



Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2019(Japanese GAAP)

July 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 of filing quarterly report : August 8, 2018
Scheduled date of starting distributing dividends : –
Supplementary materials prepared for quarterly financial results : None
Quarterly results briefing : None

(Million yen, rounded down)

1. Consolidated financial results for the first quarter of the fiscal year ending March 31, 2019 (April 1 – June 30, 2018)

(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)	%
FY2018 1Q	13,169	-1.3	739	-14.2	754	-13.8	453	-16.7
FY2017 1Q	13,346	0.1	862	-5.4	875	-5.4	543	-7.1

Note: Comprehensive income: FY2018 1Q JPY455 million (-19.0%); FY2017 1Q JPY562 million (-9.4%)

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
FY2018 1Q	15.38	-
FY2017 1Q	18.45	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Million yen)	(Million yen)	%
FY2018 1Q	39,730	27,294	68.4
FY2017	40,114	27,634	68.6

Reference: Shareholders' equity: FY2018 1Q JPY27,186 million; FY2017 JPY27,526 million

2. Dividends

	Annual dividends per share				
	1Q end	2Q end	3Q end	Year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FY2017	-	0.00	-	27.00	27.00
FY2018	-				
FY2018 (projected)		0.00	-	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, 2019
(April 1, 2018 - March 31, 2019)

(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)
Second Quarter (consolidated)	27,819	1.4	1,925	1.7	1,947	1.5	1,183	1.3	40.18
Full-year	56,524	1.4	3,929	3.4	3,939	2.1	2,304	3.7	78.22

Note: Revisions to most recently announced consolidated results forecast: None

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):	FY2018 1Q	29,859,900 shares	FY2017	29,859,900 shares
(ii) Treasury stock as of end of period:	FY2018 1Q	402,615 shares	FY2017	402,565 shares
(iii) Average number of shares issued and outstanding during period (quarterly cumulative):	FY2018 1Q	29,457,317 shares	FY2017 1Q	29,457,435 shares

* This quarterly summary of financial statements is not subject to quarterly review procedures by a Public Certified Accountant or an Audit Firm.

* 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 recovery trend with steady growth, as robust corporate earnings and capital investment continued.

In the retail industry, as the growth of wages remained at a low level, consumers took a more defensive stance toward spending, and a difficult management environment persisted. Furthermore, in the fashion industry including the apparel industry, sales generally remained low, with no major changes in the trend.

Under such conditions, the Sac's Bar Group took aggressive steps to grow its businesses, but in the first quarter of this consolidated fiscal year, the Group recorded net sales of JPY 13,169 million (down 1.3% YoY), which were flat compared with the first quarter of the previous year, operating income of JPY 739 million (down 14.2% YoY), ordinary income of JPY 754 million (down 13.8% YoY), and profit attributable to owners of parent of JPY 453 million (down 16.7% 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. Carnival Company Inc., which is a 100% subsidiary of the Company and engages in general merchandise retailing, has become a consolidation object company from this fiscal year and its business is included in retail and other businesses. 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, while we opened five new stores, we also closed six stores. Furthermore, the addition of five stores of Carnival Company Inc. brought the total number of stores at the end of this period to 659.

A look at net sales shows that existing-store sales declined slightly, falling by 1.6 % YoY. Sales of imported bags increased by 2.4 % YoY due mainly to strong sales of Coach, IL BISONTE and FURLA. Among wallets and accessories, while sales of wallets increased by 5.5 % YoY and remained in good shape due mainly to the sales contribution of smartphone cases and popularity of small wallets, sales of accessories fell by 4.9 % YoY, with few hit products. In the categories of men's bags and travel bags, while sales of men's bags increased by 4.0% YoY due mainly to strong sales of business rucksacks and casual sports products, sales of travel bags fell by 11.2% due to the sales slump in large suitcases. Sales of handbags fell by 3.4% YoY due to the sharp drop in sales of some brand products in spite of the increased number of private brands and tie-up brands being handled. Sales of casual bags slumped by 18.9 % YoY due to the continued fall in sales of some products under tie-ups with popular apparel brands.

As a result, net sales in these businesses totaled JPY 12,439 million (down 1.5 % YoY). Gross profit margin declined 0.2 percentage points YoY to 48.3%, due mainly to the reduced gross margin ratio of imported bags and casual bags, while the selling, general, and administrative (SG&A) expense ratio increased by 0.8 percentage points YoY to 43.1 % due to the decline in existing-store sales.

<Manufacturing, Wholesaling Businesses>

In the manufacturing and wholesaling businesses, sales of LOJEL brand carry-on luggage grew as expected, while sales of large frame cases, which were in high demand mainly among Chinese tourists, slowed down.

As a result, net sales in these businesses totaled JPY 828 million (down 4.5% YoY).

(2) Financial Position

(Total Assets)

Total assets at the end of the first quarter of this consolidated fiscal year were down JPY 384 million from the end of the previous consolidated financial year to JPY 39,730 million. This was due mainly to factors such as a decrease of JPY 591 million in cash and deposits, and a decrease of JPY 646 million in notes and accounts receivable-trade, despite an increase of JPY 699 million in merchandise and finished goods, and an increase of JPY 394 million in property, plant, and equipment.

(Liabilities)

Total liabilities at the end of the first quarter of this consolidated fiscal year were down JPY 43 million from the end of the previous consolidated financial year to JPY 12,435 million. This was due mainly to factors such as a decrease of JPY 443 million in income taxes payable and a decrease of JPY 192 million in provision for bonuses, offsetting an increase of JPY 160 million in notes and accounts payable-trade.

(Net Assets)

Net assets at the end of the first quarter of this consolidated fiscal year were down JPY 340 million from the end of the previous consolidated financial year to JPY 27,294 million. This reflected the recording of JPY 453 million in profit attributable to owners of parent, offsetting a reduction due to the payment of JPY 795 million in dividends of surplus.

(Equity Ratio)

The equity ratio stood at 68.4% as of the end of the first quarter of this consolidated fiscal year, down 0.2 percentage points from the end of the previous consolidated financial year.

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

As for the Forecast of the Second Quarter of This Consolidated Fiscal Year and Full-year Consolidated Operating Results, no revision has been made to the forecast announced on May 9, 2018.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheet

	Previous consolidated fiscal year (March 31, 2018)	First quarter of this consolidated fiscal year (June 30, 2018)
(Unit: JPY thousands)		
Assets		
Current assets		
Cash and deposits	3,873,941	3,282,023
Notes and accounts receivable-trade	4,712,775	4,066,068
Merchandise and finished goods	13,343,619	14,042,692
Raw materials and supplies	42,648	48,069
Other	249,107	354,039
Total current assets	22,222,092	21,792,893
Non-current assets		
Property, plant, and equipment		
Buildings and structures (net)	2,372,684	3,134,689
Land	1,921,930	1,921,930
Leased assets (net)	993,890	1,004,784
Other (net)	839,584	460,720
Total property, plant, and equipment	6,128,089	6,522,125
Intangible assets	37,336	49,366
Investments and other assets		
Investment securities	3,300,793	3,303,744
Net defined benefit asset	117,356	120,667
Deferred tax assets	872,728	712,529
Lease and guarantee deposits	6,812,009	6,704,967
Other	722,998	524,321
Allowance for doubtful accounts	-98,689	-
Total investments and other assets	11,727,196	11,366,229
Total non-current assets	17,892,622	17,937,720
Total assets	40,114,715	39,730,614
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,710,827	3,871,623
Current portion of bonds	1,600,000	1,600,000
Lease obligations	450,452	448,902
Income taxes payable	565,346	122,241
Provision for bonuses	353,189	160,492
Provision for directors' bonuses	52,800	13,200
Provision for shareholder benefit program	20,000	19,971
Other	2,316,293	2,768,605
Total current liabilities	9,068,910	9,005,037

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(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2018)	First quarter of this consolidated fiscal year (June 30, 2018)
Non-current liabilities		
Bonds payable	200,000	200,000
Lease obligations	777,538	779,839
Provision for directors' retirement benefits	129,762	131,806
Net defined benefit liability	1,083,364	1,095,556
Deferred tax liabilities	28,416	28,364
Asset retirement obligations	694,694	694,175
Other	497,112	501,135
Total non-current liabilities	3,410,889	3,430,878
Total liabilities	12,479,799	12,435,915
Net assets		
Shareholders' equity		
Capital stock	2,986,400	2,986,400
Capital surplus	4,569,597	4,569,597
Retained earnings	19,930,731	19,588,416
Treasury stock	-109,708	-109,763
Total shareholders' equity	27,377,021	27,034,650
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	192,683	194,731
Remeasurements of defined benefit plans	-42,983	-42,427
Total accumulated other comprehensive income	149,699	152,303
Subscription rights to shares	108,195	107,743
Total net assets	27,634,916	27,294,698
Total liabilities and net assets	40,114,715	39,730,614

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

Quarterly Consolidated Income Statement
First quarter of this consolidated fiscal year

	First quarter of previous consolidated fiscal year (April 1 – June 30, 2017)	First quarter of this consolidated fiscal year (April 1 – June 30, 2018)
(Unit JPY thousands)		
Net sales	13,346,517	13,169,213
Cost of sales	6,915,152	6,838,503
Gross profit	6,431,364	6,330,709
Selling, general, and administrative expenses	5,568,523	5,590,802
Operating income	862,840	739,907
Non-operating income		
Interest income	16,122	15,906
Dividend income	1,181	1,290
Other	9,392	12,838
Total non-operating income	26,696	30,036
Non-operating expenses		
Interest expenses	10,982	11,690
Other	3,016	3,431
Total non-operating expenses	13,999	15,122
Ordinary income	875,537	754,821
Extraordinary income		
Gain on reversal of subscription rights to shares	2,808	451
Total extraordinary income	2,808	451
Extraordinary losses		
Loss on retirement of non-current assets	2,177	31,512
Loss on closing of stores	10,604	13,770
Impairment loss	7,386	1,748
Total extraordinary losses	20,168	47,031
Income before taxes	858,178	708,241
Income taxes-current	151,720	96,210
Income taxes-deferred	162,867	158,997
Total income taxes	314,588	255,208
Net income	543,590	453,033
Profit attributable to owners of parent	543,590	453,033

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

(Unit: JPY thousands)

	First quarter of previous consolidated fiscal year (April 1 – June 30, 2017)	First quarter of this consolidated fiscal year (April 1 - June 30, 2018)
Net income	543,590	453,033
Other comprehensive income		
Valuation difference on available-for-sale securities	19,213	2,047
Remeasurements of defined benefit plans	-137	556
Total other comprehensive income	19,075	2,604
Comprehensive income	562,665	455,637
(Breakdown)		
Comprehensive income attributable to owners of parent	562,665	455,637
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.