

For the Fiscal Year Ended March 31, 2020

Annual Select[®] 2020

G-7 HOLDINGS Inc.

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

(Securities Code: 7508)

+81-78-797-7700

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 75 AUTOBACS stores in and outside Japan and 145 Gyomu Supers, 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 Gyomu Super/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

Gyomu Super Shin-tatsuno

I. Summary of Selected Financial Data (Consolidated)

	41 st term	42 nd term	43 rd term	44 th term	45 th term	
	Fiscal year ended	Fiscal year ended	Fiscal year ended	Fiscal year ended	Fiscal year ended	
	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020	
Net sales						
(Millions of yen)	¥103,895	¥110,377	¥119,816	¥122,502	¥132,642	\$1,219,808
(Thousands of U.S. dollars)						
Ordinary profit						
(Millions of yen)	3,220	4,062	4,568	5,019	5,995	55,131
(Thousands of U.S. dollars)						
Profit attributable to owners of parent						
(Millions of yen)	1,867	2,080	2,648	3,041	3,523	32,398
(Thousands of U.S. dollars)						
Comprehensive income						
(Millions of yen)	1,942	2,174	2,761	2,935	3,559	32,729
(Thousands of U.S. dollars)						
Net assets						
(Millions of yen)	14,183	15,658	17,732	19,502	22,018	202,482
(Thousands of U.S. dollars)						
Total assets						
(Millions of yen)	36,154	37,618	41,594	44,691	47,886	440,371
(Thousands of U.S. dollars)						
Net assets per share						
(Yen)	1,137.86	1,267.83	1,433.92	803.76	907.34	8.34
(U.S. dollars)						
Basic earnings per share						
(Yen)	153.95	171.76	218.73	125.56	145.46	1.33
(U.S. dollars)						
Diluted earnings per share						
(Yen)	—	—	—	—	—	—
(U.S. dollars)						
Equity ratio						
(%)	38.1	40.8	41.7	43.6	45.9	
Return on equity (ROE)						
(%)	14.26	14.28	16.19	16.51	17.00	
Price earnings ratio (PER)						
(Times)	8.33	14.65	11.27	9.29	15.95	
Net cash provided by (used in) operating activities						
(Millions of yen)	3,885	3,685	5,204	5,740	5,057	46,505
(Thousands of U.S. dollars)						
Net cash provided by (used in) investing activities						
(Millions of yen)	(1,296)	(1,884)	(1,678)	(1,700)	(2,615)	(24,048)
(Thousands of U.S. dollars)						
Net cash provided by (used in) financing activities						
(Millions of yen)	(1,293)	(638)	(1,638)	(803)	(506)	(4,653)
(Thousands of U.S. dollars)						
Cash and cash equivalents at end of period						
(Millions of yen)	8,242	9,395	11,279	14,518	16,465	151,416
(Thousands of U.S. dollars)						
Number of employees						
[Separately, average number of temporary employees]	1,653	1,677	1,698	1,659	1,737	
(Persons)	[2,873]	[3,145]	[3,393]	[3,471]	[3,713]	

- Notes: 1. U.S. dollar amounts are the yen equivalent, calculated for convenience only, at a rate of ¥108.74 = 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.
4. The Company conducted a 2-for-1 stock split for common stock with an effective date of January 1, 2020. The stated net assets per share and basic earnings per share have been calculated on the assumption that this stock split was conducted at the beginning of the 44th term.

II. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)		(Thousands of U.S. dollars)*
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Assets			
Current assets			
Cash and deposits	14,518	16,465	151,416
Notes and accounts receivable - trade	2,773	3,195	29,382
Merchandise and finished goods	5,767	5,602	51,517
Other	1,521	1,788	16,442
Allowance for doubtful accounts	(5)	(11)	(101)
Total current assets	24,575	27,040	248,666
Non-current assets			
Property, plant and equipment			
Buildings and structures	19,462	19,836	182,416
Accumulated depreciation	(12,704)	(13,380)	(123,045)
Buildings and structures, net	6,758	6,456	59,370
Machinery, equipment and vehicles	1,494	1,495	13,748
Accumulated depreciation	(1,085)	(1,060)	(9,748)
Machinery, equipment and vehicles, net	409	435	4,000
Land	5,015	5,015	46,119
Construction in progress	1	328	3,016
Other	4,876	5,150	47,360
Accumulated depreciation	(3,768)	(4,109)	(37,787)
Other, net	1,108	1,041	9,573
Total property, plant and equipment	13,293	13,276	122,089
Intangible assets			
Goodwill	150	67	616
Other	263	339	3,117
Total intangible assets	414	407	3,742
Investments and other assets			
Investment securities	510	620	5,701
Leasehold and guarantee deposits	3,960	4,421	40,656
Deferred tax assets	1,707	1,870	17,196
Other	759	546	5,021
Allowance for doubtful accounts	(530)	(296)	(2,722)
Total investments and other assets	6,408	7,162	65,863
Total non-current assets	20,115	20,846	191,704
Total assets	44,691	47,886	440,371

* Please refer to the note 1 on page 1.

	(Millions of yen)		(Thousands of U.S. dollars)*
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Liabilities			
Current liabilities			
Accounts payable - trade	6,131	6,742	62,001
Short-term borrowings	7,456	8,006	73,625
Income taxes payable	1,317	433	3,981
Provision for bonuses	866	1,055	9,702
Provision for point card certificates	24	-	-
Other	3,738	3,925	36,095
Total current liabilities	19,534	20,163	185,423
Non-current liabilities			
Long-term borrowings	1,348	1,342	12,341
Deferred tax liabilities for land revaluation	42	42	386
Provision for retirement benefits for directors (and other officers)	731	731	6,722
Asset retirement obligations	1,736	1,766	16,240
Retirement benefit liability	615	712	6,547
Other	1,181	1,110	10,207
Total non-current liabilities	5,654	5,705	52,464
Total liabilities	25,188	25,868	237,888
Net assets			
Shareholders' equity			
Share capital	1,785	1,785	16,415
Capital surplus	2,905	2,905	26,715
Retained earnings	16,137	18,616	171,197
Treasury shares	(725)	(725)	(6,667)
Total shareholders' equity	20,102	22,582	207,669
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	10	93	855
Revaluation reserve for land	(514)	(514)	(4,726)
Foreign currency translation adjustment	(142)	(164)	(1,508)
Remeasurements of defined benefit plans	11	(20)	(183)
Total accumulated other comprehensive income	(634)	(605)	(5,563)
Non-controlling interests	34	41	377
Total net assets	19,502	22,018	202,482
Total liabilities and net assets	44,691	47,886	440,371

* 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, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Net sales	122,502	132,642	1,219,808
Cost of sales	90,268	98,411	905,011
Gross profit	32,233	34,231	314,796
Selling, general and administrative expenses	27,216	28,447	261,605
Operating profit	5,017	5,783	53,181
Non-operating income			
Interest income	14	4	36
Dividend income	7	4	36
Commission income	173	168	1,544
Sponsorship money income	130	143	1,315
Other	78	78	717
Total non-operating income	405	399	3,669
Non-operating expenses			
Interest expenses	70	29	266
Loss on disposal of non-current assets	56	37	340
Foreign exchange losses	58	9	82
Provision of allowance for doubtful accounts	189	80	735
Other	28	30	275
Total non-operating expenses	403	186	1,710
Ordinary profit	5,019	5,995	55,131
Extraordinary income			
Gain on sales of non-current assets	164	-	-
Gain on reversal of asset retirement obligations	-	56	514
Insurance claim income	148	34	312
Total extraordinary income	313	91	836
Extraordinary losses			
Loss on store closings	48	25	229
Loss on valuation of investment securities	55	211	1,940
Impairment loss	261	519	4,772
Loss on disaster	69	22	202
Total extraordinary losses	435	779	7,163
Profit before income taxes	4,897	5,307	48,804
Income taxes - current	1,918	1,962	18,043
Income taxes - deferred	(123)	(185)	(1,701)
Total income taxes	1,795	1,777	16,341
Profit	3,101	3,529	32,453
Profit attributable to non-controlling interests	60	6	55
Profit attributable to owners of parent	3,041	3,523	32,398

* 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, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Profit	3,101	3,529	32,453
Other comprehensive income			
Valuation difference on available-for-sale securities	(178)	82	754
Foreign currency translation adjustment	(29)	(21)	(193)
Remeasurements of defined benefit plans, net of tax	41	(31)	(285)
Total other comprehensive income	(166)	29	266
Comprehensive income	2,935	3,559	32,729
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	2,875	3,552	32,665
Comprehensive income attributable to non-controlling interests	60	6	55

* Please refer to the note 1 on page 1.

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,785	2,757	14,016	(725)	17,834
Changes 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
Purchase of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	–	147	2,120	(0)	2,268
Balance at end of 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 period	188	(514)	(113)	(29)	(468)	367	17,732
Changes 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)
Purchase of treasury shares							
Net changes in items other than shareholders' equity	(178)	–	(29)	41	(166)	60	(105)
Total changes during period	(178)	–	(29)	41	(166)	(332)	1,769
Balance at end of period	10	(514)	(142)	11	(634)	34	19,502

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,785	2,905	16,137	(725)	20,102
Changes during period					
Dividends of surplus			(1,041)		(1,041)
Profit attributable to owners of parent			3,523		3,523
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation			(2)		(2)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,479	(0)	2,479
Balance at end of period	1,785	2,905	18,616	(725)	22,582

	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 period	10	(514)	(142)	11	(634)	34	19,502
Changes during period							
Dividends of surplus							(1,041)
Profit attributable to owners of parent							3,523
Purchase of treasury shares							(0)
Change in scope of consolidation							(2)
Net changes in items other than shareholders' equity	82	-	(21)	(31)	29	6	35
Total changes during period	82	-	(21)	(31)	29	6	2,515
Balance at end of period	93	(514)	(164)	(20)	(605)	41	22,018

Fiscal year ended March 31, 2020

(Thousands of U.S. dollars)*

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,415	26,715	148,399	(6,667)	184,862
Changes during period					
Dividends of surplus			(9,573)		(9,573)
Profit attributable to owners of parent			32,398		32,398
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation			(18)		(18)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	22,797	(0)	22,797
Balance at end of period	16,415	26,715	171,197	(6,667)	207,669

	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 period	91	(4,726)	(1,305)	101	(5,830)	312	179,345
Changes during period							
Dividends of surplus							(9,573)
Profit attributable to owners of parent							32,398
Purchase of treasury shares							(0)
Change in scope of consolidation							(18)
Net changes in items other than shareholders' equity	754	–	(193)	(285)	266	55	321
Total changes during period	754	–	(193)	(285)	266	55	23,128
Balance at end of period	855	(4,726)	(1,508)	(183)	(5,563)	377	202,482

* 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, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Cash flows from operating activities			
Profit before income taxes	4,897	5,307	48,804
Depreciation	1,673	1,539	14,153
Amortization of goodwill	46	48	441
Impairment loss	261	519	4,772
Increase (decrease) in allowance for doubtful accounts	67	(228)	(2,096)
Loss on store closings	48	25	229
Loss on disaster	69	22	202
Insurance claim income	(148)	(34)	(312)
Gain on reversal of asset retirement obligations	–	(56)	(514)
Increase (decrease) in provision for bonuses	190	188	1,728
Increase (decrease) in provision for point card certificates	(119)	(24)	(220)
Increase (decrease) in retirement benefit liability	11	96	882
Interest and dividend income	(22)	(8)	(73)
Interest expenses	70	29	266
Loss on retirement of property, plant and equipment	56	37	340
Loss (gain) on sales of property, plant and equipment	(164)	(6)	(55)
Loss (gain) on valuation of investment securities	55	211	1,940
Decrease (increase) in guarantee deposits	(23)	(111)	(1,020)
Foreign exchange losses (gains)	58	9	82
Decrease (increase) in trade receivables	(57)	(407)	(3,742)
Decrease (increase) in inventories	48	162	1,489
Decrease (increase) in other assets	(159)	335	3,080
Increase (decrease) in trade payables	(24)	601	5,526
Increase (decrease) in accrued consumption taxes	12	27	248
Increase (decrease) in other liabilities	215	140	1,287
Other, net	(10)	150	1,379
Subtotal	7,052	8,574	78,848
Interest and dividends received	22	8	73
Interest paid	(64)	(26)	(239)
Proceeds from insurance income	75	34	312
Income taxes paid	(1,345)	(3,534)	(32,499)
Net cash provided by (used in) operating activities	5,740	5,057	46,505

* Please refer to the note 1 on page 1.

	(Millions of yen)		(Thousands of U.S. dollars)*
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Cash flows from investing activities			
Purchase of property, plant and equipment	(1,384)	(1,808)	(16,626)
Proceeds from sales of property, plant and equipment	407	6	55
Purchase of investment securities	(351)	(252)	(2,317)
Purchase of shares of subsidiaries	(157)	–	–
Proceeds from liquidation of subsidiaries	–	27	248
Proceeds from sales of investment securities	–	1	9
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	20	–	–
Loan advances	(294)	(28)	(257)
Collection of loans receivable	282	4	36
Payments of leasehold and guarantee deposits	(170)	(435)	(4,000)
Proceeds from refund of leasehold and guarantee deposits	93	43	395
Guarantee deposits received	43	15	137
Other payments	(190)	(189)	(1,738)
Net cash provided by (used in) investing activities	(1,700)	(2,615)	(24,048)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	1,875	1,250	11,495
Proceeds from long-term borrowings	1,357	–	–
Repayments of long-term borrowings	(2,861)	(706)	(6,492)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(245)	–	–
Purchase of treasury shares	–	(0)	(0)
Dividends paid	(918)	(1,039)	(9,554)
Other payments	(11)	(11)	(101)
Net cash provided by (used in) financing activities	(803)	(506)	(4,653)
Effect of exchange rate change on cash and cash equivalents	4	(1)	(9)
Net increase (decrease) in cash and cash equivalents	3,239	1,933	17,776
Cash and cash equivalents at beginning of period	11,279	14,518	133,511
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	12	110
Cash and cash equivalents at end of period	14,518	16,465	151,416

* Please refer to the note 1 on page 1.

III. Corporate Data

Basic Information (as of March 31, 2020)

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:	1,737 (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 26, 2020)

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.
99 ICHIBA CO., LTD.
TENPO SYSTEM E. C. CO., LTD.
G7 RETAIL MALAYSIA SDN. BHD.
G7 (THAILAND) CO., LTD.
G-7. CrownTrading CO., LTD.
G7 TAIWAN CO., LTD.

Directors and Corporate Auditors (as of June 26, 2020)

Founder and Chairman Emeritus	Mamoru Kinoshita
Chairman and Representative Director and CEO	Tatsumi Kaneda
President and Representative Director	Norio Kinoshita
Director	Yasumasa Kishimoto
Director	Yukitoshi Matsuda
Director	Daisaku Seki
Director	Isao Tamaki
Director*	Mitsuru Sakamoto
Director*	Yukihiro Shida
Director*	Yugo Ito
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. Yugo Ito, 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, 2020)

Total number of shares authorized:	104,000,000 shares
Total number of shares issued:	26,672,800 shares
Number of shareholders:	4,650
Major shareholders (Top 10)	

Shareholder name	Number of shares held (Thousands)	Share-holding ratio (%)
Norio Kinoshita	3,659	15.11
Chinami Seki	2,258	9.32
K-1 Global Network Co., Ltd.	2,189	9.03
Mamoru Kinoshita	1,830	7.55
G-7 Scholarship Foundation	1,830	7.55
Yoko Kinoshita	1,652	6.82
Japan Trustee Services Bank, Ltd. (Trust Account)	976	4.03
Autobacs Seven Co., Ltd.	674	2.78
The Master Trust Bank of Japan, Ltd. (Trust Account)	591	2.44
Japan Trustee Services Bank, Ltd. (Trust Account 5)	236	0.97

Notes:

1. G-7 HOLDINGS Inc. holds 2,451,526 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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