



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

January 30, 2018

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 for filing quarterly report : February 7, 2018
Scheduled date for starting the distribution of dividends : –
Supplementary materials prepared for quarterly financial results : None
Quarterly results briefing : None (for institutional investors and analysts)

(Million yen, rounded down)

1. Consolidated financial results for the third quarter of the fiscal year ending March 31, 2018 (April 1 – December 31, 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 3Q	41,152	-1.5	2,709	-15.5	2,758	-15.2	1,676	-17.3
FY2016 3Q	41,765	-0.4	3,207	-6.7	3,250	-5.9	2,026	-5.5

Note: Comprehensive income: FY2017 3Q JPY1,704 million (-19.6%); FY2016 3Q JPY2,121 million (-2.0%)

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
FY2017 3Q	56.92	–
FY2016 3Q	68.80	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Million yen)	(Million yen)	%
FY2017 3Q	41,267	27,139	65.5
FY2016	38,671	26,235	67.5

Reference: Shareholders' equity: FY2017 3Q JPY27,030 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	56,082	-1.2	3,749	-16.0	3,802	-16.0	2,298	-13.6	78.02

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 3Q	29,859,900 shares	FY2016	29,859,900 shares
(ii) Treasury stock as of end of period:	FY2017 3Q	402,515 shares	FY2016	402,465 shares
(iii) Average number of shares issued and outstanding during period (quarterly cumulative):	FY2017 3Q	29,457,432 shares	FY2016 3Q	29,457,899 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.

1. Qualitative Information on this Quarterly Financial Report

(1) Operating Results

During this period, Japan's economy continued a moderate trend toward recovery, due mainly to improvements in business results thanks to the government's economic measures and the BOJ's monetary easing measures. Outside Japan, conversely, the outlook for the economy remained uncertain, due mainly to growing concerns about a slowdown in emerging economies, as well as increasing geopolitical risks in East Asia.

In the retail industry, despite expectations in terms of the effects of improvements in employment and income conditions, with 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 third quarter of this consolidated fiscal year, the Group recorded net sales of JPY41,152 million (down 1.5% YoY), which were flat compared with the third quarter of the previous year, operating income of JPY2,709 million (down 15.5% YoY), ordinary income of JPY2,758 million (down 15.2% YoY), and profit attributable to owners of parent of JPY1,676 million (down 17.3% 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 26 new stores. We also closed 17 stores during this period.

A look at net sales shows that existing-store sales were weak, falling by 4.0% YoY. Sales of handbags increased by 10.4% 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 2.8% YoY due mainly to strong sales of Coach and Kipling. Among wallets and accessories, sales of wallets fell by 1.6% YoY, and sales of accessories fell by 4.9% YoY. In the categories of men's bags and travel bags, sales of men's bags fell by 1.4% YoY, while sales of travel bags decreased by 6.2% YoY. Sales of casual bags slumped by 20.3% YoY due to a big fall in sales of some products in tie-ups with popular apparel brands.

As a result, net sales in these businesses totaled JPY38,757 million (down 2.1% YoY). Gross profit margin improved 0.1 percentage points YoY to 48.3%, while the selling, general, and administrative (SG&A) expense ratio increased by 1.2 percentage points YoY to 42.2%.

<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 JPY2,805 million (up 6.3% YoY).

(2) Financial Position

(Total Assets)

Total assets at the end of the third quarter of this consolidated fiscal year were up JPY2,596 million from the end of the previous consolidated financial year to JPY41,267 million. This was due mainly to factors such as an increase of JPY1,201 million in notes payable and accounts receivable-trade, an increase of JPY2,437 million in merchandise and finished goods, and an increase of JPY337 million in

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tangible non-current assets, despite a decrease of JPY1,336 million in cash and deposits.

(Liabilities)

Total liabilities at the end of the third quarter of this consolidated fiscal year were up JPY1,692 million from the end of the previous consolidated financial year to JPY14,128 million. This was due mainly to factors such as an increase of JPY2,235 million in notes payable and accounts payable-trade, offsetting a decrease of JPY687 million in income taxes payable.

(Net Assets)

Net assets at the end of the third quarter of this consolidated fiscal year were up JPY903 million from the end of the previous consolidated financial year to JPY27,139 million. This reflected the recording of JPY1,676 million in profit attributable to owners of the parent, offsetting a reduction due to the payment of JPY795 million in dividends of surplus.

(Equity Ratio)

The equity ratio stood at 65.5% as of the end of the third quarter of this consolidated fiscal year, down 2.0 percentage points from the end of the previous consolidated financial year.

(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 October 31, 2017 was revised as indicated in the table below. For more details, please refer to “the Notice on the Revision to the Forecast of Full-year Consolidated Operating Results for the Fiscal Year Ending March 31, 2018” announced on January 30, 2018.

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
Previous forecast (A) (announced on October 31, 2017)	(Million yen) 57,640	(Million yen) 4,352	(Million yen) 4,393	(Million yen) 2,636	(yen) 89.50
Revised forecast (B)	56,082	3,749	3,802	2,298	78.02
Difference (B-A)	-1,558	-603	-590	-338	-
Rate of difference (%)	-2.7	-13.9	-13.4	-12.8	-
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)	Third quarter of this consolidated fiscal year (December 31, 2017)
Assets		
Current assets		
Cash and deposits	3,468,323	2,131,541
Notes and accounts receivable-trade	4,123,013	5,324,331
Merchandise and finished goods	13,142,771	15,580,019
Raw materials and supplies	83,413	45,093
Deferred tax assets	261,013	108,556
Other	123,768	334,541
Total current assets	21,202,305	23,524,084
Non-current assets		
Property, plant, and equipment		
Buildings and structures (net)	2,376,610	2,444,520
Land	1,921,930	1,921,930
Leased assets (net)	1,007,403	1,062,370
Other (net)	476,906	691,082
Total property, plant, and equipment	5,782,850	6,119,903
Intangible assets	49,683	40,523
Investments and other assets		
Investment securities	3,293,202	3,324,332
Net defined benefit asset	123,235	135,824
Deferred tax assets	603,091	576,743
Lease and guarantee deposits	6,969,792	6,887,073
Other	714,653	716,500
Allowance for doubtful accounts	-57,324	-57,324
Allowance for investment loss	-10,000	-
Total investments and other assets	11,636,651	11,583,149
Total non-current assets	17,469,185	17,743,577
Total assets	38,671,491	41,267,662

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(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2017)	Third quarter of this consolidated fiscal year (December 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,836,271	6,071,491
Short-term loans payable	20,000	-
Lease obligations	408,253	435,683
Income taxes payable	791,067	103,841
Provision for bonuses	373,338	168,195
Provision for directors' bonuses	42,850	39,600
Provision for shareholder benefit program	19,000	-
Other	2,062,330	2,288,764
Total current liabilities	7,553,111	9,107,557
Non-current liabilities		
Bonds payable	1,700,000	1,800,000
Lease obligations	816,198	803,583
Provision for directors' retirement benefits	122,406	127,718
Net defined benefit liability	997,696	1,045,809
Deferred tax liabilities	28,651	28,475
Asset retirement obligations	678,983	694,485
Other	539,371	520,954
Total non-current liabilities	4,883,307	5,021,026
Total liabilities	12,436,419	14,128,604
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	19,386,326
Treasury stock	-109,579	-109,647
Total shareholders' equity	25,951,455	26,832,677
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	180,471	209,015
Remeasurements of defined benefit plans	-10,667	-11,080
Total accumulated other comprehensive income	169,804	197,934
Subscription rights to shares	113,813	108,445
Total net assets	26,235,072	27,139,058
Total liabilities and net assets	38,671,491	41,267,662

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

Quarterly Consolidated Income Statement
Third quarter of this consolidated fiscal year

(Unit: JPY thousands)

	Third quarter of previous consolidated fiscal year (April 1 – December 31, 2016)	Third quarter of this consolidated fiscal year (April 1 – December 31, 2017)
Net sales	41,765,962	41,152,300
Cost of sales	21,659,394	21,380,714
Gross profit	20,106,568	19,771,586
Selling, general, and administrative expenses	16,899,118	17,061,793
Operating income	3,207,449	2,709,792
Non-operating income		
Interest income	48,628	49,035
Dividend income	6,668	8,613
Insurance income	944	2,571
Commission fee	11,060	9,171
Other	19,218	21,341
Total non-operating income	86,520	90,733
Non-operating expenses		
Interest expenses	35,094	32,963
Other	8,151	9,407
Total non-operating expenses	43,246	42,371
Ordinary income	3,250,723	2,758,153
Extraordinary income		
Gain on reversal of subscription rights to shares	–	5,367
Total extraordinary income	–	5,367
Extraordinary losses		
Loss on retirement of non-current assets	18,621	28,394
Loss on closing of stores	29,151	40,555
Impairment loss	26,235	32,699
Total extraordinary losses	74,008	101,649
Income before taxes and minority interests	3,176,715	2,661,871
Income taxes-current	993,647	819,016
Income taxes-deferred	156,417	166,213
Total income taxes	1,150,065	985,230
Net income	2,026,649	1,676,640
Profit attributable to owners of parent	2,026,649	1,676,640

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

	Third quarter of previous consolidated fiscal year (April 1 – December 31, 2016)	Third quarter of this consolidated fiscal year (April 1 – December 31, 2017)
(Unit: JPY thousands)		
Net income	2,026,649	1,676,640
Other comprehensive income		
Valuation difference on available-for-sale securities	82,396	28,543
Remeasurements of defined benefit plans	12,527	-412
Total other comprehensive income	94,923	28,130
Comprehensive income	2,121,573	1,704,771
(Breakdown)		
Comprehensive income attributable to owners of parent	2,121,573	1,704,771
Comprehensive income attributable to non-controlling interests	-	-

(3) 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.