



Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2018 (Japanese GAAP)

October 31, 2017

Company name: Sac's Bar Holdings Inc. Stock exchange: Tokyo Stock Exchange
Code number: 9990 URL: <http://www.sacs-bar.co.jp>
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Scheduled date of filing quarterly report : November 9, 2017
Scheduled date of starting distributing dividends : –
Supplementary materials prepared for quarterly financial results : Yes
Quarterly results briefing : Yes (for institutional investors and analysts)

(Million yen, rounded down)

1. Consolidated financial results for the second quarter of the fiscal year ending March 31, 2018 (April 1 – September 30, 2017)

(1) Consolidated operating results (year-to-date) (Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	(Million yen)	%	(Million yen)	%	(Million yen)	%	(Million yen)	%
FY2017 2Q	27,426	0.0	1,894	-9.9	1,918	-9.9	1,168	-11.9
FY2016 2Q	21,417	-0.9	2,102	-11.1	2,129	-10.5	1,326	-10.1

Note: Comprehensive income: FY2017 2Q JPY1,199 million (-14.7%); FY2016 2Q JPY1,405 million (-5.1%)

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
FY2017 2Q	39.67	–
FY2016 2Q	45.01	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Million yen)	(Million yen)	%
FY2017 2Q	39,650	26,634	66.9
FY2016	38,671	26,235	67.5

Reference: Shareholders' equity: FY2017 2Q JPY26,525 million; FY2016 JPY26,121 million

2. Dividends

	Annual dividends per share				
	1Q end	2Q end	3Q end	Year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FY2016	–	0.00	–	27.00	27.00
FY2017	–	0.00			
FY2017 (projected)			–	27.00	27.00

Note: Revisions to most recently announced projected dividends: None

3. Forecast of Consolidated Operating Results for the fiscal year ending March 31, 2018
(April 1, 2017 - March 31, 2018)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net profit attributable to owners of parent		Net income per share
	(Million yen)	%	(Million yen)	%	(Million yen)	%	(Million yen)	%	(Yen)
Full-year	57,640	1.6	4,352	-2.5	4,393	-2.9	2,636	-0.8	89.50

Note: Revisions to most recently announced consolidated results forecast: Revised

Notes:

- (1) Significant changes in consolidated subsidiaries during the period (changes in specific subsidiaries resulting in changes in the scope of consolidation) : None
- (2) Application of special accounting methods in preparation of quarterly consolidated financial statements : None
- (3) Changes in accounting policies, changes in accounting estimates, and revisions and restatements
- (i) Changes in accounting policies in accordance with changes in accounting standards, etc. : None
 - (ii) Changes in accounting policies other than the above : None
 - (iii) Changes in accounting estimates : None
 - (iv) Revisions and restatements : None

(4) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding as of end of period (including treasury stock):	FY2017 2Q	29,859,900 shares	FY2016	29,859,900 shares
(ii) Treasury stock as of end of period:	FY2017 2Q	402,465 shares	FY2016	402,465 shares
(iii) Average number of shares issued and outstanding during period (quarterly cumulative):	FY2017 2Q	29,457,435 shares	FY2016 2Q	29,457,932 shares

- * This quarterly summary of financial statements is not subject to quarterly review procedures.
- * Explanation concerning appropriate use of forecasts of business performance and other notes: Forecasts of business performance and other forward-looking statements in this document are based on information currently available and certain assumptions that the Company considers reasonable at the time of preparation and are not intended as a promise that such forecasts will be achieved. Actual results may differ materially due to various causes. For information including the assumptions of the forecasts of business performance and notes on their use, see “(3) Forward-Looking Statements Including Forecasts of Future Consolidated Results” under “1. Qualitative Information on this Quarterly Financial Report” on p. 2 of the attached document.

Friday, November 17, 2017: Briefing session on financial results for institutional investors and analysts

1. Qualitative Information on this Quarterly Financial Report

(1) Operating Results

During this period, Japan's economy continued a moderate recovery trend due mainly to improvements in business results thanks to the government's economic measures and the BOJ's monetary easing measures. Outside Japan, economies in the US, China and Europe remained generally firm. However, the outlook of the economy remained uncertain, due mainly to concerns of an economic downturn as well as geopolitical risks in East Asia.

In the retail industry, despite expectations for the effects of improvements in employment and income conditions, with a low wage growth, increasingly thrifty consumer spending, and intensifying market competition, the management environment has become difficult.

Under such conditions, the Sac's Bar Group took aggressive steps to grow its businesses, but in the second quarter of this consolidated fiscal year, the Group recorded net sales of JPY27,426 million (up 0.0% YoY), which were flat compared with the second quarter of the previous year, operating income of JPY1,894 million (down 9.9% YoY), ordinary income of JPY1,918 million (down 9.9% YoY), and profit attributable to owners of parent of JPY1,168 million (down 11.9% YoY).

Since the Group employs only one reporting segment, it does not present results differentiated by business segment.

Conditions by business section are outlined below. Figures shown below are after elimination of transactions conducted within business sections but before elimination of transactions between business sections.

<Retail and Other Businesses>

In the retail business, we strived to enhance our store network by aggressively opening 19 new stores. We closed 14 stores during this period.

A look at net sales shows that existing-store sales were weak, falling by 3.1% YoY. Sales of handbags increased by 14.4% YoY due to a considerable growth in sales of items mainly under both private brands and tie-up brands. Sales of imported bags increased by 7.2% YoY due mainly to strong sales of Coach and Kipling. Among wallets and accessories, sales of wallets fell by 2.2% YoY, and sales of accessories fell by 3.8% YoY. In the categories of men's bags and travel bags, sales of men's bags fell by 1.0% YoY, while sales of travel bags decreased by 2.8% YoY. Sales of casual bags slumped by 17.1% YoY due to a big fall in sales of some products under tie-ups with popular apparel brands.

As a result, net sales in these businesses totaled JPY25,850 million (down 0.5% YoY). Gross profit margin improved 0.1 percentage points YoY to 48.2%, while the selling, general, and administrative (SG&A) expense ratio increased by 0.8 percentage points YoY to 41.8%.

<Manufacturing, Wholesaling Businesses>

In the manufacturing and wholesaling businesses, we strived to grow sales by focusing on expansion of sales of existing brands along with increasing the number of stores dealing in LOJEL brand carry-on luggage, which we started to sell in January 2017.

As a result, net sales in these businesses totaled JPY1,886 million (up 7.8% YoY).

(2) Financial Position

(Total Assets)

Total assets at the end of the second quarter of this consolidated fiscal year were up JPY979 million from the end of the previous consolidated financial year to JPY39,650 million. This was due mainly to factors such as an increase of JPY538 million in cash and deposits, and an increase of JPY375 million in merchandise and finished goods, despite a decrease of JPY67 million in lease and guarantee

deposits.

(Liabilities)

Total liabilities at the end of the second quarter of this consolidated fiscal year were up JPY580 million from the end of the previous consolidated financial year to JPY13,016 million. This was due mainly to factors such as an increase of JPY526 million in notes payable and accounts payable-trade and an increase of JPY100 million in bonds payable, offsetting a decrease of JPY116 million in income taxes payable.

(Net Assets)

Net assets at the end of the second quarter of this consolidated fiscal year were up JPY399 million from the end of the previous consolidated financial year to JPY26,634 million. This reflected the recording of JPY1,168 million in profit attributable to owners of parent, offsetting a reduction due to the payment of JPY795 million in dividends of surplus.

(Equity Ratio)

The equity ratio stood at 66.9% as of the end of the second quarter of this consolidated fiscal year, down 0.6 percentage points from the end of the previous consolidated financial year.

(Cash Flow)

Cash and cash equivalents at the end of the second quarter of this consolidated fiscal year were up JPY538 million from the end of the previous consolidated financial year to JPY3,979 million. Cash flows for the following activities in the second quarter of this consolidated fiscal year were as follows.

<Cash Flows from Operating Activities>

Net cash for operating activities recorded plus JPY1,773 million due to income being up JPY333 million from the year-before quarter. Major factors in income were the recording of JPY1,850 million in income before taxes and minority interests and an increase of JPY526 million in notes and accounts payable-trade. Meanwhile, major factors in expenditure were an increase of JPY352 million in inventories and the payment of JPY754 million in income taxes.

<Cash Flows from Investing Activities>

Net cash in investing activities recorded minus JPY281 million due to expenditure being down JPY661 million from the year-before quarter. The major factor in expenditure was the recording of JPY262 million in investment in plant and equipment, which resulted from the acquisition of land, the opening of new stores, and the remodeling of stores.

<Cash Flows from Financing Activities>

Net cash in financing activities recorded minus JPY955 million due to expenditure being down JPY34 million from the year-before quarter. Major factors in expenditure were the payment of JPY793 million in dividends and the repayment of JPY231 million in lease obligations.

(3) Forward-Looking Statements Including Forecasts of Future Consolidated Results

The forecast of consolidated business performance for the fiscal year ending March 31, 2018 announced on July 28, 2017 was revised as indicated in the table below. For more details, please refer to the Notice of Differences between Forecasts and Actual Results in the Second Quarter of Fiscal Year Ending March 31, 2018 as well as the Revision to the Forecast of Full-year Consolidated Operating Results announced on October 31, 2017.

Company name: Sac's Bar Holdings Inc. (9990)
 Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2018
 (Japanese GAAP)

Revised Forecast of Consolidated Operating Results for the fiscal year ending March 31, 2018 (April 1, 2016 – March 31, 2018)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
	(Million yen)	(Million yen)	(Million yen)	(Million yen)	(Million yen)
Previous forecast (A) (announced on July 28, 2017)	58,634	4,575	4,606	2,781	94.43
Revised forecast (B)	57,640	4,352	4,393	2,636	89.50
Difference (B–A)	-993	-222	-213	-145	–
Rate of difference (%)	-1.7	-4.9	-4.6	-5.2	–
Reference: Previous actual results (for the fiscal year ended March 31, 2017)	56,747	4,465	4,526	2,658	90.25

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2017)	Second quarter of this consolidated fiscal year (September 30, 2017)
Assets		
Current assets		
Cash and deposits	3,468,323	4,006,958
Notes and accounts receivable-trade	4,123,013	4,159,313
Merchandise and finished goods	13,142,771	13,518,532
Raw materials and supplies	83,413	60,278
Deferred tax assets	261,013	233,674
Other	123,768	197,552
Total current assets	21,202,305	22,176,308
Non-current assets		
Property, plant, and equipment		
Buildings and structures (net)	2,376,610	2,386,346
Land	1,921,930	1,921,930
Leased assets (net)	1,007,403	1,016,004
Other (net)	476,906	506,623
Total property, plant, and equipment	5,782,850	5,830,904
Intangible assets	49,683	43,782
Investments and other assets		
Investment securities	3,293,202	3,337,911
Net defined benefit asset	123,235	131,815
Deferred tax assets	603,091	580,500
Lease and guarantee deposits	6,969,792	6,901,833
Other	714,653	714,862
Allowance for doubtful accounts	-57,324	-57,324
Allowance for investment loss	-10,000	-10,000
Total investments and other assets	11,636,651	11,599,599
Total non-current assets	17,469,185	17,474,286
Total assets	38,671,491	39,650,595

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(Japanese GAAP)

(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2017)	Second quarter of this consolidated fiscal year (September 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,836,271	4,362,401
Short-term loans payable	20,000	7,500
Lease obligations	408,253	439,241
Income taxes payable	791,067	674,538
Provision for bonuses	373,338	334,203
Provision for directors' bonuses	42,850	26,400
Provision for shareholder benefit program	19,000	-
Other	2,062,330	2,200,061
Total current liabilities	7,553,111	8,044,346
Non-current liabilities		
Bonds payable	1,700,000	1,800,000
Lease obligations	816,198	778,565
Provision for directors' retirement benefits	122,406	125,675
Net defined benefit liability	997,696	1,031,061
Deferred tax liabilities	28,651	28,534
Asset retirement obligations	678,983	696,065
Other	539,371	512,184
Total non-current liabilities	4,883,307	4,972,085
Total liabilities	12,436,419	13,016,431
Net assets		
Shareholders' equity		
Capital stock	2,986,400	2,986,400
Capital surplus	4,569,597	4,569,597
Retained earnings	18,505,036	18,878,242
Treasury stock	-109,579	-109,579
Total shareholders' equity	25,951,455	26,324,660
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	180,471	211,498
Remeasurements of defined benefit plans	-10,667	-10,942
Total accumulated other comprehensive income	169,804	200,555
Subscription rights to shares	113,813	108,947
Total net assets	26,235,072	26,634,163
Total liabilities and net assets	38,671,491	39,650,595

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(2) Quarterly Consolidated Income Statement and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Income Statement
Second quarter of this consolidated fiscal year

(Unit: JPY thousands)

	Second quarter of previous consolidated fiscal year (April 1 – September 30, 2016)	Second quarter of this consolidated fiscal year (April 1 – September 30, 2017)
Net sales	27,417,513	27,426,409
Cost of sales	14,251,953	14,254,219
Gross profit	13,165,560	13,172,189
Selling, general, and administrative expenses	11,063,108	11,278,155
Operating income	2,102,451	1,894,034
Non-operating income		
Interest income	32,355	32,735
Dividend income	1,353	2,027
Insurance income	50	-
Commission fee	7,141	6,024
Other	16,290	13,022
Total non-operating income	57,191	53,809
Non-operating expenses		
Interest expenses	23,947	22,404
Other	5,884	7,350
Total non-operating expenses	29,832	29,754
Ordinary income	2,129,810	1,918,089
Extraordinary income		
Gain on reversal of subscription rights to shares	-	4,865
Total extraordinary income	-	4,865
Extraordinary losses		
Loss on retirement of non-current assets	13,235	24,064
Loss on closing of stores	23,560	17,854
Impairment loss	24,257	30,449
Total extraordinary losses	61,052	72,368
Income before taxes and minority interests	2,068,757	1,850,586
Income taxes-current	677,360	645,790
Income taxes-deferred	65,354	36,240
Total income taxes	742,714	682,030
Net income	1,326,042	1,168,556
Profit attributable to owners of parent	1,326,042	1,168,556

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Quarterly Consolidated Statement of Comprehensive Income
Second quarter of this consolidated fiscal year

(Unit: JPY thousands)

	Second quarter of previous consolidated fiscal year (April 1 – September 30, 2016)	Second quarter of this consolidated fiscal year (April 1 - September 30, 2017)
Net income	1,326,042	1,168,556
Other comprehensive income		
Valuation difference on available-for-sale securities	71,020	31,026
Remeasurements of defined benefit plans	8,351	-275
Total other comprehensive income	79,372	30,751
Comprehensive income	1,405,415	1,199,307
(Breakdown)		
Comprehensive income attributable to owners of parent	1,405,415	1,199,307
Comprehensive income attributable to non-controlling interests	-	-

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(3) Quarterly Consolidated Cash Flow Statement

(Unit: JPY thousands)

	Second quarter of previous consolidated fiscal year (April 1 – September 30, 2016)	Second quarter of this consolidated fiscal year (April 1 - September 30, 2017)
Cash flows from operating activities		
Income before income taxes	2,068,757	1,850,586
Depreciation	465,028	454,238
Impairment loss	24,257	30,449
Increase (decrease) in provision for bonuses	-72,753	-39,134
Increase (decrease) in provision for directors' bonuses	-14,950	-16,450
Increase (decrease) in provision for directors' retirement benefits	4,050	3,268
Increase (decrease) in liability for employees' retirement benefits	25,905	33,364
Interest and dividends income	-33,709	-34,762
Interest expenses	23,947	22,404
Loss on retirement of non-current assets	13,235	24,064
Decrease (increase) in notes and accounts receivable-trade	248,781	-36,299
Decrease (increase) in inventories	-508,110	-352,625
Decrease (increase) in notes and accounts payable-trade	132,370	526,130
Increase (decrease) in accrued consumption taxes	-250,839	-28,836
Bond issuance cost	-	2,259
Other	139,008	77,561
Subtotal	2,264,980	2,516,218
Interest and dividends income received	28,527	34,412
Interest expenses paid	-23,951	-22,402
Income tax paid	-927,852	-754,432
Income tax refunded	98,567	44
Net cash provided by (used in) operating activities	1,440,272	1,773,840
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	50,000	-
Purchase of property, plant, equipment and intangible assets	-976,888	-262,999
Payment for retirement of property, plant and equipment	-16,408	-18,527
Net cash provided by (used in) investment activities	-943,296	-281,526
Cash flows from financing activities		
Repayment of long-term loans payable	-15,000	-12,500
Increase in accounts payable-installment purchase	151,393	120,865
Decrease in accounts payable-installment purchase	-127,008	-137,315
Repayment of lease obligations	-206,335	-231,222
Cash dividends paid	-793,369	-793,054
Proceeds from insurance of bonds	-	97,740
Purchase of treasury stock	-123	-
Net cash provided by (used in) financing activities	-990,444	-955,486
Effect of exchange rate on cash and cash equivalents	-351	1,807
Net increase (decrease) in cash and cash equivalents	-493,820	538,634
Cash and cash equivalents at beginning of current period	3,034,159	3,440,623
Cash and cash equivalents at end of current period	2,540,339	3,979,258

(4) Notes on Consolidated Quarterly Financial Statements

(Notes on going-concern assumption)

Not applicable

(Notes on significant changes in amount of shareholders' equity)

Not applicable

(Segment information, etc.)

Since the Group employs only one reporting segment, it does not present results differentiated by business segment.