COMPANY RESEARCH AND ANALYSIS REPORT

G-7 HOLDINGS INC.

7508

Tokyo Stock Exchange Prime Market

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Contents

Summary

Announced a new medium-term management plan targeting consolidated ordinary income of ¥13.0bn

G-7 HOLDINGS INC. <7508> (hereafter, also "the Company") is a holding company that owns subsidiaries operating the largest number of Gyomu Super and AUTOBACS franchise stores in Japan. With the Gyomu Super business, car-related business, and meat business as its core businesses, the Company is expanding its operations while promoting M&A.

1. Overview of FY3/26 results

In the FY3/26 consolidated results, net sales rose 8.4% year on year (YoY) to ¥232,199mn, while ordinary income increased 3.5% to ¥7,727mn. Solid existing-store net sales, centered on the three core businesses, and the effects of M&A* conducted in FY3/25 and FY3/26 contributed to an increase in net sales of approximately ¥9.0bn. In terms of profit, although personnel expenses, depreciation, and amortization of goodwill increased, they were absorbed by the effect of higher net sales, resulting in higher profits for the third consecutive fiscal year. With 24 new store openings, mainly Gyomu Super and Oniku no Terabayashi stores, and 11 unprofitable store closings, the number of Group stores was 653, up 13 from the end of the previous fiscal year.

* The Company acquired the following as subsidiaries: Bonne Sante Co., Ltd., which operates Gyomu Super stores, in July 2024 (absorbed by G-7 SUPER MART CO., LTD. in April 2025); Shinwa Jidosha Co., Ltd. (currently G-7 Shinwa Mobility Service CO., Ltd.), which sells cars and engages in the car body repair and painting business, in October of the same year; NEEL Inc. (currently G-7 NEEL CO., LTD.), which sells watches and pet products online, in January 2025; and Meat Planning Co., Ltd. (currently G-7 Meat Planning CO., Ltd.), which engages in the processing and wholesale of beef tongue, in October of the same year.

2. FY3/27 forecasts

For the FY3/27 results, the Company expects net sales to increase 7.7% YoY to ¥250,000mn, ordinary income to increase 16.5% to ¥9,000mn, marking the first record-high results in five fiscal years, and all Group companies aim to achieve higher sales and profits. Furthermore, for the purpose of improving management efficiency, G-7 RICO'S STORES CO., LTD., which operated the mini-supermarket business, will be absorbed and merged by G7 JAPAN FOOD SERVICE CO., LTD. in July 2026. The Company also announced the development of new business formats, including plans to conclude a franchise agreement with WORKMAN <7564> to open stores such as "Workman Colors," a format that does not handle workwear. It plans to open 32 new stores, mainly Gyomu Super and Oniku no Terabayashi stores, in FY3/27.

3. New medium-term management plan

The Company has announced a new five-year medium-term management plan commencing in FY3/27. It aims to achieve sustainable growth by expanding its business scale through the opening of new stores with high investment efficiency and the promotion of M&A, while also improving productivity through innovating operational workflows and advancing digital transformation (DX). The plan's financial targets for FY3/31, the final year of the plan, were set at net sales of ¥350.0bn and ordinary income of ¥13.0bn (with compound annual growth rates of 8.6% for net sales and 11.0% for ordinary income). The Company will seek to drive business growth, focusing on its three core businesses, by accelerating new store openings and enhancing the profitability of existing stores. In addition, it anticipates investments of approximately ¥13.5bn for the development of new businesses and store formats, as well as for M&A. The Company aims to increase the total number of stores across the Group to approximately 1.3 times, from 653 at the end of FY3/26 to 874.

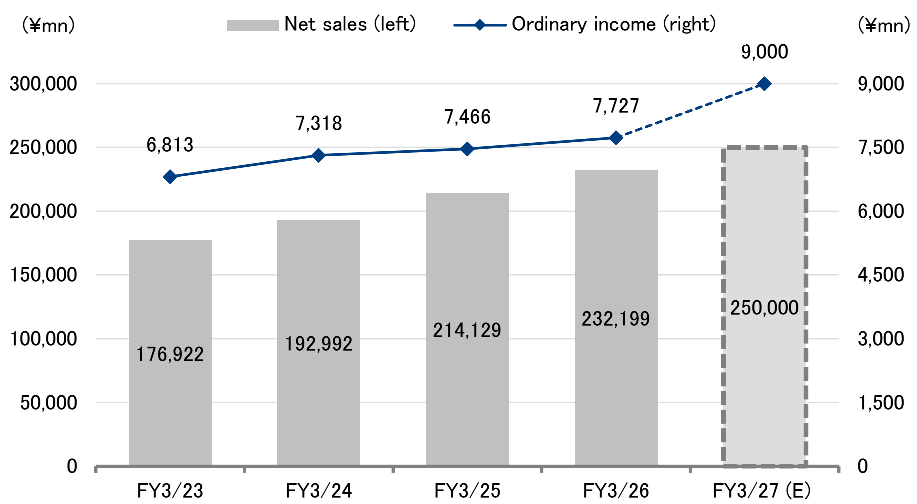
4. Shareholder return policy

Regarding shareholder returns, the Company previously paid progressive dividends (¥40 or more) with a consolidated dividend payout ratio of at least 30%. However, starting from FY3/27, it has established a policy to pay progressive dividends (¥70 or more) with a consolidated dividend payout ratio of around 50%. The dividend per share for FY3/26 was ¥70.0 (dividend payout ratio of 64.2%), which includes a ¥30.0 commemorative dividend to mark the 50th anniversary of its founding, and the same amount of ¥70.0 (52.8%) is planned for FY3/27.

Key Points

- Higher costs will be absorbed by the effect of increased net sales in FY3/26, resulting in a third consecutive fiscal year of growth in ordinary income
- Announced a new medium-term management plan targeting consolidated ordinary income of ¥13.0bn in FY3/31
- FY3/27 results expected to reach a record high income for the first time in five fiscal years
- Policy to maintain progressive dividends (¥70 or more) with a consolidated dividend payout ratio of around 50%

Results trends



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

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Business overview

Developing operations with the car-related business, Gyomu Super business, and meat business as the main pillars

The Company discloses information on four business segments: car-related business, Gyomu Super business, meat business, and other businesses. Looking at the percentages by business in FY3/26, the Gyomu Super business accounted for 57.2% of net sales and 61.4% of ordinary income, making it the core business. This was followed by the car-related business, which accounted for 21.4% of net sales and 29.2% of ordinary income, while the meat business accounted for 10.4% of net sales and 3.5% of ordinary income and other businesses accounted for 11.0% of net sales and 3.6% of ordinary income. In addition, when adding the sales from the Gyomu Super business, the meat business, and the quality food and private brand (PB), mini-supermarket, and agricultural businesses that are included in other businesses, just under 80% of net sales come from food retail businesses.

1. Car-related business

The car-related business comprises the following five companies: G-7 AUTO SERVICE CO., LTD., which is at the core and a franchisee of AUTOBACS, and offers car accessory 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 operates G7 Car Service Center (formerly AUTOBACS)* and BIKE WORLD in Malaysia; G-7.CrownTrading CO., Ltd., which is involved in the car export and sales business; and G-7 Shinwa Mobility Service (renamed from Shinwa Jidosha in April 2025), which is involved in car sales and body repair and painting businesses.

* Following the withdrawal of AUTOBACS SEVEN <9832> from the retail business in Malaysia at the end of March 2026, the franchise agreement was terminated. As a result, the operating structure was revamped to one based on independent capital.

Just under 70% of sales are accounted for by G-7 AUTO SERVICE, and as of the end of March 2026, the number of AUTOBACS-related stores was 76 domestic stores (69 AUTOBACS stores and 7 AUTOBACS Express stores). Stores are located in Hyogo, Kyoto, Fukui, Okayama, Hiroshima, Chiba, and Ibaraki prefectures. Among these, 37 stores are located in Hyogo Prefecture, accounting for 50% of the total. The Company is the largest franchisee within the AUTOBACS group (1,241 domestic stores and 179 overseas stores). Store management places strong emphasis on factors such as productivity per employee, gross profit margin, and inventory turnover rates, and due to this store management, the Company maintains high profitability within the AUTOBACS group. In addition, the Company's businesses include managing seven BP centers (body repair and painting) and one Suzuki Cars Osaka store for purchasing and selling new and used cars, along with five FIELD SEVEN outdoor goods shops located on the premises of AUTOBACS and other stores. It manages franchise stores including operating six Mammaciao laundromats, two Yamaya Honpo taiyaki (fish-shaped pancakes with bean jam) stores, and two Châteraisé confectionery stores. Recently, it acquired and began operating one KeyPoint store specializing in workwear in July 2025.

The G-7 BIKE WORLD business, which accounts for just under 10% of sales, operated 14 stores in Japan at the end of March 2026 and is pursuing collaborative store openings with BIKE O & COMPANY <3377>, with which it has entered into a capital and business alliance. G-7.CrownTrading, which accounts for 10% to 20% of sales, mainly conducts export sales of used automobiles, and Malaysia is the main sales destination, accounting for almost 50% of total sales, while domestic sales account for approximately 10%.

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The Malaysian subsidiary operates six BIKE WORLD stores and two G7 Car Service Center stores, but sales are still very small at only a few hundred million yen. G-7 Shinwa Mobility Service, which was made a subsidiary 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 annual sales volume of just over ¥2.1bn.

2. Gyomu Super business

The Gyomu Super business is handled by G-7 SUPER MART, which operates the Gyomu Super franchise stores. Store openings took place in the Kanto, Chubu, Kansai, Kyushu, and Hokkaido regions, reaching 223 stores at the end of March 2026, the largest scale within the Gyomu Super group (1,136 stores). By region, Kanto has the most with 88 stores, followed by Chubu with 54, Kansai with 34, Kyushu with 27, and Hokkaido with 20.

The Company has its strength in store earnings capacity through an emphasis on productivity per employee and inventory turnover rates. In the past few years, it has accelerated the opening of stores in Kanto, Kyushu, and Hokkaido. Going forward, it plans to actively expand store openings in the Chubu region, which offers significant room for new store openings.

3. Meat business

The meat business is driven primarily by G-7 MEAT TERABAYASHI CO., LTD., which operates Oniku no Terabayashi retail butcher stores across the country, and G-7 Meat Planning CO., Ltd. (renamed from Meat Planning in October 2025), which was made a subsidiary in October 2025.

Since joining the Group in 2015, Oniku no Terabayashi has promoted a strategy of opening stores simultaneously with “Gyomu Super,” resulting in the number of stores roughly doubling over a 10-year period to 191 stores as of the end of March 2026. In addition, through the Andesfoods business division*, it wholesales meat and processed meat products to restaurants, catering, and prepared food businesses at 13 stores in the Tokyo metropolitan area. By region, Kanto had the most with 72 stores, followed by Chubu with 40, Kansai with 39, Kyushu with 30, Hokkaido with 17, Chugoku with 5, and Tohoku with 1. Around 90% of the total number of Oniku no Terabayashi stores are located within Gyomu Super and Megumi no Sato stores.

* Andesfoods Co., Ltd. was made into a subsidiary in 2020, and subsequently absorbed through a merger.

4. Other

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 PB business; 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 CO., LTD. (renamed from NEEL Inc. in April 2025), which is engaged in e-commerce sales of watches and pet products, etc. In FY3/26, the mini-supermarket business accounted for around 40% of sales, while the quality food and PB business accounted for just over 30% of sales, meaning that both businesses accounted for just over 70% of sales.

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RICO'S mini-supermarkets have opened in Tokyo and Kanagawa Prefecture, and as of the end of March 2026 there were 48 stores (38 stores in Tokyo, 10 in Kanagawa Prefecture). Average annual sales per store are approximately ¥180mn, which is just under 40% of the level of Gyomu Super. At the time the Company acquired shares from UNY Co., Ltd. in April 2020 and made it a subsidiary, there were 73 stores. However, because sales continued to stagnate after stay-at-home demand associated with the COVID-19 pandemic ran its course, the Company has been gradually closing unprofitable stores. However, as profitability has been delayed compared to initial expectations, a decision was made to execute an absorption-type merger into G7 JAPAN FOOD SERVICE in July 2026, with the aim of further improving management efficiency.

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.

As of the end of March 2026, the Company was operating 19 Megumi no Sato stores in the Kansai region (16 in Hyogo, 1 in Osaka, and 2 in Nara), 8 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 two Karada Ugoki Kaifuku Center Pint-up stores. In addition, it is engaging in new business formats, such as opening one RJ market outlet store in 2024. In addition, G-7 NEEL (renamed from NEEL Inc. in April 2025), which was made a subsidiary in January 2025, is mainly engaged in e-commerce sales of watches and pet products. 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 the end of FY3/26)

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 CO., Ltd.	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.
Meat	G-7 MEAT TERABAYASHI CO., LTD.	100.0%	Wholesale and retail sales of meats and processed livestock products
	G-7 Meat Planning CO., Ltd.	100.0%	Meat processing and wholesale business
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 workout and training clubs for women, Karada Ugoki Kaifuku Center Pint-up stores, and RJ market outlet stores
	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 CO., LTD.	100.0%	E-commerce sales of watches and pet products, etc.

Source: Prepared by FISCO from materials provided by the Company and website

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Results trends

Higher costs will be absorbed by the effect of increased net sales in FY3/26, resulting in a third consecutive fiscal year of growth in ordinary income

1. Overview of FY3/26 results

In the FY3/26 consolidated results, net sales increased 8.4% YoY to ¥232,199mn, operating income increased 2.1% to ¥7,270mn, ordinary income rose 3.5% to ¥7,727mn, and profit attributable to owners of parent was down 3.5% to ¥4,767mn.

FY3/26 results (consolidated)

(¥mn)

	FY3/25		FY3/26				
	Results	Composition ratio / Income margin	Company forecast	Results	Composition ratio / Income margin	YoY	vs. initial plan
Net sales	214,129	-	230,000	232,199	-	8.4%	1.0%
Car-related business	46,050	21.5%	-	49,651	21.4%	7.8%	
Gyomu Super business	123,728	57.8%	-	132,840	57.2%	7.4%	
Meat business	21,026	9.8%	-	24,091	10.4%	14.6%	
Other	23,324	10.9%	-	25,615	11.0%	9.8%	
Cost of sales	162,189	75.7%	-	176,291	75.9%	8.7%	-
SG&A expenses	44,816	20.9%	-	48,637	20.9%	8.5%	-
Operating income	7,122	3.3%	8,500	7,270	3.1%	2.1%	-14.5%
Ordinary income	7,466	3.5%	8,600	7,727	3.3%	3.5%	-10.2%
Car-related business	2,006	4.4%	-	2,256	4.5%	12.5%	
Gyomu Super business	4,863	3.9%	-	4,745	3.6%	-2.4%	
Meat business	213	1.0%	-	267	1.1%	25.4%	
Other	294	1.3%	-	275	1.1%	-6.5%	
Extraordinary income/loss	-339	-	-	-623	-	-	-
Profit attributable to owners of parent	4,939	2.3%	5,700	4,767	2.1%	-3.5%	-16.4%
EBITDA*	10,192	4.8%	-	10,676	4.6%	4.7%	-

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

Net sales reached consecutive record highs, as net sales increased across all business segments. This was driven by solid net sales at existing stores in core businesses, as well as M&A activities conducted in FY3/25 and FY3/26, which contributed approximately ¥9.0bn to the increase in net sales. Operating income increased for the third consecutive fiscal year, as the effect of increased net sales absorbed increases in personnel expenses, store renovation expenses, depreciation, amortization of goodwill, and other costs. By business segment, profit increased in the car-related business and meat business, while it decreased in the Gyomu Super business and other businesses. Profit attributable to owners of parent decreased slightly, weighed down by the recording of an impairment loss of ¥623mn as an extraordinary loss. Compared to the initial forecast, net sales exceeded the forecast by ¥2,199mn due to M&A effects, while operating income fell short of the forecast by ¥1,230mn due to underperformance in the Gyomu Super business and other businesses.

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Looking at the trends in store openings and closings for FY3/26, there were 24 new store openings, mainly Gyomu Super and Oniku no Terabayashi stores, and 11 store closings. The number of group stores at the end of the fiscal year was up 13 YoY to 653. In terms of new business formats, G-7 AUTO SERVICE signed a franchise agreement with Agro Works Co., Ltd., which is involved in workwear design, manufacturing, and sales. Accordingly, it acquired one KeyPoint workwear specialty store (Settsu City, Osaka Prefecture), which it began operating in July 2025.

Number of Group stores and number of store openings and closures

Store name	End of FY3/25 Number of stores	FY3/26			End of FY3/26 Number of stores
		Initial store opening plan	Openings	Closures	
AUTOBACS (including SA and SH)	69		1	1	69
AUTOBACS Express	7				7
Suzuki Cars	1				1
BP centers (body repair and painting)	7				7
G-7 TSUCHIYAMA CIRCUIT	1				1
FIELD SEVEN	5				5
Mammaciao	6				6
Taiyaki Specialty Store Yamaya Honpo	2				2
Châteraisé	2				2
KeyPoint (new business format)	-		1		1
Gaia	4				4
BIKE WORLD	15	1		1	14
Gyomu Super	216	12	8	1	223
Obentoya K	1				1
Oniku no Terabayashi	180	10	12	1	191
Andesfoods	13				13
Megumi no Sato	20	2		1	19
Super Megumi no Sato	1				1
RICO'S	54			6	48
Curves	25				25
Karada Ugoki Kaifuku Center Pint-up (new business format)	1	4	1		2
RJ market	1				1
NEEL	2				2
AUTOBACS (overseas)*	2				2
BIKE WORLD (overseas)	5		1		6
Total	640	29	24	11	653

* Store name was changed to AUTOBACS from April 1, 2026.
Source: Prepared by FISCO from the Company's results briefing materials

(1) Car-related business

In the car-related business, net sales increased 7.8% YoY to ¥49,651mn, achieving a record high again, while ordinary income rose 12.5% to ¥2,256mn, marking the second consecutive period of profit growth. Net sales increased just over ¥1.0bn, driven by the solid performance of each company centered on the core G-7 AUTO SERVICE, as well as the full-year contribution to results from G-7 Shinwa Mobility Service, which joined the Group in the second half of the previous fiscal year. Ordinary income also rose slightly.

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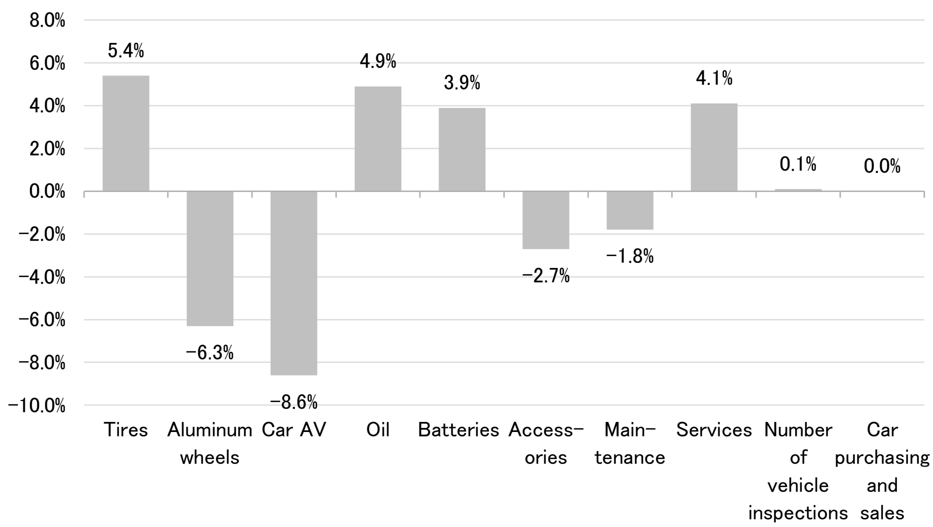
In the results for G-7 AUTO SERVICE, net sales rose around 2% YoY and profit increased about 1%. The number of domestic AUTOBACS stores remained flat at 69 stores, with one new store opening (Chiba Prefecture) and one store closing (Hyogo Prefecture). Existing-store net sales increased 2.2%, roughly the same level as the existing domestic store net sales for the AUTOBACS group as a whole. By category, net sales decreased 8.6% for car AV and fell 6.3% for aluminum wheels, but performance remained firm in other categories, as net sales grew 5.4% for tires, 4.1% for services such as tire fitting fees, 4.9% for oil for consumable parts, and 3.9% for batteries. The gross profit margin improved by 1.1 percentage points (pp) due to changes in the sales mix, but the ordinary income margin remained largely flat due to factors such as increased personnel expenses.

Net sales by category for domestic AUTOBACS (YoY)



Source: Prepared by FISCO from the Company's results briefing materials

G-7 BIKE WORLD recorded an increase in both sales and profits, driven by a 6.9% YoY growth in existing store net sales. Factors contributing to the increase in sales included a recovery trend in customer traffic from 2Q onward due to the implementation of customer attraction measures, as well as strong helmet sales driven by inbound demand. The selling prices for Japanese brand helmets have become higher at overseas markets than in Japan, which, along with the effects of a weak yen, resulted in strong sales. The number of stores at the end of the fiscal year was 14, a decrease of 1 due to the closure of 1 store.

G-7.CrownTrading, which is engaged in the car export sales business, was sluggish in the first half due to heightened foreign exchange fluctuation risk caused by the implementation of Trump tariffs; however, from September 2025 onward, orders from overseas buyers (customers) increased as the yen remained weak, resulting in record-high net sales. In terms of profit as well, foreign exchange gains associated with the ongoing depreciation of the yen contributed, and an increase in profit was secured for the full year.

Although sales of car accessories at the Malaysian subsidiary were sluggish, the steady expansion of sales at BIKE WORLD ensured higher revenue, and ordinary income turned positive for the first time. Regarding store development, one new BIKE WORLD store was opened in August 2025, bringing the number of stores at the end of the fiscal year to six BIKE WORLD stores and two G7 Car Service Center stores. Body repair and painting services by G-7 Shinwa Mobility Service performed strongly and profits exceeded the forecast.

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(2) Gyomu Super business

In the Gyomu Super business, net sales increased 7.4% YoY to ¥132,840mn, achieving a record high again, while ordinary income decreased 2.4% to ¥4,745mn, marking the first profit decline in three fiscal years. Amid a succession of food price hikes, Gyomu Super, which offers high-quality products at the best prices, won strong customer support, leading to a steady 2.8% increase in existing-store net sales. In addition, the effects of new store openings and the full-year contribution of sales from 15 stores acquired through M&A in July 2024 also contributed to higher sales. On the other hand, in terms of profit, an increase in expenses for opening new stores, renovation costs associated with the renewal of existing stores, and amortization of goodwill was a factor behind the decline in profits.

In FY3/26, eight new stores opened (two in Hokkaido, four in the Chubu area, one in the Kinki area, and one in the Kyushu area) and one store closed. The number of stores at the end of the fiscal year was 223, an increase of 7 YoY.

(3) Meat business

In the meat business, net sales grew 14.6% YoY to ¥24,091mn and ordinary income rose 25.3% to ¥267mn, as net sales achieved a record high for the first time in two fiscal years, and ordinary income also returned to growth for the first time in two fiscal years. Of this, G-7 Meat Planning, which joined the Group in October 2025, contributed approximately ¥2.3bn to net sales and approximately ¥90mn to ordinary income (after deducting ¥92mn in goodwill amortization).

G-7 MEAT TERABAYASHI posted an approximately 4% increase in net sales and an approximately 15% decrease in ordinary income. The increase in net sales was driven by the effects of opening new stores, as well as existing store net sales performing strongly (up 2.4%). There were 12 new store openings (two in Hokkaido, one in the Tokyo metropolitan area, three in the Chubu area, three in the Kinki area, and three in the Kyushu area) and one was closed. The number of stores at the end of the fiscal year was 191, an increase of 11 from the end of the previous fiscal year. On the other hand, in terms of profit, in addition to the deterioration of the cost of sales ratio due to persistently high raw material prices and increased disposal losses, rising logistics costs were also a factor in the profit decline. Additionally, net sales in the second half for G-7 Meat Planning increased approximately 4% YoY, performing steadily on the tailwind of the expansion of the yakiniku market in recent years. The ordinary income margin was high at approximately 8%, and it is expected to contribute to the expansion of earnings in the meat business from FY3/27 onward.

(4) Other

In other businesses, net sales increased 9.8% YoY to ¥25,615mn and ordinary income decreased 6.5% to ¥275mn. Looking at each company, G7 JAPAN FOOD SERVICE, which operates quality food and PB business, performed steadily with an increase of approximately 8% in net sales and approximately 1% in ordinary income, driven by efforts to cultivate new customers and discover new products.

Meanwhile, G-7 RICO'S STORES, which operates the mini-supermarket business, posted a decrease of approximately 5% in net sales as a result of closing 6 stores, bringing its total to 48 stores. However, its ordinary loss narrowed slightly due to efforts to control costs. Existing-store net sales have turned negative YoY since August 2025, resulting in a 1.2% decrease for the full year. In addition, G7 AGRI JAPAN, which operates Megumi no Sato, also posted lower net sales and profits due to sluggish market conditions for fruits and vegetables. Existing-store net sales decreased by 5.7%, and the number of stores at the end of the fiscal year stood at 19, a decrease of 1 store.

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Although G7 RETAIL JAPAN posted a decrease in net sales due to sluggish existing-store sales at Curves, which fell 2.0% YoY, it recorded an increase in profit due to the posting of a gain on the sale of real estate held. In addition, G-7 NEEL, which was made a subsidiary in 4Q of the previous fiscal year, contributed for the full year, resulting in an increase of approximately ¥2.4bn in net sales and serving as a factor for a slight increase in ordinary income. Sales of pet products remained strong, and net sales on a 12-month comparable basis increased 11%.

Despite a slight deterioration due to actively pursuing M&A, maintained a solid financial condition

2. Financial position and management indicators

At the end of FY3/26, total assets were up ¥10,867mn YoY to ¥81,560mn. This was primarily due to an increase in assets associated with making G-7 Meat Planning a subsidiary, in addition to an increase in cash and deposits through bank borrowings to secure funds for future business investments, including M&A. Looking at the main factors of change, in current assets, cash and deposits increased ¥3,924mn, while accounts receivable-trade and merchandise and finished goods (inventories) increased ¥829mn and ¥1,664mn, respectively. In non-current assets, property, plant and equipment increased ¥1,705mn, due to factors such as the implementation of M&A, the opening of new stores, and carrying out renovations, while goodwill increased ¥1,243mn.

Total liabilities increased ¥7,917mn from the end of the previous fiscal year to ¥46,036mn. Interest-bearing debt increased ¥6,299mn, while accounts payable-trade and income taxes payable increased ¥825mn and ¥600mn, respectively. Total net assets increased ¥2,949mn to ¥35,524mn. Retained earnings increased ¥3,007mn due to factors such as recording net profit attributable to owners of parent and payment of dividends.

Turning to management indicators, the equity ratio decreased 2.5pp from the end of the previous fiscal year to 43.6%, and the interest-bearing debt ratio rose 14.2pp to 57.2%, as the financial position deteriorated slightly. This was mainly due to the execution of four M&A transactions since FY3/25, with the majority of the funds covered by borrowings. Looking at net cash (cash and deposits minus interest-bearing debt), it decreases from ¥7,968mn at FY3/24 to ¥484mn at FY3/26. However, it remains in positive territory, and financial soundness is considered to be maintained. As the Company will continue to pursue M&A as one of its growth strategies, depending on specific deals, it may further increase interest-bearing debt, and net cash could temporarily turn negative. However, it considers this to be a necessary investment to achieve medium- to long-term growth. Meanwhile, with regard to profitability, ROE, ROA, and the operating income margin have all been on a slight downward trend since peaking in FY3/22. In particular, in addition to active M&A initiatives over the past one to two years, rising store opening and renovation costs due to inflation, as well as higher personnel expenses, have contributed to the decline in income margins. Going forward, the Company aims to recover its operating income margin by opening stores with high investment efficiency and improving productivity through the promotion of DX.

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Consolidated balance sheets

(¥mn)

	End of FY3/22	End of FY3/23	End of FY3/24	End of FY3/25	End of FY3/26	Change
Current assets	29,498	30,259	33,360	34,898	42,093	7,195
Cash and deposits	17,033	15,688	17,138	16,869	20,793	3,924
Merchandise and finished goods	6,854	7,982	8,067	9,108	10,772	1,664
Non-current assets	24,647	26,943	28,511	35,795	39,467	3,672
Goodwill	437	16	62	4,617	5,860	1,243
Total assets	54,145	57,202	61,872	70,693	81,560	10,867
Total liabilities	29,398	30,444	31,898	38,118	46,036	7,917
Interest-bearing debt	9,300	9,300	9,170	14,010	20,309	6,299
Total net assets	24,747	26,757	29,973	32,574	35,524	2,949
<Management indicators>						
Financial strength						
Equity ratio	45.4%	46.8%	48.4%	46.1%	43.6%	-2.5pp
Interest-bearing debt ratio	37.8%	34.8%	30.6%	43.0%	57.2%	14.2pp
Net cash (¥mn)	7,733	6,388	7,968	2,859	484	-2,375
Profitability						
Return on equity (ROE)	23.0%	14.9%	18.3%	15.8%	14.0%	-1.8pp
Return on assets (ROA)	14.9%	12.2%	12.3%	11.3%	10.2%	-1.1pp
Operating income margin	4.4%	3.7%	3.6%	3.3%	3.1%	-0.2pp

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

Outlook

FY3/27 results expected to reach a record high income for the first time in five fiscal years

1. FY3/27 forecasts

For the FY3/27 consolidated results, the Company forecasts net sales to increase 7.7% YoY to ¥250,000mn, operating income to rise 22.4% to ¥8,900mn, ordinary income to grow 16.5% to ¥9,000mn, and profit attributable to owners of parent to increase 21.7% to ¥5,800mn. Incomes at all levels are expected to reach record highs for the first time in five fiscal years.

Consolidated forecasts for FY3/27

(¥mn)

	FY3/26		FY3/27		
	Results	vs. net sales	Forecast	vs. net sales	YoY
Net sales	232,199	-	250,000	-	7.7%
Operating income	7,270	3.1%	8,900	3.6%	22.4%
Ordinary income	7,727	3.3%	9,000	3.6%	16.5%
Profit attributable to owners of parent	4,767	2.1%	5,800	2.3%	21.7%
Earnings per share (¥)	109.04		132.66		

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

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By business segment, the Company plans to promote the aforementioned growth strategies and achieve higher net sales and profits in all business segments. Furthermore, for the purpose of improving management efficiency, G-7 RICO'S STORES, which operates RICO'S, will be absorbed and merged by G7 JAPAN FOOD SERVICE in July 2026.

The Company plans to open 32 new stores in FY3/27, an increase of 8 stores from the previous fiscal year. By business format, this will consist of 15 Oniku no Terabayashi stores, 13 Gyomu Super stores, 2 Curves stores, and 1 BIKE WORLD store in Japan and 1 in Malaysia. These planned figures do not include the two Workman Colors stores scheduled to open in September 2026 or the number of CHISOUNA store openings.

Announced a new medium-term management plan targeting consolidated ordinary income of ¥13.0bn in FY3/31

2. New medium-term management plan

(1) Basic policies and numerical targets of the new medium-term management plan

The Company celebrated its 50th anniversary in October 2025. Under the 21st Century Vision*, as the first step toward growth over the next 50 years, the Company has newly announced its "Medium-Term Management Plan 2030," covering the five years from FY3/27 to FY3/31.

* As its 21st Century Vision, the Company has set the following three goals: (1) Aim to become a 100-year corporate group; (2) Aim to achieve net sales of ¥1tn and ordinary income of ¥50.0bn by the Company's 100th anniversary in 2075; (3) Aim to become a global corporate group operating in Japan, the ASEAN region, and the Asian region.

As a basic policy, the Company will expand its business scale through the opening of new stores with high investment efficiency and the promotion of M&A, and aim for sustainable profit growth by improving productivity through innovating operational workflows and advancing DX. Under the previous medium-term management plan (FY3/22 to FY3/26), the pace of new store openings slowed due to rising store opening costs, which was one of the factors behind the net sales shortfall (actual results were ¥232.1bn against the target of ¥250.0bn). Over the next five years, the Company will accelerate the pace of new store openings, improve the efficiency of existing stores, and strive to expand business performance, focusing on its three core businesses. Furthermore, it will make growth investments for the future while strengthening shareholder returns with a focus on improving capital profitability.

For FY3/31, the Company has set financial targets of ¥350.0bn in consolidated net sales and ¥13.0bn in ordinary income. The five-year compound annual growth rate will be 8.6% for net sales and 11.0% for ordinary income. In addition, the Company aims to maintain and improve ROE from 14.0% in FY3/26. Regarding the equity ratio, it continues to target a level in the 40% range. The cumulative amount of capital investment over the five-year period (including M&A) will be increased to ¥40.0bn, nearly double the ¥21.1bn in the previous medium-term management plan period (FY3/22 to FY3/26), and the Company plans to actively promote the opening of new stores, the development of new business formats, and M&A. Regarding shareholder returns, the Company previously maintained a policy of paying progressive dividends (¥40 or more) with a consolidated dividend payout ratio of at least 30%. However, it has decided to implement progressive dividends (¥70 or more) with a consolidated dividend payout ratio of around 50% from FY3/27 onward.

Management indicator targets (consolidated basis)

		FY3/21 Results	Previous medium-term management plan FY3/26 Targets	Previous medium-term management plan FY3/26 Results	New medium-term management plan FY3/31 Targets
Results	Net sales	¥163.5bn	¥250.0bn	¥232.1bn	¥350.0bn
	Ordinary income	¥7.3bn	¥10.0bn	¥7.7bn	¥13.0bn
Return on capital	ROE	22.5%	Maintain and increase the current ROE level	14.0%	Maintain and increase the current ROE level (continued)
Capital structure	Equity ratio	41.1%	Target the 40% range	43.6%	Target the 40% range (continued)
Shareholder returns	Dividend payout ratio	31.2%	30.0% or more	64.2%	Target 50%
	Dividend per share	¥33	Progressive dividends of ¥40 or more	¥70.0	Progressive dividends of ¥70 or more
Capital investment	5-year cumulative total	-	-	¥21.1bn	¥40.0bn
Number of stores at year-end		586	1,000	653	874

Source: Prepared by FISCO from the Company's medium-term management plan materials

(2) Targets by business segment

a) Car-related business

In the car-related business, under the business policy of "stable growth through maximizing the value of existing stores and planned new store openings," the Company has set financial targets of ¥64.8bn in net sales and ¥2.6bn in ordinary income for FY3/31. The compound annual growth rate will be 5.5% for net sales and 3.4% for ordinary income. Although this is the lowest growth rate among the business segments, the Company aims for steady growth as a stable earnings base. The number of stores is expected to expand at an annual rate of 5.2% to 164 stores.

Car-related business

(¥bn)

	FY3/26 Results	FY3/31 Targets	Compound annual growth rate
Net sales	49.6	64.8	5.5%
Ordinary income	2.2	2.6	3.4%
Income margin	4.5%	4.0%	
Number of stores*	127	164	5.2%

* Includes stores other than AUTOBACS
Source: Prepared by FISCO from the Company's medium-term management plan materials

Regarding the growth strategy, the Company will continue opening new stores at a steady pace, aiming to steadily expand its trade area. As room for opening new AUTOBACS stores in Japan is becoming limited, the Company intends to explore M&A opportunities. At the same time, the Company will promote the expansion of customer touchpoints and the diversification of revenue sources by developing new business formats, such as the coating business.

To improve the profitability of existing stores, the Company will promote store renewals and scrap-and-build initiatives, aiming to strengthen its ability to attract customers by enhancing store appeal and comfort. In addition, while maintaining high profitability by focusing on high-value-added service divisions, it also aims to further improve service quality through thorough employee training.

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Regarding overseas expansion, Malaysia currently accounts for about half, but going forward, the Company will also strengthen partnerships with local operators in other ASEAN countries as well as in the Middle East and Africa to promote the expansion of sales channels. Furthermore, for BIKE WORLD, which is performing steadily in Malaysia, the Company intends to accelerate market share expansion through dominant-area store openings.

b) Gyomu Super business

In the Gyomu Super business, the Company aims to "further accelerate growth through an aggressive store-opening strategy." The Company has set financial targets of ¥200.0bn in net sales and ¥7.0bn in ordinary income for FY3/31. The compound annual growth rate will be 8.5% for net sales and 8.3% for ordinary income. The number of stores will expand to 278, at an annual rate of 4.4%, and net sales on an existing-store basis are also targeted to grow at an annual rate of 4%.

Gyomu Super business

(¥bn)

	FY3/26 Results	FY3/31 Targets	Compound annual growth rate
Net sales	132.8	200.0	8.5%
Ordinary income	4.7	7.0	8.3%
Income margin	3.6%	3.5%	
Number of stores*	224	278	4.4%

* Gyomu Super only
Source: Prepared by FISCO from the Company's medium-term management plan materials

As a growth strategy, the Company will proceed with new store openings at a pace of about 10 stores per year, mainly in the Chubu region. During the previous medium-term management plan period, the Company opened stores at a pace of nine stores per year (excluding M&A). In addition, in order to respond to the market environment and the diversification of customer needs, the Company will promote the opening of the prepared foods store CHISOUNA* as a new business format within Gyomu Super stores. The model of offering freshly prepared deli foods cooked in-store at low prices is accurately capturing demand, and net sales have remained firm. Going forward, it is expected to contribute to expanding net sales per store.

* A business format developed by Kobe Bussan <3038>. The Company entered into a franchise agreement and began opening stores in some locations from 2025.

As measures to improve the profitability of existing stores, the Company will continuously renovate aging stores and expand the product lineup in the food category to strengthen customer motivation to visit, thereby aiming to increase the number of customers. In addition, in order to improve the efficiency of store operations, the Company is considering introducing the automated ordering system, currently being test-operated at three stores, to all stores. Previously, the personnel in charge at each store placed orders based on experience, leading to variations in the inventory turnover due to differences in individual capabilities. The newly introduced system automates operations based on AI-driven big data analysis, aiming to improve the inventory turnover and productivity through timely ordering in optimal quantities. Furthermore, the Company will use digital technologies to standardize other store operations as well and optimize operational efficiency.

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c) Meat business

In the meat business, under the business policy of “promoting expansion of business scale through multifaceted store openings both within and outside the Group,” the Company has set financial targets of ¥42.4bn in net sales and ¥1.0bn in ordinary income for FY3/31. The Company aims for double-digit growth, targeting a compound annual growth rate of 12.1% in net sales and 38.0% in ordinary income. The number of stores will be expanded at an annual rate of 7.9%, reaching 297 Oniku no Terabayashi stores on a standalone basis.

Meat business

(¥bn)

	FY3/26 Results	FY3/31 Targets	Compound annual growth rate
Net sales	24.0	42.4	12.1%
Ordinary income	0.2	1.0	38.0%
Income margin	1.1%	2.4%	
Number of stores*	203	297	7.9%

* Oniku no Terabayashi only
Source: Prepared by FISCO from the Company’s medium-term management plan materials

As a growth strategy, for new store openings, the Company will not only focus on opening stores in Group-operated Gyomu Super locations, but also place emphasis on opening stores in Gyomu Super locations operated by other companies and in supermarkets of other chains, thereby accelerating the pace of openings. The number of new store openings during the previous medium-term management plan period was 55, but over the next five years, the Company plans to open 94 new stores, more than 1.7 times that number.

To improve the profitability of existing stores, the Company will enhance delivery efficiency by establishing in-store centers (processing and delivery hubs) in dominant areas, while also strongly promoting DX initiatives such as the digitization of slips and the introduction of automated payment machines.

In addition, G-7 Meat Planning, which has grown through the wholesale of beef tongue to yakiniku restaurants, opened an online store in April 2026. Through the expansion of BtoC channels, it aims to further expand its business scale.

d) Other

In other businesses, under the business policy of “expanding existing domains and taking on challenges in new domains,” the Company has set financial targets of ¥36.6bn in net sales and ¥2.1bn in ordinary income for FY3/31. The compound annual growth rate will be 7.4% for net sales and 39.3% for ordinary income. The number of stores will increase from 99 stores at the end of the previous fiscal year to 135 stores through the expansion of RICO’S, Megumi no Sato, and Curves, as well as development in new business formats.

Other businesses

(¥bn)

	FY3/26 Results	FY3/31 Targets	Compound annual growth rate
Net sales	25.6	36.6	7.4%
Ordinary income	0.2	2.1	39.3%
Income margin	1.1%	5.7%	
Number of stores	99	135	6.4%

Source: Prepared by FISCO from the Company’s medium-term management plan materials

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Looking at the growth strategies of each Group company, G7 RETAIL JAPAN plans to enter into a franchise agreement with WORKMAN, and open stores under the new business format “Workman Colors” in shopping malls in Saitama and Chiba prefectures in September 2026. This format is characterized by a style that does not handle workwear. Going forward, the Company intends to actively expand its business in the apparel retail market. G7 AGRI JAPAN aims to expand the earnings of Megumi no Sato by initiating in-house production of agricultural products and strengthening information dissemination through social media. G7 JAPAN FOOD SERVICE is working on reviewing the lineup of its strong-performing “quality food” products and aims to expand the sales volume of its food wholesale business. Furthermore, regarding RICO’S, which is scheduled to be absorbed through a merger in July 2026, the Company will proceed with the closure of unprofitable stores while simultaneously opening new stores in highly profitable areas. It aims to create synergies by introducing the Group’s processed meat products and “quality food” to RICO’S. At G-7 NEEL, in addition to expanding sales of brand-name watches and pet products through e-commerce, the Company will actively engage in new product development.

(3) M&A and new business investments

The new medium-term management plan also positions M&A as one of its growth strategies, and the Company will proceed with the selection of target companies based on three key policies: “Actively promoting the development of new business categories and formats suitable for the new era (SDGs and ESG management),” “Prioritizing the retail and service industries, where the store operation and efficiency know-how cultivated as a mega-franchisee can be easily applied,” and “Targeting industries expected to generate synergies with the existing businesses of Group companies as well as with the Company’s business bases.”

To explore new business categories and formats, the Company is considering inbound-related businesses, household goods, liquor shops, retail e-commerce, and acquiring a wholesale license for all alcoholic beverages. Additionally, it has identified food supermarkets, three fresh food categories, grocery and meal delivery, quality food, custom cars, and outdoor goods as areas where synergies can be expected.

Regarding investments in new businesses, the Company has decided to make a full-scale entry into the apparel retail business through collaboration with WORKMAN. Furthermore, the Company has established the new AI Strategy Office to serve as the command center for company-wide AI utilization and DX promotion to accelerate these initiatives. Under the new medium-term management plan, the Company plans to allocate approximately ¥13.5bn as an investment budget for these M&As and new businesses.

(4) Financial strategy and capital allocation

Regarding its financial strategy, the Company will pursue an optimal capital structure by achieving both capital profitability and financial soundness. While continuing proactive investment in growth areas, it will also focus on optimizing capital efficiency through shareholder returns, and maintain and manage its equity ratio with a target in the 40% range. In addition, when executing large-scale M&A, it will flexibly consider the use of interest-bearing debt.

For the five-year cumulative capital allocation, the Company expects cash inflows of approximately ¥58.0bn from operating cash flows and other sources. In contrast, the Company plans to allocate approximately ¥40.0bn to growth investments (¥17.5bn for new store openings, ¥9.0bn for store renovations and relocations, and ¥13.5bn for M&A and new businesses), and approximately ¥18.0bn to shareholder returns.

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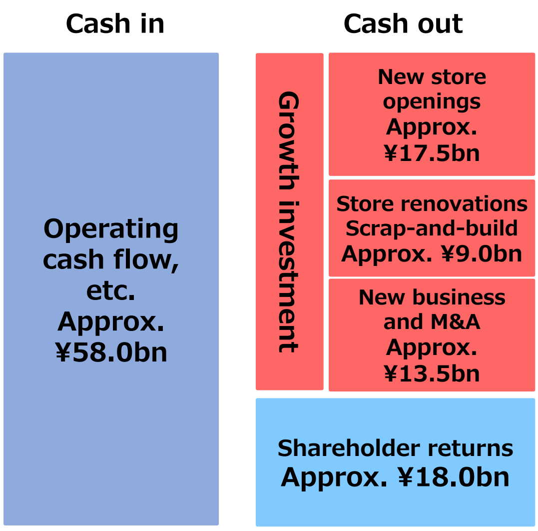
During the previous medium-term management plan period, the Company invested approximately ¥21.1bn and expanded net sales by 1.42 times, while ordinary income increased only modestly by 1.06 times due to higher costs and delays in improving the profitability of RICO'S. Under the new medium-term management plan, the Company will further increase its investment allocation and aims to achieve a 1.51-fold increase in net sales and a 1.68-fold increase in ordinary income. Enhancing store earnings capacity through DX promotion and synergies within the Group will be key to achieving these targets. Currently, 27% of stores that have been open for more than four years are operating in the red, and there is extremely large room for profit growth by resolving these unprofitable stores.

Capital allocation (FY3/27–FY3/31)



Source: The Company's medium-term management plan materials

Shareholder return policy

Policy to maintain progressive dividends (¥70 or more) with a consolidated dividend payout ratio of around 50%

Regarding its dividend policy, the Company previously paid progressive dividends (¥40 or more) with a consolidated dividend payout ratio of at least 30%. However, it has raised its shareholder return policy to target progressive dividends (¥70 or more) with a consolidated dividend payout ratio of 50% from FY3/27, thereby strengthening shareholder returns.

For FY3/26, the Company paid an annual dividend of ¥70.0 (dividend payout ratio of 64.2%), which included an additional ¥30.0 commemorative dividend for its 50th anniversary. For FY3/27, the Company also plans to pay an annual dividend of ¥70.0 (dividend payout ratio of 52.8%), the same amount as the previous fiscal year, based on the new policy. Based on a progressive dividend policy, continuous dividend increases are expected in line with medium- to long-term profit growth.

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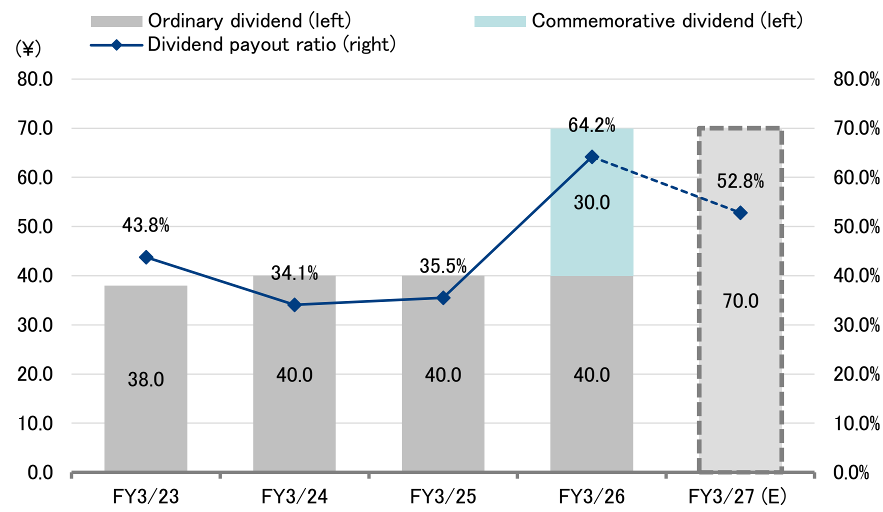
Dividend per share and dividend payout ratio



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

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