



May 10, 2019

Company name:
Sac's Bar Holdings Inc.
(First Section, Tokyo Stock Exchange; Code
Number: 9990)
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Notice Concerning Medium-Term Management Plan

Sac's Bar Holdings Inc. has established a medium-term management plan for the period from the fiscal year ending March 31, 2020 through the fiscal year ending March 31, 2022. It is outlined below together with a review of the previous medium-term management plan (covering the fiscal year ended March 31, 2017 through the fiscal year ended March 31, 2019).

1. Review of the previous medium-term management plan (covering the fiscal year ended March 31, 2017 through the fiscal year ended March 31, 2019)

Planned and actual consolidated business performance for the three periods covered by the plan (the fiscal year ended March 31, 2017 through the fiscal year ended March 31, 2019) are summarized below.

(1) Planned

(Units: JPY millions, %)

	FY ended March 2017	% sales	FY ended March 2018	% sales	FY ended March 2019	% sales
Net sales	59,330	–	62,766	–	65,597	–
Gross margin	28,410	47.9	30,124	48.0	31,610	48.2
Selling, general and administrative expenses	23,543	39.7	24,917	39.7	26,033	39.7
Operating income	4,867	8.2	5,207	8.3	5,577	8.5
Ordinary income	4,896	8.3	5,235	8.3	5,569	8.5
Net income	3,009	5.1	3,219	5.1	3,426	5.2

Planned retail-segment store opening and closing and existing-store sales vs. previous period

	FY ended March 2017	FY ended March 2018	FY ended March 2019
Stores opened	38	40	40
Stores closed	12	15	15
Number of stores at end of period	668	693	718
Existing-store sales vs. previous period (%)	100.8	100.5	100.6

(2) Actual

(Units: JPY millions, %)

	FY ended March 2017	% sales	FY ended March 2018	% sales	FY ended March 2019	% sales
Net sales	56,747	–	55,756	–	55,774	–
Gross margin	27,208	47.9	26,621	47.7	26,553	47.6
Selling, general and administrative expenses	22,743	40.1	22,821	40.9	22,830	40.9
Operating income	4,465	7.9	3,800	6.8	3,723	6.7
Ordinary income	4,526	8.0	3,860	6.9	3,775	6.8
Net income attributable to owners of parent	2,658	4.7	2,221	4.0	2,177	3.9

Reference: Actual retail-segment stores opened and closed

	FY ended March 2017	FY ended March 2018	FY ended March 2019
Stores opened	34	31	22
Stores closed	21	31	43
Number of stores at end of period	655	655	639

Note: Carnival Company Inc., a wholly owned subsidiary, has been added to the consolidated accounts and included in the retail segment since the fiscal year ended March 2019.

(3) Differences between planned and actual performance

(Units: JPY millions, %)

	FY ended March 2017	vs. planned	FY ended March 2018	vs. planned	FY ended March 2019	vs. planned
Net sales	-2,583	-4.4	-7,010	-11.2	-9,822	-15.0
Gross margin	-1,200	-4.2	-3,502	-11.6	-5,056	-16.0
Selling, general and administrative expenses	-799	-3.4	-2,095	-8.4	-3,202	-12.3
Operating income	-401	-8.3	-1,406	-27.0	-1,853	-33.2
Ordinary income	-369	-7.6	-1,374	-26.3	-1,793	-32.2
Net income attributable to owners of parent	-349	-11.6	-997	-31.0	-1,248	-36.4

Reference: Differences between planned and actual retail-segment stores opened and closed

	FY ended March 2017	FY ended March 2018	FY ended March 2019
Stores opened	-4	-9	-18
Stores closed	+9	+16	+28
Number of stores at end of period	-13	-38	-79

In the fiscal year ended March 2017, the existing-store sales remained at a low level, 95.6% of sales for the previous year, compared with 100.8% planned. This was due to a decrease in sales of casual bags caused by a decrease in sales of tie-up brand products targeting F1 consumers (women aged 20-34) and a slowdown in sales from foreign tourists. The number of stores opened was slightly below the plan and the number of stores closed exceeded the plan, which resulted in fewer stores than planned. Accordingly, net sales decreased by 4.4% from those planned. The share of selling, general and administrative expenses increased by 0.4 percentage points from that planned, due to weak existing-store sales. The operating income, ordinary income, and net income attributable to owners of parent decreased by 8.3%, 7.6%, and 11.6%, respectively, from those planned.

In the fiscal year ended March 2018, the existing-store sales continued at a low level, 96.2% of sales for the previous year. This was due to lower actual performance in the fiscal year ended March 2017 than the plan and a continued decrease in sales of casual bags caused by a decrease in sales of tie-up brand products targeting F1 consumers. In addition, the number of stores largely decreased from that planned. Accordingly, net sales decreased by 11.2% from those in the medium-term management plan. The ratio of gross profit to sales also decreased by 0.3 percentage points from that planned, owing to a decline in the ratio of gross profit to sales in the manufacturing and wholesaling businesses caused by the depreciation of the yen. As a result, the operating income, ordinary income, and net income attributable to owners of parent were largely below the medium-term management plan. Based on the performance in the fiscal year ended March 2017, the Company reviewed the earnings forecasts for single fiscal year at the time of the release of the summary of financial results as of May 10, 2017.

The Company reviewed the earnings forecasts for single fiscal year ended March 2019 at the time of the release of the summary of financial results as of May 9, 2018, based on the performance in the fiscal year ended March 2018. The comparison between the results and the medium-term management plan is as listed below.

2. New medium-term management plan (for the fiscal year ending March 31, 2020 through the fiscal year ending March 31, 2022)

Planned consolidated business performance for the three periods covered by the plan is summarized below.

(Units: JPY millions, %)

	FY ended March 2020	% sales	FY ended March 2021	% sales	FY ended March 2022	% sales
Net sales	57,077	–	59,120	–	61,703	–
Gross margin	27,372	48.0	28,507	48.2	29,893	48.4
Selling, general and administrative expenses	23,495	41.2	24,346	41.2	25,436	41.2
Operating income	3,877	6.8	4,160	7.0	4,456	7.2
Ordinary income	3,913	6.9	4,197	7.1	4,494	7.3
Net income	2,280	4.0	2,453	4.2	2,637	4.3

Note: The Company is scheduled to acquire stocks of Sankodo on July 1, 2019. Earnings forecasts for the company are included in plans for the second quarter of the fiscal year ending March 2020 and after.

Planned retail-segment store opening and closing and existing-store sales vs. previous period

	FY ended March 2020	FY ended March 2021	FY ended March 2022
Stores opened	27	33	35
Stores closed	15	14	12
Number of stores at end of period	656	675	698
Existing-store sales vs. previous period (%)	102.3	100.7	100.9

Note: The Company is scheduled to acquire stocks of and take over five stores of Sankodo on July 1, 2019.

This medium-term management plan is based on information available to the Company at this time and on certain assumptions considered reasonable. It does not constitute a guarantee of future performance. Also, note that plans could change owing to various factors.