



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

January 30, 2019

Company name: Sac's Bar Holdings Inc.      Stock exchange: Tokyo Stock Exchange  
Code number: 9990      URL: <http://www.sacs-bar.co.jp>  
Representative: Takeshi Kiyama, President and Representative Director  
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Scheduled date of filing quarterly report : February 7, 2019  
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 third quarter of the fiscal year ending March 31, 2019 (April 1 – December 31, 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 3Q	40,871	-0.7	2,614	-3.5	2,653	-3.8	1,605	-4.3
FY2017 3Q	41,152	-1.5	2,709	-15.5	2,758	-15.2	1,676	-17.3

Note: Comprehensive income: FY2018 3Q JPY1,610 million (-5.5%); FY2017 3Q JPY1,704 million (-19.6%)

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
FY2018 3Q	54.49	–
FY2017 3Q	56.92	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Million yen)	(Million yen)	%
FY2018 3Q	43,273	28,446	65.5
FY2017	40,114	27,634	68.6

Reference: Shareholders' equity: FY2018 3Q JPY28,342 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	–	0.00	–		
FY2018 (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, 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)
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 3Q	29,859,900 shares	FY2017	29,859,900 shares
(ii) Treasury stock as of end of period:	FY2018 3Q	402,814 shares	FY2017	402,565 shares
(iii) Average number of shares issued and outstanding during period (quarterly cumulative):	FY2018 3Q	29,457,243 shares	FY2017 3Q	29,457,432 shares

\* This quarterly summary of financial statements is not subject to quarterly review procedures by a certified public 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. 3 of the attached document.

## 1. Qualitative Information on this Quarterly Financial Report

### (1) Operating Results

During this period, although Japan's economy continued a moderate recovery trend with steady progress of business results and capital investments, we have come to a situation where the outlook of the economy is uncertain due to the intensifying trade friction and confusion in the stock market.

In the retail industry, with increasingly thrifty consumer spending, the management environment continued to be difficult. There was no specific change in the trend in the fashion industry including apparel. In addition, with effects of the Heavy Rain in July 2018, several big typhoons hitting Japan, the Hokkaido East Iburi Earthquake, and the record warm winter, sales in general remained sluggish.

Under such conditions, the Sac's Bar Group continued to reorganize the store network and review the product mix, but in the third quarter of this consolidated fiscal year, the Group recorded net sales of JPY40,871 million (down 0.7% YoY), which were almost flat compared with the second quarter of the previous year, operating income of JPY2,614 million (down 3.5% YoY), ordinary income of JPY2,653 million (down 3.8% YoY), and profit attributable to owners of parent of JPY1,605 million (down 4.3% 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. Carnival Co., Ltd., miscellaneous-goods retailer and our 100% owned subsidiary, was included in our retail business category for consolidated financial statements from this financial period. 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 opened 16 new stores and closed 23 stores during this period. With five stores of Carnival Co., Ltd. at the beginning of the fiscal year, the number of our store network became 653 as of the end of the third quarter of this consolidated fiscal year.

A look at net sales shows that existing-store sales decreased slightly by 0.4% YoY. Among wallets and accessories, sales of wallets remained brisk with 5.4% increase YoY due mainly to increasing sales of smartphone cases and popular small-sized wallets whereas sales of accessories fell by 1.9% YoY due to a lack of hit products. In the categories of men's bags and travel bags, sales of men's bags increased by 6.4% YoY thanks to good sales of business backpacks and sports-brand bags, while sales of travel bags decreased by 9.7% YoY due primarily to poor sales of large suitcases. Sales of imported bags increased by 3.0% thanks to an increase in sales of some brands. Sales of handbags decreased by 4.3% YoY due to a considerable drop in sales of specific brands despite the increased volume of private brands and tie-up brands. Sales of casual bags decreased by 18.5% 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 JPY38,441 million (down 0.8% YoY).

Gross profit margin decreased by 0.3 percentage points YoY to 48.0% due mainly to a decrease in gross margin ratio of imported bags and casual bags, while the selling, general, and administrative (SG&A) expense ratio 42.2% generally unchanged from the previous correspondent period.

#### <Manufacturing, Wholesaling Businesses>

In the manufacturing and wholesaling businesses, despite a decrease in sales of large-frame cases that was in high demand mainly from Chinese tourists, sales of LOJEL brand carry-on luggage remained strong.

As a result, net sales in these businesses totaled JPY2,842 million (up 1.3% YoY).

(2) Financial Position

(Total Assets)

Total assets at the end of the third quarter of this consolidated fiscal year were up JPY3,159 million from the end of the previous consolidated financial year to JPY43,273 million. This was due mainly to factors such as an increase of JPY2,477 million in merchandize and finished goods, an increase of JPY1,114 million in investment securities and an increase of JPY532 million in tangible fixed assets despite a decrease of JPY1,074 million in cash and deposits.

(Liabilities)

Total liabilities at the end of the third quarter of this consolidated fiscal year were up JPY2,347 million from the end of the previous consolidated financial year to JPY14,827 million. This was due mainly to factors such as an increase of JPY2,229 million in notes and accounts payable-trade, and an increase of JPY1,000 million in bonds payable, offsetting a decrease of JPY414 million in income taxes payable and a decrease of JPY181 million in provision for bonuses.

(Net Assets)

Net assets at the end of the third quarter of this consolidated fiscal year were up JPY811 million from the end of the previous consolidated financial year to JPY28,446 million. This reflected the recording of JPY1,605 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 65.5% as of the end of the third quarter of this consolidated fiscal year, down 3.1 percentage points from the end of the previous consolidated financial year.

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

There are no changes to the forecast of consolidated business performance for the fiscal year ending March 31, 2019 announced on May 9, 2018.

## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Quarterly Consolidated Balance Sheet

(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2018)	Third quarter of this consolidated fiscal year (December 31, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	3,873,941	2,799,573
Notes and accounts receivable-trade	4,712,775	5,232,173
Merchandise and finished goods	13,343,619	15,820,743
Raw materials and supplies	42,648	50,170
Other	249,107	197,201
Total current assets	22,222,092	24,099,863
Non-current assets		
Property, plant, and equipment		
Buildings and structures (net)	2,372,684	3,139,341
Land	1,921,930	2,187,369
Leased assets (net)	993,890	916,504
Other (net)	839,584	417,159
Total property, plant, and equipment	6,128,089	6,660,376
Intangible assets	37,336	77,386
Investments and other assets		
Investment securities	3,300,793	4,415,707
Net defined benefit asset	117,356	119,566
Deferred tax assets	872,728	723,943
Lease and guarantee deposits	6,812,009	6,667,749
Other	722,998	509,399
Allowance for doubtful accounts	-98,689	-
Total investments and other assets	11,727,196	12,436,365
Total non-current assets	17,892,622	19,174,128
Total assets	40,114,715	43,273,992

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(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2018)	Third quarter of this consolidated fiscal year (December 31, 2018)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	3,710,827	5,940,784
Current portion of bonds	1,600,000	1,600,000
Lease obligations	450,452	422,344
Income taxes payable	565,346	150,745
Provision for bonuses	353,189	171,370
Provision for directors' bonuses	52,800	39,600
Provision for shareholder benefit program	20,000	-
Other	2,316,293	2,178,369
<b>Total current liabilities</b>	<b>9,068,910</b>	<b>10,503,214</b>
Non-current liabilities		
Bonds payable	200,000	1,200,000
Lease obligations	777,538	671,844
Provision for directors' retirement benefits	129,762	135,943
Net defined benefit liability	1,083,364	1,119,435
Deferred tax liabilities	28,416	28,259
Asset retirement obligations	694,694	691,605
Other	497,112	477,455
<b>Total non-current liabilities</b>	<b>3,410,889</b>	<b>4,324,543</b>
<b>Total liabilities</b>	<b>12,479,799</b>	<b>14,827,757</b>
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	20,740,561
Treasury stock	-109,708	-109,963
<b>Total shareholders' equity</b>	<b>27,377,021</b>	<b>28,186,595</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	192,683	196,719
Remeasurements of defined benefit plans	-42,983	-41,313
<b>Total accumulated other comprehensive income</b>	<b>149,699</b>	<b>155,406</b>
Subscription rights to shares	108,195	104,232
<b>Total net assets</b>	<b>27,634,916</b>	<b>28,446,234</b>
<b>Total liabilities and net assets</b>	<b>40,114,715</b>	<b>43,273,992</b>

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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

	Third quarter of previous consolidated fiscal year (April 1 – December 31, 2017)	Third quarter of this consolidated fiscal year (April 1 – December 31, 2018)
	(Unit: JPY thousands)	
Net sales	41,152,300	40,871,227
Cost of sales	21,380,714	21,322,600
Gross profit	19,771,586	19,548,626
Selling, general, and administrative expenses	17,061,793	16,934,298
Operating income	2,709,792	2,614,327
Non-operating income		
Interest income	49,035	52,157
Dividend income	8,613	4,899
Insurance income	2,571	6,818
Commission fee	9,171	6,423
Other	21,341	29,777
Total non-operating income	90,733	100,076
Non-operating expenses		
Interest expenses	32,963	32,265
Bond issue expenses	2,259	19,068
Other	7,148	9,098
Total non-operating expenses	42,371	60,432
Ordinary income	2,758,153	2,653,971
Extraordinary income		
Gain on reversal of subscription rights to shares	5,367	3,962
Total extraordinary income	5,367	3,962
Extraordinary losses		
Loss on retirement of non-current assets	28,394	38,412
Loss on closing of stores	40,555	42,402
Impairment loss	32,699	27,123
Loss on disaster	-	24,144
Total extraordinary losses	101,649	132,083
Income before taxes and minority interests	2,661,871	2,525,850
Income taxes-current	819,016	774,589
Income taxes-deferred	166,213	146,083
Total income taxes	985,230	920,672
Net income	1,676,640	1,605,177
Profit attributable to owners of parent	1,676,640	1,605,177

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

(Unit: JPY thousands)

	Third quarter of previous consolidated fiscal year (April 1 – December 31, 2017)	Third quarter of this consolidated fiscal year (April 1 – December 31, 2018)
Net income	1,676,640	1,605,177
Other comprehensive income		
Valuation difference on available-for-sale securities	28,543	4,035
Remeasurements of defined benefit plans	-412	1,670
Total other comprehensive income	28,130	5,706
Comprehensive income	1,704,771	1,610,883
(Breakdown)		
Comprehensive income attributable to owners of parent	1,704,771	1,610,883
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.