884)	(1,678)	(1,700)	(15,327)
(Thousands of U.S. dollars)						
Net cash provided by (used in) financing activities						
(Millions of yen)	(799)	(1,293)	(638)	(1,638)	(803)	(7,240)
(Thousands of U.S. dollars)						
Cash and cash equivalents at end of period						
(Millions of yen)	6,952	8,242	9,395	11,279	14,518	130,898
(Thousands of U.S. dollars)						
Number of employees						
[Separately, average number of temporary employees]	1,414	1,653	1,677	1,698	1,659	
(Persons)	[2,613]	[2,873]	[3,145]	[3,393]	[3,471]	

- Notes: 1. U.S. dollar amounts are the yen equivalent, calculated for convenience only, at a rate of ¥110.91 = 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, 2018	As of March 31, 2019	As of March 31, 2019
<b>Assets</b>			
Current assets			
Cash and deposits	11,279	14,518	130,898
Notes and accounts receivable - trade	2,664	2,773	25,002
Merchandise and finished goods	5,817	5,767	51,997
Other	1,444	1,521	13,713
Allowance for doubtful accounts	(116)	(5)	(45)
Total current assets	21,089	24,575	221,576
Non-current assets			
Property, plant and equipment			
Buildings and structures	19,495	19,462	175,475
Accumulated depreciation	(12,184)	(12,704)	(114,543)
Buildings and structures, net	7,311	6,758	60,932
Machinery, equipment and vehicles	1,515	1,494	13,470
Accumulated depreciation	(1,046)	(1,085)	(9,782)
Machinery, equipment and vehicles, net	468	409	3,687
Land	5,009	5,015	45,216
Construction in progress	54	1	9
Other	4,699	4,876	43,963
Accumulated depreciation	(3,497)	(3,768)	(33,973)
Other, net	1,202	1,108	9,990
Total property, plant and equipment	14,047	13,293	119,853
Intangible assets			
Goodwill	179	150	1,352
Other	205	263	2,371
Total intangible assets	385	414	3,732
Investments and other assets			
Investment securities	423	510	4,598
Lease and guarantee deposits	3,898	3,960	35,704
Deferred tax assets	1,523	1,707	15,390
Other	579	759	6,843
Allowance for doubtful accounts	(351)	(530)	(4,778)
Total investments and other assets	6,073	6,408	57,776
Total non-current assets	20,505	20,115	181,363
Total assets	41,594	44,691	402,948

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

	(Millions of yen)		(Thousands of U.S. dollars)*
	As of March 31, 2018	As of March 31, 2019	As of March 31, 2019
<b>Liabilities</b>			
Current liabilities			
Accounts payable - trade	6,069	6,131	55,279
Short-term loans payable	7,606	7,456	67,225
Income taxes payable	694	1,317	11,874
Provision for bonuses	676	866	7,808
Provision for point card certificates	143	24	216
Other	3,614	3,738	33,703
<b>Total current liabilities</b>	<b>18,806</b>	<b>19,534</b>	<b>176,124</b>
Non-current liabilities			
Long-term loans payable	700	1,348	12,153
Deferred tax liabilities for land revaluation	42	42	378
Provision for directors' retirement benefits	731	731	6,590
Asset retirement obligations	1,745	1,736	15,652
Net defined benefit liability	603	615	5,545
Other	1,232	1,181	10,648
<b>Total non-current liabilities</b>	<b>5,055</b>	<b>5,654</b>	<b>50,978</b>
<b>Total liabilities</b>	<b>23,861</b>	<b>25,188</b>	<b>227,103</b>
<b>Net assets</b>			
Shareholders' equity			
Capital stock	1,785	1,785	16,094
Capital surplus	2,757	2,905	26,192
Retained earnings	14,016	16,137	145,496
Treasury shares	(725)	(725)	(6,536)
<b>Total shareholders' equity</b>	<b>17,834</b>	<b>20,102</b>	<b>181,246</b>
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	188	10	90
Revaluation reserve for land	(514)	(514)	(4,634)
Foreign currency translation adjustment	(113)	(142)	(1,280)
Remeasurements of defined benefit plans	(29)	11	99
<b>Total accumulated other comprehensive income</b>	<b>(468)</b>	<b>(634)</b>	<b>(5,716)</b>
Non-controlling interests	367	34	306
<b>Total net assets</b>	<b>17,732</b>	<b>19,502</b>	<b>175,836</b>
<b>Total liabilities and net assets</b>	<b>41,594</b>	<b>44,691</b>	<b>402,948</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, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2019
Net sales	119,816	122,502	1,104,517
Cost of sales	89,022	90,268	813,885
Gross profit	30,794	32,233	290,623
Selling, general and administrative expenses	26,469	27,216	245,388
Operating profit	4,324	5,017	45,234
Non-operating income			
Interest income	13	14	126
Dividend income	1	7	63
Commission fee	185	173	1,559
Co-sponsor fee	95	130	1,172
Foreign exchange gains	122	–	–
Other	62	78	703
Total non-operating income	481	405	3,651
Non-operating expenses			
Interest expenses	61	70	631
Loss on disposal of non-current assets	74	56	504
Foreign exchange losses	–	58	522
Provision of allowance for doubtful accounts	49	189	1,704
Other	52	28	252
Total non-operating expenses	238	403	3,633
Ordinary profit	4,568	5,019	45,252
Extraordinary income			
Gain on sales of non-current assets	–	164	1,478
Insurance income	–	148	1,334
Total extraordinary income	–	313	2,822
Extraordinary losses			
Loss on closing of stores	53	48	432
Loss on valuation of investment securities	16	55	495
Provision of allowance for doubtful accounts	96	–	–
Impairment loss	544	261	2,353
Loss on disaster	–	69	622
Loss on sales of non-current assets	31	–	–
Total extraordinary losses	743	435	3,922
Profit before income taxes	3,825	4,897	44,152
Income taxes - current	1,404	1,918	17,293
Income taxes - deferred	(276)	(123)	(1,109)
Total income taxes	1,128	1,795	16,184
Profit	2,696	3,101	27,959
Profit attributable to non-controlling interests	47	60	540
Profit attributable to owners of parent	2,648	3,041	27,418

\* 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, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2019
Profit	2,696	3,101	27,959
Other comprehensive income			
Valuation difference on available-for-sale securities	127	(178)	(1,604)
Foreign currency translation adjustment	(24)	(29)	(261)
Remeasurements of defined benefit plans, net of tax	(38)	41	369
Total other comprehensive income	64	(166)	(1,496)
Comprehensive income	2,761	2,935	26,462
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	2,713	2,875	25,921
Comprehensive income attributable to non-controlling interests	47	60	540

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

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

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,785	2,757	12,078	(725)	15,896
Changes of items during period					
Dividends of surplus			(702)		(702)
Purchase of treasury shares				(0)	(0)
Profit attributable to owners of parent			2,648		2,648
Change in ownership interest of parent due to transactions with non-controlling interests					
Reversal of revaluation reserve for land			(8)		(8)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,938	(0)	1,938
Balance at end of current period	1,785	2,757	14,016	(725)	17,834

	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	61	(522)	(88)	8	(541)	303	15,658
Changes of items during period							
Dividends of surplus							(702)
Purchase of treasury shares							(0)
Profit attributable to owners of parent							2,648
Change in ownership interest of parent due to transactions with non-controlling interests							
Reversal of revaluation reserve for land							(8)
Net changes of items other than shareholders' equity	127	8	(24)	(38)	73	63	136
Total changes of items during period	127	8	(24)	(38)	73	63	2,074
Balance at end of current period	188	(514)	(113)	(29)	(468)	367	17,732

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,785	2,757	14,016	(725)	17,834
Changes of items during period					
Dividends of surplus			(920)		(920)
Profit attributable to owners of parent			3,041		3,041
Change in ownership interest of parent due to transactions with non-controlling interests		147		(0)	147
Net changes of items other than shareholders' equity					
Total changes of items during period	-	147	2,120	(0)	2,268
Balance at end of current period	1,785	2,905	16,137	(725)	20,102

	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	188	(514)	(113)	(29)	(468)	367	17,732
Changes of items during period							
Dividends of surplus							(920)
Profit attributable to owners of parent							3,041
Change in ownership interest of parent due to transactions with non-controlling interests						(392)	(245)
Net changes of items other than shareholders' equity	(178)	-	(29)	41	(166)	60	(105)
Total changes of items during period	(178)	-	(29)	41	(166)	(332)	1,769
Balance at end of current period	10	(514)	(142)	11	(634)	34	19,502



Fiscal year ended March 31, 2019

(Thousands of U.S. dollars)\*

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	16,094	24,857	126,372	(6,536)	160,797
Changes of items during period					
Dividends of surplus			(8,295)		(8,295)
Profit attributable to owners of parent			27,418		27,418
Change in ownership interest of parent due to transactions with non-controlling interests		1,325		(0)	1,325
Net changes of items other than shareholders' equity					
Total changes of items during period	–	1,325	19,114	(0)	20,449
Balance at end of current period	16,094	26,192	145,496	(6,536)	181,246

	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	1,695	(4,634)	(1,018)	(261)	(4,219)	3,308	159,877
Changes of items during period							
Dividends of surplus							(8,295)
Profit attributable to owners of parent							27,418
Change in ownership interest of parent due to transactions with non-controlling interests						(3,534)	(2,208)
Net changes of items other than shareholders' equity	(1,604)	–	(261)	369	(1,496)	540	(946)
Total changes of items during period	(1,604)	–	(261)	369	(1,496)	(2,993)	15,949
Balance at end of current period	90	(4,634)	(1,280)	99	(5,716)	306	175,836

\* 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, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2019
<b>Cash flows from operating activities</b>			
Profit before income taxes	3,825	4,897	44,152
Depreciation	1,558	1,673	15,084
Amortization of goodwill	50	46	414
Impairment loss	544	261	2,353
Increase (decrease) in allowance for doubtful accounts	137	67	604
Loss on store closings	53	48	432
Loss on disaster	–	69	622
Insurance income	–	(148)	(1,334)
Increase (decrease) in provision for bonuses	188	190	1,713
Increase (decrease) in provision for point card certificates	(104)	(119)	(1,072)
Increase (decrease) in net defined benefit liability	62	11	99
Interest and dividend income	(14)	(22)	(198)
Interest expenses	62	70	631
Loss on retirement of property, plant and equipment	74	56	504
Loss (gain) on sales of property, plant and equipment	31	(164)	(1,478)
Loss (gain) on valuation of investment securities	16	55	495
Decrease (increase) in guarantee deposits	(48)	(23)	(207)
Foreign exchange losses (gains)	(122)	58	522
Decrease (increase) in notes and accounts receivable – trade	(663)	(57)	(513)
Decrease (increase) in inventories	123	48	432
Decrease (increase) in other assets	28	(159)	(1,433)
Increase (decrease) in notes and accounts payable - trade	551	(24)	(216)
Increase (decrease) in accrued consumption taxes	94	12	108
Increase (decrease) in other liabilities	376	215	1,938
Other, net	(77)	(10)	(90)
Subtotal	6,747	7,052	63,583
Interest and dividend income received	14	22	198
Interest expenses paid	(55)	(64)	(577)
Proceeds from insurance income	–	75	676
Income taxes paid	(1,503)	(1,345)	(12,126)
Net cash provided by (used in) operating activities	5,204	5,740	51,753

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

	(Millions of yen)		(Thousands of U.S. dollars)*
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2019
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(1,703)	(1,384)	(12,478)
Proceeds from sales of property, plant and equipment	92	407	3,669
Purchase of investment securities	(2)	(351)	(3,164)
Purchase of shares of subsidiaries	–	(157)	(1,415)
Proceeds from withdrawal of time deposits	90	–	–
Proceeds from sales of investment securities	0	–	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	100	20	180
Payments of loans receivable	(159)	(294)	(2,650)
Collection of loans receivable	31	282	2,542
Payments for lease and guarantee deposits	(131)	(170)	(1,532)
Proceeds from collection of lease and guarantee deposits	97	93	838
Proceeds from guarantee deposits received	21	43	387
Other payments	(116)	(190)	(1,713)
Net cash provided by (used in) investing activities	(1,678)	(1,700)	(15,327)
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term loans payable	1,165	1,875	16,905
Proceeds from long-term loans payable	500	1,357	12,235
Repayments of long-term loans payable	(2,583)	(2,861)	(25,795)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(245)	(2,208)
Purchase of treasury shares	(0)	–	–
Cash dividends paid	(700)	(918)	(8,276)
Other payments	(19)	(11)	(99)
Net cash provided by (used in) financing activities	(1,638)	(803)	(7,240)
Effect of exchange rate change on cash and cash equivalents	(3)	4	36
Net increase (decrease) in cash and cash equivalents	1,883	3,239	29,203
Cash and cash equivalents at beginning of period	9,395	11,279	101,695
Cash and cash equivalents at end of period	11,279	14,518	130,898

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

### III. Corporate Data

#### Basic Information (as of March 31, 2019)

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:	1,659 (Consolidated; excluding temporary employees)
Head office:	1-6, Yasakadai 3-chome, Suma-ku, Kobe-shi, Hyogo
Telephone:	+81-78-797-7700

#### Group Companies (as of June 27, 2019)

G-7 AUTO SERVICE CO., LTD.  
G7 RETAIL JAPAN CO., LTD.  
G-7 SUPER MART CO., LTD.  
G-7 BIKE WORLD CO., LTD.  
G7 AGRI JAPAN CO., LTD.  
G7 JAPAN FOOD SERVICE CO., LTD.  
G-7 MEAT TERABAYASHI CO., LTD.  
TENPO SYSTEM E. C. CO., LTD.  
G7 RETAIL MALAYSIA SDN. BHD.  
CM G-7 AGRI MYANMAR CO., LTD.  
G7 (CAMBODIA) CO., LTD.  
G7 (THAILAND) CO., LTD.  
G-7. CrownTrading CO., LTD.  
G7 TAIWAN CO., LTD.

## Directors and Corporate Auditors (as of June 27, 2019)

Founder and Chairman Emeritus	Mamoru Kinoshita
Chairman and Representative Director and CEO	Tatsumi Kaneda
President and Director	Norio Kinoshita
Director	Yasumasa Kishimoto
Director	Yukitoshi Matsuda
Director	Daisaku Seki
Director	Isao Tamaki
Director*	Mitsuru Sakamoto
Director*	Yukihiro 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. Yukihiro 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, 2019)

Total number of shares authorized:	52,000,000 shares
Total number of shares issued:	13,336,400 shares
Number of shareholders:	4,024
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
Japan Trustee Services Bank, Ltd. (Trust Account)	378	3.12
Autobacs Seven Co., Ltd.	337	2.78
The Master Trust Bank of Japan, Ltd. (Trust Account)	262	2.16
MSIP CLIENT SECURITIES	162	1.34
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	113	0.93

### Notes:

1. G-7 HOLDINGS Inc. holds 1,225,718 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 is calculated excluding treasury shares.
4. The share-holding ratios are rounded down to the second decimal place.

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