COMPANY RESEARCH AND ANALYSIS REPORT

G-7 HOLDINGS INC.

7508

Tokyo Stock Exchange Prime Market

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https://www.fisco.co.jp

Contents

Summary

Advancing an M&A strategy, looking for new record high results in FY3/26

G-7 HOLDINGS INC. <7508> (hereafter, also "the Company") is a holding company that owns subsidiaries operating the largest franchises of AUTOBACS and Gyomu Super stores in Japan. It excels at store profitability with emphasis on productivity per employee and inventory turnover rates. It has been actively conducting M&A and expanding its business scale.

1. Overview of FY3/25 results

In the FY3/25 results, net sales rose 11.0% year on year (YoY) to ¥214,129mn, while ordinary income increased 2.0% to ¥7,466mn, as both net sales and ordinary income increased for the second straight fiscal year. The main reasons for this were the recovery in tire sales, which led to the car-related business turning to profit growth for the first time in three fiscal years, along with the Gyomu Super business seeing higher sales and profits due to the strong performance of existing stores based on the growing tendency for people to save money as well as the effect of new store openings and M&A. Regarding M&A, which is one of the Company's growth strategies, the Company successively turned companies into subsidiaries. This included Bonne Sante Co., Ltd., which operates 15 Gyomu Super stores, in July 2024, Shinwa Jidosha Co., Ltd., which sells cars and engages in the body repair and painting businesses, in October 2024, and neel Inc., which sells watches and pet products online, in January 2025. The three companies combined contributed to an increase in sales of approximately ¥11.9bn, but it is believed that this contributed to a decrease in ordinary income of approximately ¥200mn, including goodwill amortization of ¥330mn and M&A-related expenses of ¥350mn. During the fiscal period, 44 new stores were opened (21 of which were acquired through M&A), and 12 stores were closed, resulting in the total number of group stores at the end of the period increasing to 640.

2. FY3/26 forecasts

For the FY3/26 results, the Company is expecting net sales to increase by 7.4% to ¥230,000mn, ordinary income to increase 15.2% to ¥8,600mn, as it forecasts a new record high in profit for the first time in four fiscal years. The Company expects to increase sales and profits in all businesses, with the effects of the M&A activity carried out in the previous fiscal year contributing throughout the year and the elimination of M&A-related expenses also contributing to the increase in profit. Bonne Sante was absorbed by G-7 SUPER MART CO., LTD. in April 2025, with the aim of strengthening the profitability of the Gyomu Super business. The Company plans to open 29 new stores, mainly Gyomu Super and Oniku no Terabayashi stores.

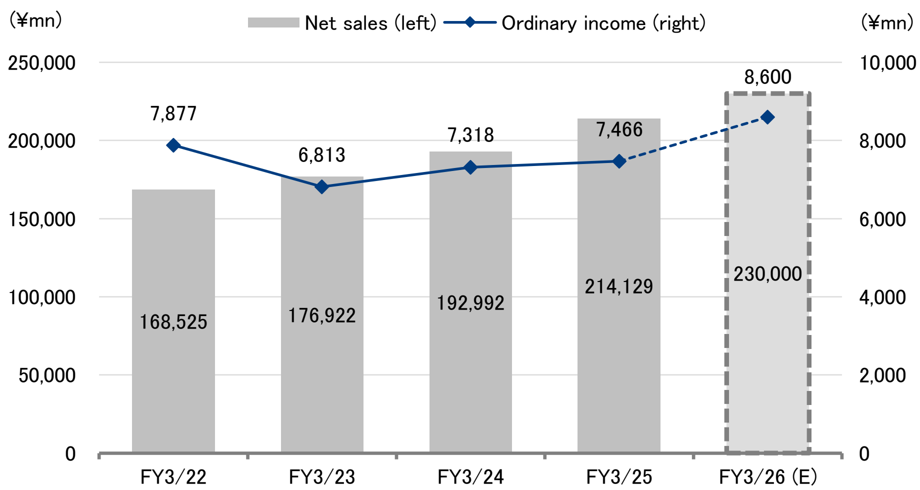
3. Progress of medium-term business plan

Regarding the five-year medium-term business plan started in FY3/22, the Company had announced targets of net sales of ¥250.0bn and ordinary income of ¥10.0bn for FY3/26, which marks the Company's 50th anniversary of its founding, but it has slightly lowered its forecasts for FY3/26 based on the progress through FY3/25. The main reasons for this are the slowdown in the pace of new store openings due to store opening costs and rising prices, and the prolonged slump in profits in the meat and mini-supermarket businesses. In addition, while the Company had set a goal of eliminating unprofitable stores, 25% of stores opened four or more years ago still accounted for unprofitable stores in FY3/25, so bolstering the profitability of existing stores is also a challenge. In FY3/26, the Company will work to resolve these issues and create synergies with subsidiaries newly brought into the Group, and will continue to consider M&A deals. Regarding shareholder returns, the Company has a policy of paying progressive dividends with a consolidated dividend payout ratio of at least 30%. In FY3/25, the Company paid a dividend of ¥40.0 per share, the same amount as the previous fiscal year, (dividend payout ratio of 35.5%), while in FY3/26 the Company is planning to pay a dividend of ¥40.0 per share (dividend payout ratio of 30.7%).

Key Points

- Achieved higher sales in FY3/25 once again although sales undercut the initial forecast
- In FY3/26, the Company expects growth in all businesses, with a record high profit for the first time in four fiscal years
- Revised targets for net sales and ordinary income in the final fiscal year of the medium-term management plan to ¥230.0bn and ¥8.6bn, respectively
- Will increase corporate value by maintaining and increasing ROE as well as accelerating growth investment

Results trends



Source: Prepared by FISCO from the Company's financial results

Business overview

Gyomu Super business is main pillar of earnings, accounting for majority share of net sales and ordinary income

The Company discloses information on four business segments: car-related business, Gyomu Super business, meat business, and other businesses. Looking at the percentages of total net sales by business in FY3/25, the Gyomu Super business accounted for 57.8% of net sales and 65.9% of ordinary income, making it the core business. The car-related business accounted for 21.5% of net sales and 27.2% of ordinary income, while the meat business accounted for 9.8% of net sales and 2.9% of ordinary income, and other businesses accounted for 10.9% of net sales and 4.0% of ordinary income. In addition, if adding the sales from the Gyomu Super business, the meat business, quality food and private brand business, mini-supermarket business, and agricultural business, which are included in other businesses, more than 70% of net sales come from food retail businesses.

1. Car-related business

The car-related business comprises the five companies of G-7 AUTO SERVICE CO., LTD., which is at the core and a franchise of AUTOBACS that offers car product sales and maintenance services; G-7 BIKE WORLD CO., LTD.; which runs BIKE WORLD, a seller of motorcycle products and provider of maintenance services; G7 RETAIL MALAYSIA SDN. BHD., which handles AUTOBACS franchisees and runs BIKE WORLD stores in Malaysia; G-7.CrownTrading Co., Ltd., which is involved in the car export and sales business; and G-7 Shinwa Mobility Service Inc. (name changed from Shinwa Jidosha in April 2025), which is involved in car sales and body repair and painting businesses.

Just over 70% of sales are accounted for by G-7 AUTO SERVICE, and as of the end of March 2025, the number of AUTOBACS-related stores was 76 domestic stores (69 AUTOBACS stores and 7 AUTOBACS Express stores), bringing the total to 76 stores. Stores in Japan are located predominantly in Hyogo, Kyoto, Fukui, Okayama, Hiroshima, Chiba, and Ibaraki prefectures. Hyogo is particularly important with 38 stores, around 50% of the Company's entire network. The Company is the largest franchisee within the AUTOBACS group (1,020 domestic stores and 148 overseas stores). Store management places strong emphasis on productivity per employee, gross profit margin and inventory turnover rates, and due to this store management, the franchise business is notable for maintaining high profitability within the AUTOBACS group. In addition, the Company's businesses include seven BP centers (body repair and painting), one Suzuki Cars Osaka store for purchasing and selling new and used cars, and five FIELD SEVEN outdoor goods shops located on the premises of AUTOBACS and other stores. It manages franchise stores including six Mammaciao laundromats, two Yamaya Honpo taiyaki (fish-shaped pancakes with beam jam) stores, and two Châteraisé confectionery stores.

The G-7 BIKE WORLD business, which accounts for just under 10% of sales, consisted of 15 domestic stores at the end of March 2025. In Japan, the Company is moving ahead on collaborative store openings with BIKE O & COMPANY <3377>, with which it has entered a capital and business alliance. G-7.CrownTrading, which accounts for just under 20% of sales, mainly conducts export sales of used automobiles, and in terms of sales by destination, Malaysia is the main sales destination, accounting for approximately 50% of total sales, followed by the Middle and Near East, which accounts for 10–20%.

The Malaysian subsidiary operates five BIKE WORLD stores and two AUTOBACS stores, but sales are still very small at only a few hundred million yen. G-7 Shinwa Mobility Service, which was brought into the Group in October 2024, operates four Gaia stores in the Kyoto-Shiga region, which sell new and used cars and provide body repair and painting services, and has an estimated annual sales volume of ¥2.0 to ¥3.0bn.

2. Gyomu Super business

The Gyomu Super business is operated by G-7 SUPER MART, which develops the Gyomu Super franchise. Store openings took place in the Kanto, Chubu, Kansai, Kyushu, and Hokkaido regions, reaching 216 stores at the end of March 2025, the largest scale within the Gyomu Super group (1,103 stores). Looking at store numbers by region, the Kanto area has the most with 88 stores (23 in Tokyo, 18 in Kanagawa, 30 in Saitama, and 17 in Chiba), followed by Chubu with 50 stores (32 in Aichi, 10 in Mie, and 8 in Gifu), Kansai with 34 stores (23 in Hyogo and 11 in Osaka), Kyushu with 26 stores (17 in Fukuoka, 7 in Kumamoto, and 2 in Nagasaki), and Hokkaido with 18 stores. The Company has expanded the number of stores through an emphasis on productivity per employee and inventory turnover rates to strengthen earnings capacity, and in recent years, the Company has accelerated the opening of new stores in Kanto, Kyushu, and Hokkaido. Going forward, the Company plans to actively expand store openings in the Chubu region as well as these areas.

3. Meat business

The meat business is operated by G-7 MEAT TERABAYASHI CO., LTD., which operates Oniku no Terabayashi retail butcher stores across the country. Since G-7 MEAT TERABAYASHI CO., LTD. was made a subsidiary in 2015, it has promoted a strategy of simultaneous openings with Gyomu Super stores, and has expanded its store network. It also has the Andesfoods business division, acquired in an absorption-type merger of Andesfoods Co., Ltd. after having been made a subsidiary in 2020. Andesfoods develops wholesale sales to restaurants, catering, and prepared food businesses in the Tokyo metropolitan area.

Store numbers at the end of March 2025 were 180 Oniku no Terabayashi stores and 13 Andesfoods stores, for a total of 193 stores. By region, Kanto had the most with 71 stores, followed by Kansai and Chubu with 37 stores each, Kyushu with 27 stores, and Hokkaido with 15 stores. Around 90% of the total number of Oniku no Terabayashi store openings are within Group stores, such as Gyomu Super and Megumi no Sato stores, as the business scale has been expanding while increasing Group synergies.

4. Other businesses

Other businesses consist of the businesses of G-7 RICO'S STORES CO., LTD., which operates RICO'S mini-supermarkets; G7 JAPAN FOOD SERVICE CO., LTD., which operates quality food and private brand (PB) businesses; G7 AGRI JAPAN CO., LTD., which manages the Megumi no Sato farmers' market chain; G7 RETAIL JAPAN CO., LTD., which develops franchises for Curves workout and training clubs for women and operates RJ market outlet store; and G-7 neel Inc. (name changed from neel Inc. in April 2025), which is engaged in e-commerce sales of watches and pet products, etc. In FY3/25, the mini-supermarket business accounted for just under 50% of sales, while the quality food and PB business accounted for just over 30% of sales, meaning that both businesses accounted for approximately 80% of sales.

RICO'S mini-supermarkets have opened in Tokyo and Kanagawa Prefecture, and as of the end of March 2025 there were 54 stores (43 stores in Tokyo, 11 in Kanagawa Prefecture). Average annual sales per store are approximately ¥180 million, which is just under 40% of the level of Gyomu Super. In April 2020, the Company acquired shares of UNY Co., Ltd., making it a subsidiary and resulting in 73 stores, but with sales showing sluggish growth due to the stay-at-home demand having petered out, the Company has gotten rid of unprofitable stores in phases. Since April 2023, profitability is now improving gradually under a new management structure.

In the quality food and PB business, the Company discovers regional delicacies and local specialty products and sells them to places such as department and specialty stores or e-commerce shops, as well as develops, produces, and sells various types of PB products centered on frozen and processed foods. As for regional delicacies and local specialty products, the Company procures over 60,000 items from more than 7,000 suppliers nationwide. Also, in July 2023, the Company made online liquor store company Mitsuwa Shuhan a subsidiary. Mitsuwa Shuhan has stores on sites such as Rakuten Ichiba, Yahoo! Shopping, and Amazon, and sells local sake nationwide, and possesses know-how for operating online shopping and strengths in product planning. Mitsuwa Shuhan's monthly sales are small at ¥10mn–20mn per month, but the Company is aiming for synergies realized by sharing Mitsuwa Shuhan's know-how within the Group.

As for Megumi no Sato stores, the Company closed all unprofitable stores in the Chubu and Kanto regions in FY3/23. As of the end of March 2025, it operates 20 stores in the Kansai region (17 in Hyogo, 1 in Osaka, and 2 in Nara prefectures), 9 of which are located within Gyomu Super stores. The Company receives around 20% commission on sales value from producers, recorded as net sales. This business model reduces the risk of product disposal loss and provides stable revenue.

As a franchisee, G7 RETAIL JAPAN operates 25 Curves workout and training clubs for women (Kanagawa Prefecture), and is also trying new business formats, such as opening one RJ market outlet store in 2024. In addition, G-7 neel, which was made a subsidiary in January 2025 with the aim of expanding the e-commerce business, sells watches and pet products online. Watch sales account for approximately 70% of net sales, and the company has opened two stores in Yokohama under the name NEEL.

Major consolidated subsidiaries

(As of April 1, 2025)

Business segment	Company name	Capital contribution ratio	Business description
Car-related	G-7 AUTO SERVICE CO., LTD.	100.0%	Operator of AUTOBACS, etc.
	G-7 BIKE WORLD CO., LTD.	100.0%	Operator of BIKE WORLD, etc.
	G-7 Shinwa Mobility Service Inc.	100.0%	Car sales, maintenance, and body repair and painting
	G-7.CrownTrading Co., Ltd	100.0%	New vehicle and used vehicle export sales
	G7 RETAIL MALAYSIA SDN. BHD	100.0%	Operator of AUTOBACS, BIKE WORLD, etc.
Gyomu Super	G-7 SUPER MART CO., LTD.	100.0%	Operator of Gyomu Super, etc.
	Bonne Sante Co., Ltd.	100.0%	
Meat	G-7 MEAT TERABAYASHI CO., LTD.	100.0%	Wholesale and retail sales of meats and processed livestock products
Other	G7 AGRI JAPAN CO., LTD.	100.0%	Operator of Megumi no Sato, etc.
	G7 JAPAN FOOD SERVICE CO., LTD.	100.0%	Manufacturing and wholesale of food products and beverages, etc.
	G7 RETAIL JAPAN CO., LTD.	100.0%	Operator of Curves training clubs for women and RJ market outlet store
	G7 STORE INNOVATIONS CO., LTD.	100.0%	Store design, interior design and work execution management
	G7 RICO'S STORES CO., LTD.	100.0%	Operator of RICO'S urban-type mini-supermarkets
	G-7 neel Inc.	100.0%	E-commerce sales of watches and pet products, etc.

Source: Prepared by FISCO from the Company's securities report and website

Results trends

In FY3/25, sales continued to increase despite undercutting the initial forecast

1. Overview of FY3/25 results

In the FY3/25 consolidated results, net sales increased 11.0% YoY to ¥214,129mn, operating income increased 2.9% to ¥7,122mn, ordinary income rose 2.0% to ¥7,466mn, and profit attributable to owners of parent was down 4.6% to ¥4,939mn.

Consolidated results for FY3/25

(¥mn)

	FY3/24		FY3/25				
	Results	vs. net sales	Company forecast	Results	vs. net sales	YoY	vs. initial plan
Net sales	192,992	-	220,000	214,129	-	11.0%	-2.7%
Cost of sales	147,303	76.3%	-	162,189	75.7%	10.1%	-
SG&A expenses	38,769	20.1%	-	44,816	20.9%	15.6%	-
Operating income	6,920	3.6%	8,200	7,122	3.3%	2.9%	-13.1%
Ordinary income	7,318	3.8%	8,500	7,466	3.5%	2.0%	-12.2%
Extraordinary income/losses	-196	-	-	-339	-	-	-
Profit attributable to owners of parent	5,175	2.7%	5,600	4,939	2.3%	-4.6%	-11.8%
EBITDA*	9,437	4.9%	-	10,192	4.8%	8.0%	-

* EBITDA = Operating income + depreciation + amortization of goodwill
Source: Prepared by FISCO from the Company's financial results

Net sales set a record high once again, as all segments except the meat business posted increases in net sales. Meanwhile, the decline in net profit was due to increased labor costs and store renovation costs, a decline in gross profit margins in the meat business, and the recording of M&A-related expenses of ¥350mn. Although major formats such as AUTOBACS and Gyomu Super achieved the Company's forecasts, BIKE WORLD and Oniku no Terabayashi struggled, resulting in sales and profits falling short of the forecasts. The impact of the three M&A deals (Bonne Sante, Shinwa Jidosha, and neel) on business results was an increase in net sales of approximately ¥11.9bn and a decrease in operating income by approximately ¥200mn after goodwill amortization (of which goodwill amortization was ¥330mn and M&A-related expenses were ¥350mn). Existing businesses (excluding M&A deals) are estimated to have achieved a roughly 5% increase in both sales and profit.

The Company opened 44 stores (including 21 stores acquired through M&A) and closed 12 stores for a total of 640 at the end of FY3/25, an increase of 32 stores YoY. A breakdown of the new store openings includes 25 Gyomu Super stores (including 15 stores acquired through M&A), 9 Oniku no Terabayashi stores, 1 RJ market outlet store, and 1 Karada Ugoki Kaifuku Center Pint-up* as new business formats.

* This facility uses AI technology to check for distortions and habits of the body, such as in the shoulders, hips, knees, and posture, that arise from lifestyle habits, and corrects them through unique training developed by physical therapists.

Number of Group stores and number of store openings and closures

Store name	Number of stores End of FY3/24	FY3/25		Number of stores End of FY3/25
		Openings	Closures	
AUTOBACS (including SA and SH)	69	1	1	69
AUTOBACS Express	7			7
BP centers (body repair and painting)	9		1	8
G-7 TSUCHIYAMA CIRCUIT	1			1
FIELD SEVEN	5			5
Mammaciao	6	1	1	6
Taiyaki Specialty Store Yamaya Honpo	2			2
Châteraisé	2			2
Gaia (M&A)	-	4		4
BIKE WORLD	15			15
Gyomu Super	191	25		216
Obentoya K	1			1
Oniku no Terabayashi	174	9	3	180
Andesfoods	13			13
Megumi no Sato	20			20
Super Megumi no Sato	1			1
RICO'S	58		4	54
Curves	25			25
Karada Ugoki Kaifuku Center Pint-up (new business format)	-	1		1
RJ market (new business format)	-	1		1
NEEL (M&A)	-	2		2
TREASURE CYCLE	1		1	-
Overseas (AUTOBACS, BIKE WORLD)	8		1	7
Total	608	44	12	640

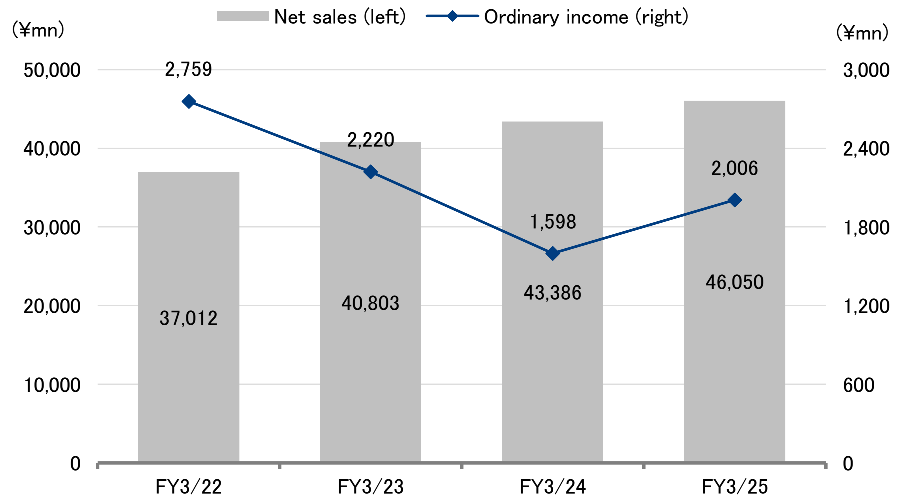
Source: Prepared by FISCO from materials provided by the Company

Sales increased in all business segments except for the meat business

(1) Car-related business

In the car-related business, net sales increased by 6.1% YoY to ¥46,050mn, marking a record high, while ordinary income rose by 25.5% to ¥2,006mn, achieving its first increase in three fiscal years. By company, all subsidiaries saw an increase in sales and profits (or a contraction in losses), and the mainstay G-7 AUTO SERVICE's profits recovered, thanks in part to increased tire sales, boosting overall results. G-7 Shinwa Mobility Service, which became a subsidiary in October 2024, recorded net sales of ¥1,076mn and a slight loss in ordinary income. This was mainly due to the recording of one-time expenses following the revision of accounting standards for listed companies in accordance with group companies. Excluding this factor, the Company recorded a slight profit. In addition, goodwill amortization was ¥15mn, while M&A expenses were approximately ¥100mn.

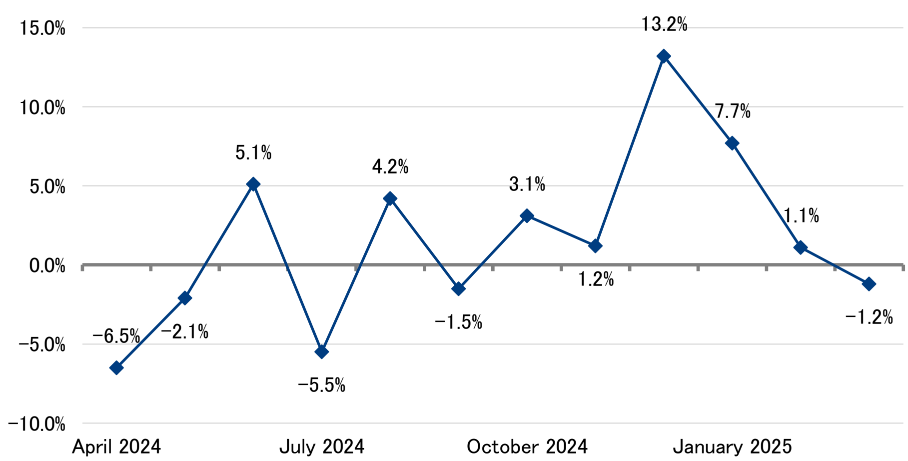
Car-related business



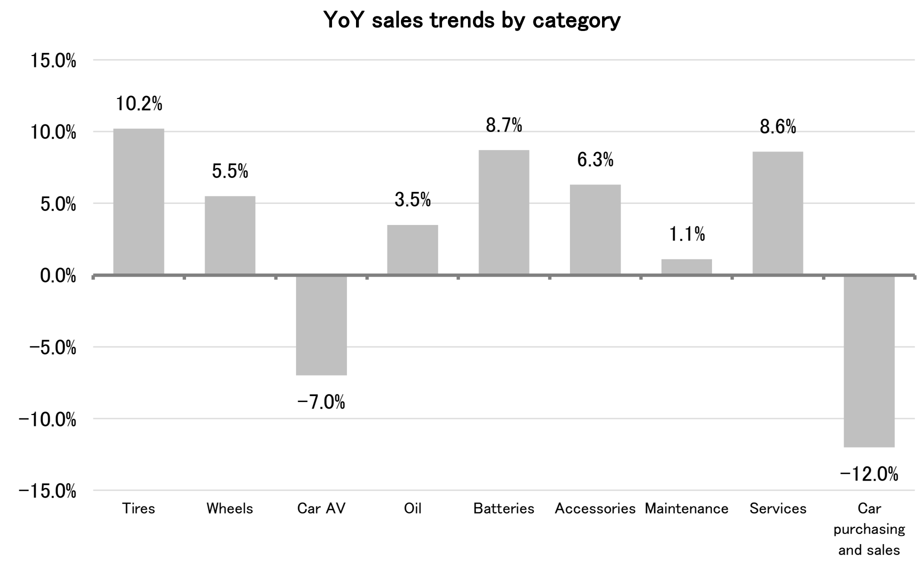
Source: Prepared by FISCO from the Company's financial results

G-7 AUTO SERVICE saw an increase in net sales of approximately 2% YoY and a double-digit YoY increase in ordinary income. New vehicle sales in Japan increased 1.0% YoY, marking the third consecutive fiscal year of growth, and existing store sales were up 1.8%, showing a solid performance. In particular, profit margins rose due to a large increase in sales of profitable winter tires, which were driven by snowfall during the winter. By category, net sales of tires increased 10.2% YoY, and service revenue, mainly tire installation labor charges, was strong, increasing 8.6%, while consumables also grew, with batteries increasing 8.7% and oil increasing 3.5% due to a recovery in driving demand. Meanwhile, car AV sales continued to decline, down 7.0% YoY, and car purchasing and sales also decreased 12.0%. The number of domestic AUTOBACS stores at the end of the fiscal year was 69, remaining flat from the end of the previous fiscal year, with 1 store being relocated and renovated.

Net sales growth rate of existing G-7 AUTO SERVICE stores (YoY)

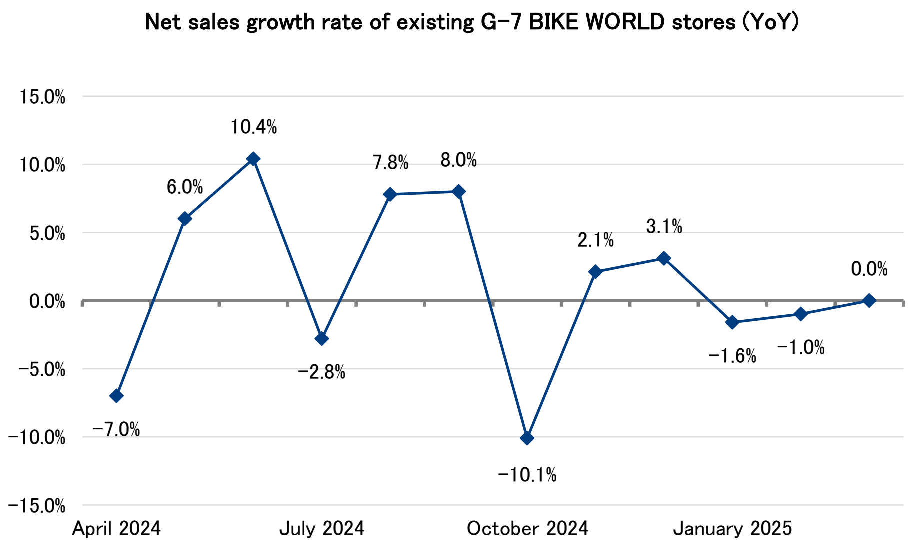


Source: Prepared by FISCO from materials provided by the Company



Source: Prepared by FISCO from materials provided by the Company

G-7 BIKE WORLD's existing store net sales increased 1.0% YoY, marking the first increase in three fiscal years, and the loss also narrowed. Sales had been sluggish due to the peaking of demand for motorcycle commuting, which had expanded during the COVID-19 pandemic, and the sluggish demand for motorcycle touring due to the extreme heat during the summer, but it appears that the decline has finally stopped. However, all four stores opened since 2021 are struggling, which has been a drag on profits. In addition, the initial plan for the fiscal year was to open one new store, but this was postponed due to the market environment, and the number of stores at the end of the fiscal year was 15, remaining flat versus the end of the previous fiscal year.



Source: Prepared by FISCO from materials provided by the Company

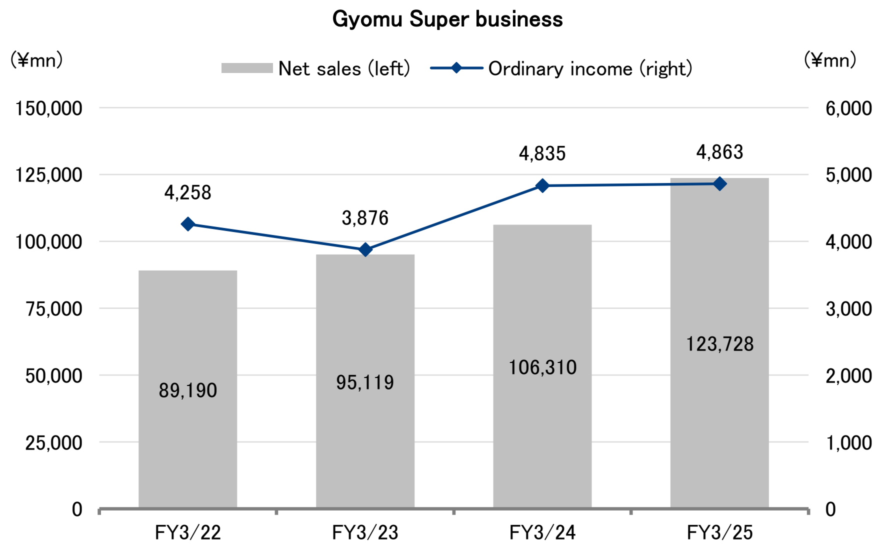
Among the overseas businesses, G-7.CrownTrading, which is engaged in the car export sales business, continued to see an increase in sales thanks to the weak yen, but sales have slowed since fall 2024, and profits only increased slightly. Meanwhile, the Malaysian subsidiary posted an increase in net sales and profit (a contraction in loss). The number of customers at BIKE WORLD, which operates five stores, increased, and sales expanded, mainly for helmets. On the other hand, AUTOBACS continued to suffer losses due to lack of growth in customer traffic. As a result, one of the unprofitable stores was closed, bringing the total number of stores to two.

(2) Gyomu Super business

In the Gyomu Super business, net sales were up 16.4% YoY to ¥123,728mn and ordinary income was up 0.6% to ¥4,863mn. Factors contributing to the increase in sales included a solid 2.7% YoY increase in existing stores net sales on the back of increased economizing, the opening of 10 new stores, and the consolidation of Bonne Sante from July 2024, which operates 15 stores in the Tokyo metropolitan area.

In terms of profits, personnel expenses increased due to improvements in employee compensation and benefits (salary revisions, increased bonuses), and the Company also recorded increased expenses for new store openings and store renovations, M&A expenses of ¥175mn for Bonne Sante, and goodwill amortization of ¥303mn. However, these were absorbed by the increase in gross profit due to increased sales, resulting in an increase in profit for the second consecutive fiscal year. Bonne Sante's net sales were approximately ¥10.0bn, and ordinary income was ¥360mn, which contributed to an increase in profits of ¥6.1mn even after goodwill amortization.

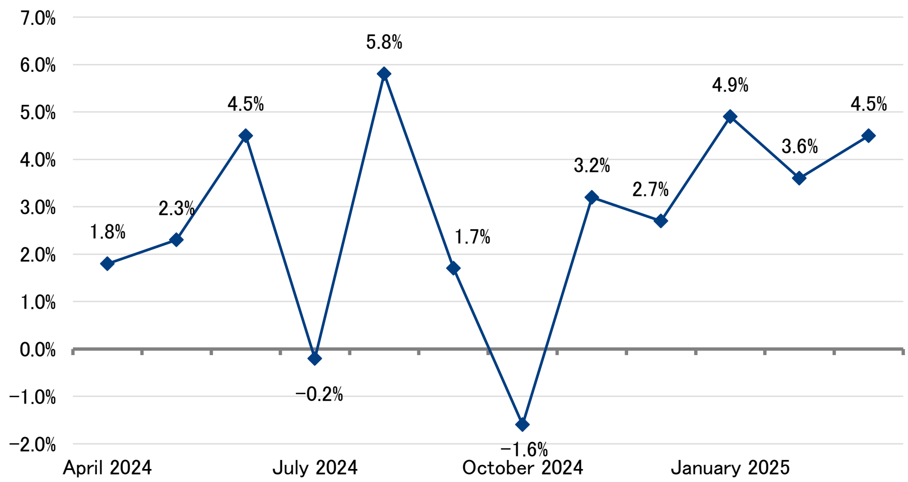
Looking at the breakdown of the 10 new stores by region, 3 are in Hokkaido and 7 are in the Chubu region. Adding in Bonne Sante's 15 stores brings the total number of stores at the end of the fiscal year to 216.



Source: Prepared by FISCO from the Company's financial results

Existing store net sales slowed slightly from the 7.9% increase in the previous fiscal year when the effects of price increases were seen, but remained strong throughout the fiscal year. The growth rate of existing stores in Kobe Bussan's <3038> overall direct sales area showed roughly the same trend, confirming the strong customer attraction power of Gyomu Super, which offers low prices, including PB products, amid a series of price hikes for food products.

Net sales growth rate of existing Gyomu Super stores (YoY)

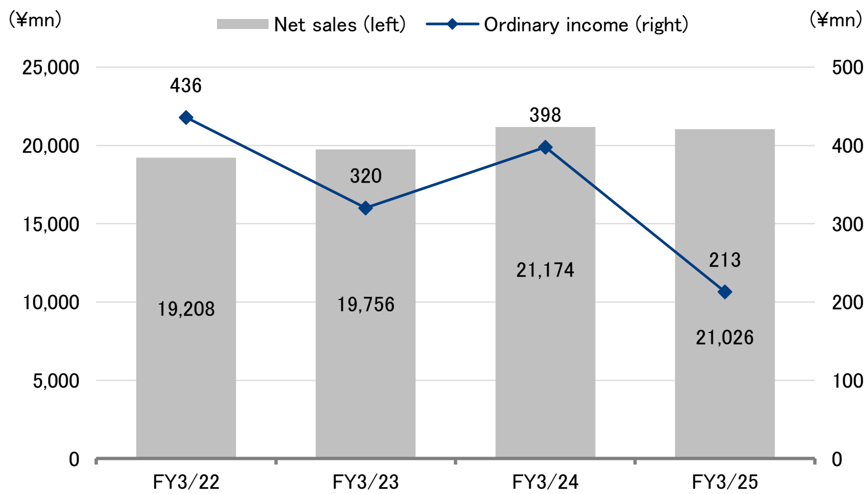


Source: Prepared by FISCO from materials provided by the Company

(3) Meat business

The meat business saw net sales decrease by 0.7% YoY to ¥21,026mn, while ordinary income decreased by 46.5% to ¥213mn. The cause of the decline in profit was the deterioration in the procurement rate due to the increase in raw materials prices, which included the impact of the yen's depreciation. The Company revised sales prices and switched to domestically-produced products (the ratio of imported meats fell to around 20%), but in addition to the continuation of consumer preference for saving money, the decline in the demand for outdoor barbeques due to the extreme heat also led to the decline in profit.

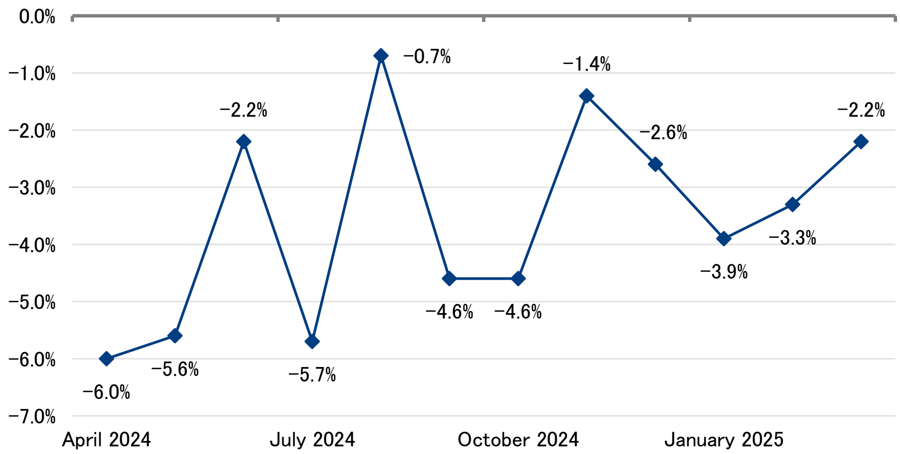
Meat business



Source: Prepared by FISCO from the Company's financial results

Regarding the monthly sales trend at existing stores, sales have been declining YoY since April 2024, and FY3/25 sales were 3.6% lower than in FY3/24. The Company opened 9 stores (6 stores in Chubu, 1 store each in Hokkaido, Kyushu, and Kansai) and closed 3 stores for a total store count of 180 at the end of FY3/25, up 6 YoY.

Net sales growth rate of existing meat business (Oniku no Terabayashi) stores (YoY)

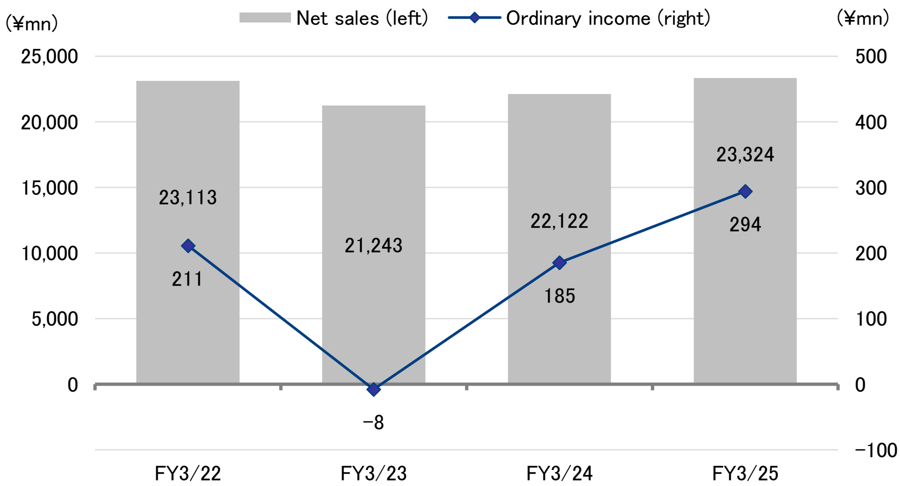


Source: Prepared by FISCO from materials provided by the Company

(4) Other businesses

In other businesses, net sales increased by 5.4% YoY to ¥23,324mn, and ordinary income increased by 58.5% to ¥294mn, continuing the upward trend in both sales and profit.

Other businesses

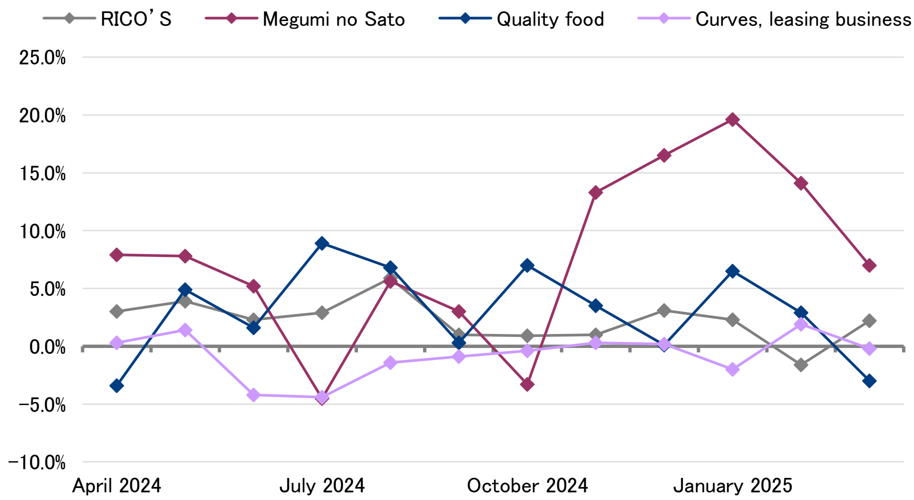


Source: Prepared by FISCO from the Company's financial results

Looking at performance by business, the mini-supermarket business saw about 3% YoY decline in net sales due to the impact of efforts to shed unprofitable stores, but on an existing store basis, net sales increased 2.3%, making the second consecutive fiscal year of growth. Sales price revisions and sales promotion measures that also utilize social media, including holding fairs such as those for products limited to certain regions, led to a recovery in sales. The Company had 54 stores (down by 4 YoY) at the end of FY3/25. Of these stores, just under 70% are still making a loss, but the loss amounts appear to have contracted significantly.

The agricultural business posted higher sales and profits, with existing store net sales up 7.6% YoY and the impact of closing unprofitable stores in 2H of the previous fiscal year. The store count was 20, unchanged from the end of the previous fiscal year. Also, sales and profit increased in the quality food and PB business, due to efforts to cultivate new customers and discover products. As a new product, the Company has begun handling pet food. In the Curves business, although there was an increase in the number of members of Curves, its workout and training clubs for women (25 stores), profits fell due to increased expenses including the relocation and renovation of 2 Curves stores and the opening of 1 RJ market outlet store for cosmetics and daily necessities as a new business format. RJ market seems to have struggled to attract customers in part due to a lack of recognition, so this is an issue that will need to be addressed going forward. Also, the Company closed TREASURE CYCLE, the bicycle sales specialty store it opened in 2021, after determining that it would be challenging to make it profitable.

Net sales growth rate at existing stores in other businesses (YoY)



Source: Prepared by FISCO from materials provided by the Company

The Company has maintained a solid financial position despite increase in borrowings to fund M&A

2. Financial position and key financial indicators

At the end of FY3/25, total assets were up ¥8,821mn from the end of the previous fiscal year to ¥70,693mn. Looking at the main factors of change, in current assets, cash and deposits decreased by ¥269mn, while accounts receivable – trade increased by ¥1,128mn and inventories increased by ¥1,041mn. In non-current assets, mainly due to the execution of three M&A transactions including Bonne Sante, property, plant and equipment increased by ¥2,418mn, goodwill rose by ¥4,555mn, and leasehold and guarantee deposits increased ¥362mn.

Total liabilities increased by ¥6,220mn from the end of the previous fiscal year to ¥38,118mn. Due to the funds for acquiring Bonne Sante shares, interest-bearing debt increased by ¥4,840mn, while accounts payable - trade increased by ¥923mn, asset retirement obligations increased by ¥451mn, and income taxes payable declined by ¥384mn. Total net assets increased ¥2,601mn from the end of the previous fiscal year to ¥32,574mn. Retained earnings increased by ¥3,005mn mainly due to the recording of ¥4,939mn in profit attributable to owners of parent and the payment of ¥1,753mn in dividends. The Company purchased ¥643mn of treasury shares.

Turning to key financial indicators, the equity ratio fell 2.3 percentage points (pp) from the end of the previous fiscal year to 46.1% and the interest-bearing debt ratio rose 12.4pp to 43.0%, as the financial condition deteriorated slightly due to M&A execution. Net cash (cash and deposits – interest-bearing debt) was ¥2,859mn, remaining positive, and its financial soundness is considered to be maintained. Regarding profitability, ROE remained at a double-digit level of 15.8%, but the operating margin fell to 3.3%, making improving profitability an issue to address going forward.

Consolidated balance sheet and key financial indicators

(¥mn)

	FY3/22	FY3/23	FY3/24	FY3/25	Change
Current assets	29,498	30,259	33,360	34,898	1,538
Cash and deposits	17,033	15,688	17,138	16,869	-269
Inventories	6,854	7,982	8,067	9,108	1,041
Non-current assets	24,647	26,943	28,511	35,795	7,284
Goodwill	437	16	62	4,617	4,555
Total assets	54,145	57,202	61,872	70,693	8,821
Total liabilities	29,398	30,444	31,898	38,118	6,220
Interest-bearing debt	9,300	9,300	9,170	14,010	4,840
Total net assets	24,747	26,757	29,973	32,574	2,601
Key financial indicators					
Financial strength					
Equity ratio	45.4%	46.8%	48.4%	46.1%	-2.3pp
Interest-bearing debt ratio	37.8%	34.8%	30.6%	43.0%	12.4pp
Net cash	7,733	6,388	7,968	2,859	-5,109
Profitability					
Return on equity (ROE)	23.0%	14.9%	18.3%	15.8%	-2.5pp
Return on assets (ROA)	14.9%	12.2%	12.3%	11.3%	-1.0pp
Operating margin	4.4%	3.7%	3.6%	3.3%	-0.3pp

Source: Prepared by FISCO from the Company's financial results

Outlook

In FY3/26, the Company is expecting growth in all businesses and is looking for record high profit for the first time in four fiscal years

1. FY3/26 forecasts

For its FY3/26 consolidated results, the Company forecasts net sales to increase by 7.4% YoY to ¥230,000mn, operating income to rise by 19.3% to ¥8,500mn, ordinary income to grow by 15.2% to ¥8,600mn, and profit attributable to owners of parent to increase by 15.4% to ¥5,700mn. The Company expects all profit lines to reach new record highs for the first time in four fiscal years.

Consolidated forecasts for FY3/26

(¥mn)

	FY3/25		FY3/26		
	Results	vs. net sales	Company forecast	vs. net sales	YoY
Net sales	214,129	-	230,000	-	7.4%
Operating income	7,122	3.3%	8,500	3.7%	19.3%
Ordinary income	7,466	3.5%	8,600	3.7%	15.2%
Profit attributable to owners of parent	4,939	2.3%	5,700	2.5%	15.4%
Earnings per share (¥)	112.72		130.09		

Source: Prepared by FISCO from the Company's financial results

In addition to expecting increases in sales and profits in all businesses, the operating margin is also expected to increase for the first time in four fiscal years, from 3.3% in the previous fiscal year to 3.7%, due to improved productivity through innovation in business flows and the promotion of digital transformation, along with the non-recurrence of one-time M&A-related expenses of ¥350mn posted in the previous fiscal year. The full-year contribution of the three companies newly added to the Group in the previous fiscal year is expected to result in an increase in sales of around ¥6.0bn. Due to goodwill amortization, the contribution to the increase in profits will be small, but the absorption of Bonne Sante into G-7 SUPER MART in April 2025 is expected to result in a reduction in indirect costs.

The Company plans to open 29 new stores. This includes 12 new Gyomu Super stores, 10 new Oniku no Terabayashi stores, 2 new Megumi no Sato stores, 4 new Karada Ugoki Kaifuku Center Pint-up stores, and 1 new BIKE WORLD. The number of new store openings will increase, as 23 new stores were opened in the previous fiscal year (excluding M&A), and existing stores such as Gyomu Super will be renovated as appropriate. There have been no major changes in the current market environment, and FISCO believes that if new store openings proceed as planned, this is a level that will allow the Company to achieve its forecasts.

Number of Group stores and number of store openings and closures

Store name	End of FY3/24 Number of stores	End of FY3/25 Number of stores	FY3/26 Plan for store openings	End of FY3/26 Number of stores
AUTOBACS (including SA and SH)	69	69		69
AUTOBACS Express	7	7		7
BP centers (body repair and painting)	9	8		8
G-7 TSUCHIYAMA CIRCUIT	1	1		1
FIELD SEVEN	5	5		5
Mammaciao	6	6		6
Taiyaki Specialty Store Yamaya Honpo	2	2		2
Châteraisé	2	2		2
Gaia (M&A)	-	4		4
BIKE WORLD	15	15	1	16
Gyomu Super	191	216	12	228
Obentoya K	1	1		1
Oniku no Terabayashi	174	180	10	190
Andesfoods	13	13		13
Megumi no Sato	20	20	2	22
Super Megumi no Sato	1	1		1
RICO'S	58	54		54
Curves	25	25		25
Karada Ugoki Kaifuku Center Pint-up (new business format)	-	1	4	5
RJ market (new business format)	-	1		1
NEEL (M&A)	-	2		2
TREASURE CYCLE	1	-		-
Overseas (AUTOBACS, BIKE WORLD)	8	7		7
Total	608	640	29	669

Source: Prepared by FISCO from materials provided by the Company

The Company opened its new Tokyo office in December 2024. In this office it has established the Group's administrative headquarters and human resources division for the Kanto region, as well as the Growth Strategy Office involved in M&A and other matters. Full-scale operations began in April 2025.

(1) Car-related business

Within the car-related business, G-7 AUTO SERVICE has no plans to open any new stores, and instead aims to increase revenue and profits by growing sales and improving productivity at existing stores. The sales trend for tires will be key, and the Company aims to achieve its forecast by focusing on consumables other than car supplies and the service division.

G-7 BIKE WORLD will work to increase sales at existing stores and is also expecting to see increased productivity based on new graduates hired in the previous term becoming contributing workers.

As for the overseas business, the Malaysian subsidiary is aiming to absorb sluggish growth at AUTOBACS with the strong performance of BIKE WORLD, and to achieve its first overall profit since entering the market. As for the automobile export and sales business, the strong yen is a concern, but if the exchange rate remains in the ¥140/USD range, the business is expected to perform well.

G-7 Shinwa Mobility Service is expected to contribute to operating performance throughout the fiscal year, adding ¥1.0bn yen to net sales, and the company is also expected to turn a profit due to the non-recurrence of a one-time loss resulting from a review of accounting standards.

(2) Gyomu Super business

In the Gyomu Super business, net sales are expected to increase in the 10% range thanks to the continued solid performance of existing stores, the full-year contributions of stores opened in the previous fiscal year and stores acquired through M&A, and the effect of opening 12 new stores in FY3/26. Of the 12 stores, 4 have already been confirmed, and 8 stores are scheduled to be renovated in 1H FY3/26 (10 stores were renovated in 1H FY3/25). The Company plans to bolster the opening of new stores in the Nagoya area, where its presence has been weak. In addition, as a measure to improve productivity, the Company is gradually introducing semi-self-service registers and cashless payment systems in conjunction with renovating stores, and also intends to address the shortage of labor.

(3) Meat business

In the meat business, the Company is planning to open 10 new stores, and is expecting increased sales and profits. The yen's depreciation trend is expected to come to a halt, and the soaring cost of raw materials is forecast to slow down, so the cost of sales ratio is also expected to improve.

(4) Other businesses

Other businesses are expected to see increased sales and profit. For the mini-supermarket business, the Company will continue to review its product strategy and take measures to attract customers through promotional measures using social media, and is also expecting benefits from improving store staff productivity and reducing logistics costs (it changed some logistics companies in 2H FY3/25). The Company aims to turn a profit in FY3/26 by reducing the ratio of unprofitable stores, which account for just under 70% of all stores, to around 30%.

In the agricultural business, the Company plans to open two new stores and expects to increase sales and profits. In addition to vegetables, sales of polished rice appear to be strong against a backdrop of recent rice shortages, so positive results are expected. In the quality foods and private brand business, the Company aims to increase sales and profits by increasing sales opportunities through developing new business partners, discovering new products, and exhibiting at trade fairs, while also working to improve productivity by promoting digital transformation, such as the introduction of an automated ordering system. In addition to increasing the number of members at existing Curves outlets, the Company plans to open four new outlets under a new business format launched in 2H FY3/25, and the Company expects an increase in both sales and profits.

As for G-7 neel, due to its contribution to results throughout the fiscal year, net sales are expected to increase by around ¥2.5bn, and ordinary income is expected to increase by tens of millions of yen. As stable sales of watches are expected, the Company will strengthen sales of pet supplies. Going forward, the Company aims to expand its e-commerce business for other products, including G-7 neel, while leveraging M&A.

Revised targets for net sales and ordinary income in the final fiscal year of the medium-term management plan to ¥230.0bn and ¥8.6bn, respectively

2. Progress of medium-term business plan

(1) Overview of medium-term business plan and status of progress

In FY3/22, the Company started a five-year medium-term business plan running through FY3/26, which is the plan's final fiscal year and will mark the Company's 50th anniversary of its founding. The plan's financial targets were for net sales of ¥250.0bn and ordinary income of ¥10.0bn for FY3/26, but as progress in results through FY3/25 fell short of expectations, in its most recent forecast the Company has revised its forecast to more realistic figures of ¥230.0bn in net sales and ¥8.6bn in ordinary income. The reasons for the results falling short of expectations include a slowdown in the pace of new store openings due to accompanying rising store opening costs and utility costs, as well as a slump in the mini-supermarket business due to the end of stay-at-home demand and a slump in the meat business due to high raw materials prices. However, the Company aims to achieve its initial targets as soon as possible while also promoting its M&A strategy.

In addition, in the "Response to Realize Management with Consideration of Capital Costs and Stock Price" announced on October 30, 2024, the Company added new targets for ROE and capital policy. The Company aims to maintain and increase ROE at the level of FY3/24 (18.3%), and has set a target of the 40% range for the equity ratio.

Key financial indicators for increasing corporate value

		FY3/24	FY3/25	FY3/26 targets (announced in October 2024)
Results target	Net sales	¥193.0bn	¥214.1bn	¥250.0bn (¥230.0bn*)
	Ordinary income	¥7.3bn	¥7.4bn	¥10.0bn (¥8.6bn*)
Return on capital	ROE	18.3%	15.8%	Maintain and increase the current ROE level
Capital structure	Equity ratio	48.4%	46.1%	Target the 40% range
Investment amount		¥4.1bn (capital investment amount)	¥8.5bn (capital investment ¥3.7bn, M&A ¥4.8bn)	¥22.0bn (total for FY3/25–FY3/26, including M&A)
Shareholder returns	Dividend payout ratio	34.1%	35.5%	At least 30.0%
	Dividend per share	¥40	¥40	Progressive dividends At least ¥40

* Value announced in May 2025
Source: Prepared by FISCO from the Company's "Response to Realize Management with Consideration of Capital Costs and Stock Price"

To achieve growth in its medium-term management plan, the Company is working on the following 10 priorities it has given as its goals:

1) Each operating company will strive to deliver increases in sales and profits and record-high results every fiscal year
2) Each operating company must always achieve profit
3) Strive to have no unprofitable stores and reduce the total amount of losses to zero
4) Aim for year-on-year increases in every two productivity indicators of net sales and gross profit per employee
5) Profit growth rates in excess of sales growth rates must be achieved
6) Strive to develop new businesses and business formats with high investment returns
7) Strive to open 50 to 70 new stores with high investment returns every fiscal year (store count to increase from 586 at the end of FY3/21 to 1,000 at the end of FY3/26, including G-7 Mall)
8) Work to advance M&A deals and capital and business alliances
9) Make every effort to strengthen recruitment and nurture and educate human resources (number of employees including temporary employees to increase from 7,746 at the end of FY3/21 to 14,000 in FY3/26)
10) Promote ESG and SDGs measures

Of these, for 2), G-7 RICO'S STORES, the Malaysian subsidiary G-7 BIKE WORLD posted losses in FY3/25, but the Company expects there is a possibility that they will be able to turn a profit in FY3/26. For 3), improvement has been slow, as around 25% of all stores (550 stores that have been open for four years or more) at the end of FY3/25 posted losses. Going forward, the Company intends to reduce the number of unprofitable stores by enhancing store management productivity, improving inventory turnover, and revising its product strategy. For 4), with respect to productivity indicators, looking at net sales and gross profit per employee*, in FY3/23 net sales were ¥23.8mn and gross profit was ¥5.8mn, in FY3/24 net sales were ¥25.3mn and gross profit was ¥6.0mn, while in FY3/25 net sales were ¥25.4mn while gross profit was ¥6.2mn. As such, both net sales and gross profit are on an increasing trend. A large part of this is due to the growth in the Gyomu Super business, but going forward the Company aims to achieve YoY increases in all businesses.

* The number of employees is calculated as the sum of the number of regular employees (average number of the end of previous fiscal year and end of current fiscal year) + the average number of non-permanent hires

Regarding 6), the development of new businesses and new store formats with high investment efficiency, the Company began the outlet store business in FY3/25, and otherwise planted the seeds for future growth, including acquiring the e-commerce business for watches and pet supplies through M&A. Regarding the store opening plan in 7), due to the increase in store opening costs resulting from inflation, the number of store openings has not reached the target pace of 50–70 store openings per fiscal year, with 34 stores opened in FY3/22, 27 stores opened in FY3/23, 24 stores opened in FY3/24, and 44 stores opened in FY3/25 (including stores acquired through M&A), and it appears that its target of reaching 1,000 stores will likely be postponed to the next mid-term management plan.

Regarding 9), personnel hiring and training, the Company continues strengthening these based on the belief that personnel are the source of a company's growth. In April 2025 the Group hired 79 new graduates (104 in the previous year). As for personnel training, in addition to continuing regular training to develop and promote young executives, the Company is also reviewing its personnel evaluation system to improve the skills and motivation of individual employees.

(2) Earnings targets by business

As its targets for each mainstay business (targets for operating companies), the Company is forecasting net sales of ¥100.0bn and ¥4.5bn in ordinary income in the Gyomu Super business (net sales up 1.19 times and ordinary income up 1.13 times from FY3/21), net sales of ¥50.0bn and ordinary income of ¥2.5bn in the AUTOBACS business (net sales up 1.57 times and ordinary income up 1.20 times); and net sales of ¥35.0bn and ordinary income of ¥1.2bn (net sales up 1.91 times and ordinary income up 1.28 times) in the meat business.

In the Gyomu Super business, the Company achieved its targets two years ahead of schedule in FY3/24, and expects to set a new record high for results in FY3/26. Regarding its store opening strategy, the Company plans to accelerate store openings, primarily in the Kanto, Chubu, and Kyushu regions, while also working to enhance productivity through the renovation of existing stores.

Meanwhile, for the AUTOBACS business, there is a strong possibility that the Company will fall short of its target, but the Company plans to increase the sales composition of services such as regulatory vehicle inspections to boost net sales and profitability at existing stores, while also aiming for growth by expanding into peripheral businesses in the car life category, partly through M&A.

The meat business is also facing high hurdles, just like the AUTOBACS business. With respect to net sales, the Company will continue to aggressively open new stores, not only alongside Gyomu Super, which has high customer-drawing power, but also by opening standalone stores. In addition, the Company will aim to recover profits by covering the soaring cost of procuring imported meats with improved productivity.

The mini-supermarket business faces a high hurdle in achieving its goals. In the near term, the Company will work on making existing stores profitable as the top priority, and once profitability is in sight the Company will implement a growth strategy. The keys to achieving profitability will be how well the Company can capture the growing need for individual meals along with the change in social patterns, as well as increasing productivity.

The Company is forecasting net sales of ¥10.0bn and ordinary income of ¥0.2bn–¥0.3bn each in the BIKE WORLD business, quality food and PB business, agricultural business (Megumi no Sato), and overseas business (The agricultural business is on a distribution amount basis.). In the Curves business and the store interior business (mainly construction of Gyomu Super stores), net sales of ¥2.0bn is forecast in each business. Although there are some deviations from the initial targets, the Company is fundamentally aiming to expand all businesses and achieve sustained growth in the medium to long term by proactively conducting M&A.

Initiatives to increase corporate value

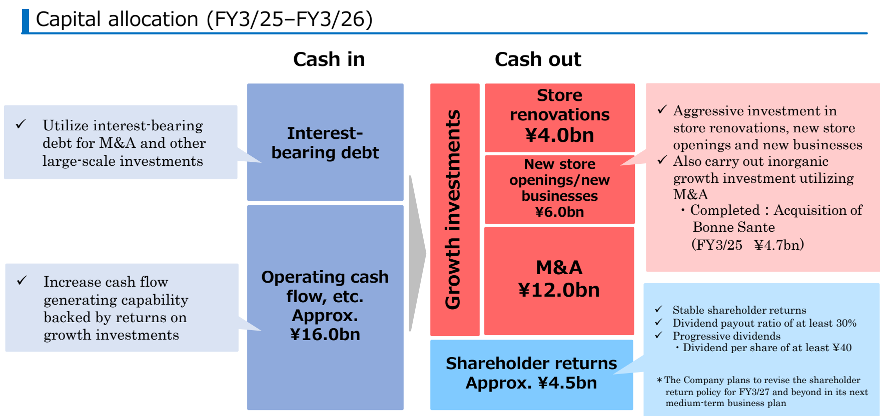
Aims to increase corporate value through maintaining and increasing ROE and accelerating profit growth

1. Measures to increase corporate value

As measures to improve corporate value, the Company aims to maintain and increase its ROE level and accelerate profit growth through aggressive growth investments. It also aims to foster growth expectations by enhancing information disclosure, including on sustainability initiatives, thereby improving its market valuation (P/E ratio). The Company's ROE level is already steadily exceeding its cost of shareholders' equity (5–8%) and its P/B ratio has been trending at above 1 time, but its P/E ratio has been trending at between 10–16 times range, and the Company recognizes that increasing its profit growth rate is important for improving its corporate value.

In addition, with regard to the capital allocation approach for the two fiscal years from FY3/25 through FY3/26, the Company expects to spend ¥22.0bn on growth investments (of which ¥12.0bn will be for M&A, ¥6.0bn will be for new store openings and new businesses, and ¥4.0bn will be for store renovations), which will be cash outflows, and to return approximately ¥4.5bn to shareholders. However, the operating cash flow to be generated over the two fiscal years will be approximately ¥16.0bn, and the shortfall will be covered by interest-bearing debt. Regarding M&A, the Company has spent around ¥5.0bn on the three companies mentioned above, and the remaining budget of ¥7.0bn will be used to fund new M&A.

Capital allocation (FY3/25–FY3/26)



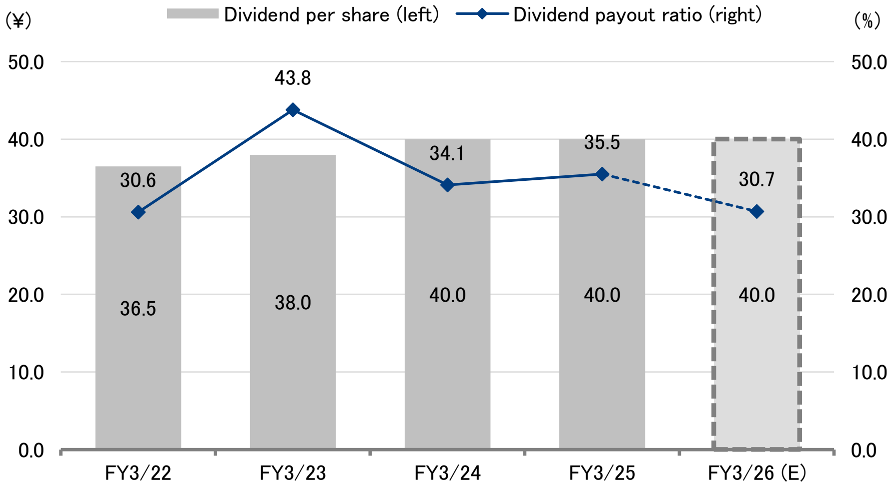
Source: The Company's "Response to Realize Management with Consideration of Capital Costs and Stock Price"

Plans to pay a progressive dividend of at least ¥40 per share with a target dividend payout ratio of at least 30%

2. Shareholder return policy

With respect to its dividend policy through FY3/26, the Company has indicated its policy of paying a progressive dividend (at least ¥40 per share) with a target dividend payout ratio of at least 30%. The Company paid the same per share dividend of ¥40.0 (dividend payout ratio of 35.5%) in FY3/25 and it plans to pay the same per share dividend of ¥40.0 for FY3/26 (dividend payout ratio of 30.7%).

Dividend per share and dividend payout ratio



Note: The Company carried out a 2-for-1 stock split in October 2021. Per share dividend amounts in FY3/22 have been corrected retroactively.
Source: Prepared by FISCO from the Company's financial results

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