

For the Fiscal Year Ended March 31, 2021

Annual Select[®] 2021

G-7 HOLDINGS Inc.

1-3, Yasakadai 2-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 165 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 Business, the Motorcycle Parts and Accessories Business, the Agricultural Business, the Mini-supermarket 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 2026, the 50th anniversary of our establishment, as its final year, in which consolidated net sales of 250 billion yen and ordinary profit of 10 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 & BIKEWORLD Old Klan Road, Malaysia



Gyomu Super Fusehata Inter, Kobe, Japan

I. Summary of Selected Financial Data (Consolidated)

	42 nd term	43 rd term	44 th term	45 th term	46 th term	
	Fiscal year ended	Fiscal year ended	Fiscal year ended	Fiscal year ended	Fiscal year ended	
	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	
Net sales						
(Millions of yen)	¥110,377	¥119,816	¥122,502	¥132,642	¥163,556	\$1,542,108
(Thousands of U.S. dollars)						
Ordinary profit						
(Millions of yen)	4,062	4,568	5,019	5,995	7,306	68,885
(Thousands of U.S. dollars)						
Profit attributable to owners of parent						
(Millions of yen)	2,080	2,648	3,041	3,523	4,855	45,775
(Thousands of U.S. dollars)						
Comprehensive income						
(Millions of yen)	2,174	2,761	2,935	3,559	5,026	47,388
(Thousands of U.S. dollars)						
Net assets						
(Millions of yen)	15,658	17,732	19,502	22,018	21,263	200,480
(Thousands of U.S. dollars)						
Total assets						
(Millions of yen)	37,618	41,594	44,691	47,886	51,391	484,546
(Thousands of U.S. dollars)						
Net assets per share						
(Yen)	1,267.83	1,433.92	803.76	907.34	957.83	9.03
(U.S. dollars)						
Basic earnings per share						
(Yen)	171.76	218.73	125.56	145.46	211.64	1.99
(U.S. dollars)						
Diluted earnings per share						
(Yen)	—	—	—	—	—	—
(U.S. dollars)						
Equity ratio						
(%)	40.8	41.7	43.6	45.9	41.1	
Return on equity (ROE)						
(%)	14.28	16.19	16.51	17.00	22.54	
Price earnings ratio (PER)						
(Times)	14.65	11.27	9.29	15.95	12.47	
Net cash provided by (used in) operating activities						
(Millions of yen)	3,685	5,204	5,740	5,057	9,314	87,818
(Thousands of U.S. dollars)						
Net cash provided by (used in) investing activities						
(Millions of yen)	(1,884)	(1,678)	(1,700)	(2,615)	(2,974)	(28,040)
(Thousands of U.S. dollars)						
Net cash provided by (used in) financing activities						
(Millions of yen)	(638)	(1,638)	(803)	(506)	(6,555)	(61,804)
(Thousands of U.S. dollars)						
Cash and cash equivalents at end of period						
(Millions of yen)	9,395	11,279	14,518	16,465	16,254	153,252
(Thousands of U.S. dollars)						
Number of employees						
[Separately, average number of temporary employees]	1,677	1,698	1,659	1,737	1,962	
(Persons)	[3,145]	[3,393]	[3,471]	[3,713]	[5,670]	

- Notes: 1. U.S. dollar amounts are the yen equivalent, calculated for convenience only, at a rate of ¥106.06 = 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, 2020	As of March 31, 2021	As of March 31, 2021
Assets			
Current assets			
Cash and deposits	16,465	16,259	153,300
Notes and accounts receivable - trade	3,195	3,353	31,614
Merchandise and finished goods	5,602	6,517	61,446
Other	1,788	1,528	14,406
Allowance for doubtful accounts	(11)	(8)	(75)
Total current assets	27,040	27,650	260,701
Non-current assets			
Property, plant and equipment			
Buildings and structures	19,836	22,175	209,079
Accumulated depreciation	(13,380)	(14,358)	(135,376)
Buildings and structures, net	6,456	7,816	73,694
Machinery, equipment and vehicles	1,495	2,040	19,234
Accumulated depreciation	(1,060)	(1,538)	(14,501)
Machinery, equipment and vehicles, net	435	502	4,733
Land	5,015	5,086	47,953
Construction in progress	328	184	1,734
Other	5,150	6,141	57,901
Accumulated depreciation	(4,109)	(4,753)	(44,814)
Other, net	1,041	1,387	13,077
Total property, plant and equipment	13,276	14,977	141,212
Intangible assets			
Goodwill	67	516	4,865
Other	339	305	2,875
Total intangible assets	407	821	7,740
Investments and other assets			
Investment securities	620	581	5,478
Leasehold and guarantee deposits	4,421	5,226	49,273
Deferred tax assets	1,870	2,010	18,951
Other	546	822	7,750
Allowance for doubtful accounts	(296)	(698)	(6,581)
Total investments and other assets	7,162	7,941	74,872
Total non-current assets	20,846	23,741	223,844
Total assets	47,886	51,391	484,546

* Please refer to the note 1 on page 1.

	(Millions of yen)		(Thousands of U.S. dollars)*
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2021
Liabilities			
Current liabilities			
Accounts payable - trade	6,742	8,296	78,219
Short-term borrowings	8,006	8,000	75,429
Income taxes payable	433	1,829	17,244
Provision for bonuses	1,055	1,122	10,578
Other	3,925	4,853	45,757
Total current liabilities	20,163	24,101	227,239
Non-current liabilities			
Long-term borrowings	1,342	1,300	12,257
Deferred tax liabilities for land revaluation	42	42	396
Provision for retirement benefits for directors (and other officers)	731	731	6,892
Asset retirement obligations	1,766	2,117	19,960
Retirement benefit liability	712	771	7,269
Other	1,110	1,063	10,022
Total non-current liabilities	5,705	6,027	56,826
Total liabilities	25,868	30,128	284,065
Net assets			
Shareholders' equity			
Share capital	1,785	1,785	16,830
Capital surplus	2,905	2,905	27,390
Retained earnings	18,616	16,834	158,721
Treasury shares	(725)	(0)	(0)
Total shareholders' equity	22,582	21,525	202,951
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	93	278	2,621
Revaluation reserve for land	(514)	(514)	(4,846)
Foreign currency translation adjustment	(164)	(167)	(1,574)
Remeasurements of defined benefit plans	(20)	(19)	(179)
Total accumulated other comprehensive income	(605)	(422)	(3,978)
Non-controlling interests	41	160	1,508
Total net assets	22,018	21,263	200,480
Total liabilities and net assets	47,886	51,391	484,546

* 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, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Net sales	132,642	163,556	1,542,108
Cost of sales	98,411	121,715	1,147,605
Gross profit	34,231	41,840	394,493
Selling, general and administrative expenses	28,447	34,782	327,946
Operating profit	5,783	7,058	66,547
Non-operating income			
Interest income	4	2	18
Dividend income	4	9	84
Commission income	168	168	1,584
Sponsorship money income	143	144	1,357
Subsidy income	–	55	518
Other	78	104	980
Total non-operating income	399	485	4,572
Non-operating expenses			
Interest expenses	29	30	282
Loss on disposal of non-current assets	37	70	660
Foreign exchange losses	9	–	–
Provision of allowance for doubtful accounts	80	56	528
Commission for purchase of treasury shares	–	24	226
Other	30	55	518
Total non-operating expenses	186	236	2,225
Ordinary profit	5,995	7,306	68,885
Extraordinary income			
Gain on bargain purchase	–	43	405
Gain on reversal of asset retirement obligations	56	–	–
Insurance claim income	34	–	–
Total extraordinary income	91	43	405
Extraordinary losses			
Loss on store closings	25	95	895
Loss on valuation of investment securities	211	14	132
Impairment losses	519	273	2,574
Loss on disaster	22	–	–
Total extraordinary losses	779	383	3,611
Profit before income taxes	5,307	6,967	65,689
Income taxes - current	1,962	2,294	21,629
Income taxes - deferred	(185)	(170)	(1,602)
Total income taxes	1,777	2,124	20,026
Profit	3,529	4,843	45,662
Profit attributable to non-controlling interests	6	(12)	(113)
Profit attributable to owners of parent	3,523	4,855	45,775

* 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, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Profit	3,529	4,843	45,662
Other comprehensive income			
Valuation difference on available-for-sale securities	82	185	1,744
Foreign currency translation adjustment	(21)	(3)	(28)
Remeasurements of defined benefit plans, net of tax	(31)	0	0
Total other comprehensive income	29	182	1,716
Comprehensive income	3,559	5,026	47,388
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	3,552	5,038	47,501
Comprehensive income attributable to non-controlling interests	6	(12)	(113)

* Please refer to the note 1 on page 1.

(3) Consolidated Statements of Changes in Equity

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, 2021

(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	18,616	(725)	22,582
Changes during period					
Dividends of surplus			(1,119)		(1,119)
Profit attributable to owners of parent			4,855		4,855
Purchase of treasury shares				(4,792)	(4,792)
Cancellation of treasury shares			(5,518)	5,518	-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(1,782)	725	(1,056)
Balance at end of period	1,785	2,905	16,834	(0)	21,525

	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	93	(514)	(164)	(20)	(605)	41	22,018
Changes during period							
Dividends of surplus							(1,119)
Profit attributable to owners of parent							4,855
Purchase of treasury shares							(4,792)
Cancellation of treasury shares							-
Net changes in items other than shareholders' equity	185	-	(3)	0	182	119	301
Total changes during period	185	-	(3)	0	182	119	(754)
Balance at end of period	278	(514)	(167)	(19)	(422)	160	21,263

Fiscal year ended March 31, 2021

(Thousands of U.S. dollars)*

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,830	27,390	175,523	(6,835)	212,917
Changes during period					
Dividends of surplus			(10,550)		(10,550)
Profit attributable to owners of parent			45,775		45,775
Purchase of treasury shares				(45,181)	(45,181)
Cancellation of treasury shares			(52,027)	52,027	–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(16,801)	6,835	(9,956)
Balance at end of period	16,830	27,390	158,721	(0)	202,951

	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	876	(4,846)	(1,546)	(188)	(5,704)	386	207,599
Changes during period							
Dividends of surplus							(10,550)
Profit attributable to owners of parent							45,775
Purchase of treasury shares							(45,181)
Cancellation of treasury shares							–
Net changes in items other than shareholders' equity	1,744	–	(28)	0	1,716	1,122	2,838
Total changes during period	1,744	–	(28)	0	1,716	1,122	(7,109)
Balance at end of period	2,621	(4,846)	(1,574)	(179)	(3,978)	1,508	200,480

* 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, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Cash flows from operating activities			
Profit before income taxes	5,307	6,967	65,689
Depreciation	1,539	1,668	15,726
Amortization of goodwill	48	80	754
Impairment losses	519	273	2,574
Increase (decrease) in allowance for doubtful accounts	(228)	394	3,714
Loss on store closings	25	95	895
Loss on disaster	22	–	–
Insurance claim income	(34)	–	–
Gain on reversal of asset retirement obligations	(56)	–	–
Gain on bargain purchase	–	(43)	(405)
Increase (decrease) in provision for bonuses	188	17	160
Increase (decrease) in provision for point card certificates	(24)	–	–
Increase (decrease) in retirement benefit liability	96	(77)	(726)
Interest and dividend income	(8)	(12)	(113)
Subsidy income	–	(55)	(518)
Interest expenses	29	30	282
Commission for purchase of treasury shares	–	24	226
Loss on retirement of property, plant and equipment	37	70	660
Loss (gain) on sale of property, plant and equipment	(6)	(3)	(28)
Loss (gain) on valuation of investment securities	211	14	132
Decrease (increase) in guarantee deposits	(111)	(137)	(1,291)
Foreign exchange losses (gains)	9	(11)	(103)
Decrease (increase) in trade receivables	(407)	183	1,725
Decrease (increase) in inventories	162	(412)	(3,884)
Decrease (increase) in other assets	335	(272)	(2,564)
Increase (decrease) in trade payables	601	407	3,837
Increase (decrease) in accrued consumption taxes	27	265	2,498
Increase (decrease) in other liabilities	140	215	2,027
Other, net	150	(98)	(924)
Subtotal	8,574	9,584	90,363
Interest and dividends received	8	26	245
Subsidies received	–	55	518
Interest paid	(26)	(25)	(235)
Proceeds from insurance income	34	–	–
Income taxes refund	65	779	7,344
Income taxes paid	(3,599)	(1,106)	(10,428)
Net cash provided by (used in) operating activities	5,057	9,314	87,818

* Please refer to the note 1 on page 1.

	(Millions of yen)		(Thousands of U.S. dollars)*
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2021
Cash flows from investing activities			
Purchase of property, plant and equipment	(1,808)	(2,592)	(24,438)
Proceeds from sale of property, plant and equipment	6	4	37
Purchase of investment securities	(252)	(0)	(0)
Proceeds from sale of shares of subsidiaries and associates	–	100	942
Proceeds from liquidation of subsidiaries	27	–	–
Proceeds from sale of investment securities	1	59	556
Payments into time deposits	–	(5)	(47)
Proceeds from withdrawal of time deposits	–	15	141
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(284)	(2,677)
Loan advances	(28)	(25)	(235)
Proceeds from collection of loans receivable	4	43	405
Payments of leasehold and guarantee deposits	(435)	(342)	(3,224)
Proceeds from refund of leasehold and guarantee deposits	43	69	650
Guarantee deposits received	15	10	94
Proceeds from cancellation of insurance funds	–	89	839
Other payments	(189)	(116)	(1,093)
Net cash provided by (used in) investing activities	(2,615)	(2,974)	(28,040)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	1,250	(550)	(5,185)
Repayments of long-term borrowings	(706)	(48)	(452)
Purchase of treasury shares	(0)	(4,816)	(45,408)
Dividends paid	(1,039)	(1,118)	(10,541)
Other payments	(11)	(22)	(207)
Net cash provided by (used in) financing activities	(506)	(6,555)	(61,804)
Effect of exchange rate change on cash and cash equivalents	(1)	4	37
Net increase (decrease) in cash and cash equivalents	1,933	(210)	(1,980)
Cash and cash equivalents at beginning of period	14,518	16,465	155,242
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	12	–	–
Cash and cash equivalents at end of period	16,465	16,254	153,252

* Please refer to the note 1 on page 1.

III. Corporate Data

Basic Information (as of March 31, 2021)

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:	1,962 (Consolidated; excluding temporary employees)
Head office:	1-3, Yasakadai 2-chome, Suma-ku, Kobe-shi, Hyogo
Telephone:	+81-78-797-7700

Group Companies (as of April 1, 2021)

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.
STORE INNOVATIONS CO., LTD.
G7 RETAIL MALAYSIA SDN. BHD.
G-7. CrownTrading CO., LTD.
G7 TAIWAN CO., LTD.

Directors and Corporate Auditors (as of June 29, 2021)

Founder and Chairman Emeritus	Mamoru Kinoshita
Chairman and Representative Director and CEO	Tatsumi Kaneda
President and Representative Director	Norio Kinoshita
Managing 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, 2021)

Total number of shares authorized:	104,000,000 shares
Total number of shares issued:	22,031,877 shares
Number of shareholders:	4,887
Major shareholders (Top 10)	

Shareholder name	Number of shares held (Thousands)	Share-holding ratio (%)
K Trust Association Trust Account	5,917	26.86
Mamoru Kinoshita	1,830	8.30
G-7 Scholarship Foundation	1,830	8.30
Yoko Kinoshita	1,652	7.50
Northern Trust Co. (AVFC) RE HCR00	844	3.83
The Master Trust Bank of Japan, Ltd. (Trust Account)	785	3.56
Autobacs Seven Co., Ltd.	674	3.06
Custody Bank of Japan, Ltd. (Trust Account)	633	2.87
Custody Bank of Japan, Ltd. (Trust Account 5)	177	0.80
Sompo Japan Insurance Inc.	168	0.76

Notes:

1. The Company does not hold treasury shares.
2. The number of shares held is rounded down to units of one thousand.
3. The share-holding ratios are rounded down to the second decimal place.

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