



Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2021 (Japanese GAAP)

July 30, 2020

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 7, 2020
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, 2021 (April 1 – June 30, 2020)

(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)	%
FY2020 1Q	5,467	-57.9	-750	-	-725	-	-728	-
FY2019 1Q	12,992	-1.3	744	0.7	786	4.2	500	10.4

Note: Comprehensive income: FY2020 1Q JPY-742 million (-%); FY2019 1Q JPY491 million (7.9%)

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
FY2020 1Q	-25.07	-
FY2019 1Q	16.99	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Million yen)	(Million yen)	%
FY2020 1Q	39,149	27,626	70.6
FY2019	40,108	29,240	72.9

Reference: Shareholders' equity: FY2020 1Q JPY27,626 million; FY2019 JPY29,240 million

2. Dividends

	Annual dividends per share				
	1Q end	2Q end	3Q end	Year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FY2019	-	0.00	-	30.00	30.00
FY2020	-				
FY2020 (projected)		0.00	-	30.00	30.00

Note: Revisions to most recently announced projected dividends: Revised

3. Forecast of Consolidated Operating Results for the fiscal year ending March 31, 2021
(April 1, 2020 - March 31, 2021)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	(Million yen)	%	(Million yen)	%	(Million yen)	%	(Million yen)	%	(Yen)
Second Quarter (consolidated)	16,532	-39.0	-655	-	-608	-	-662	-	-22.82
Full-year	44,763	-14.8	1,181	-55.8	1,255	-54.6	410	-75.4	14.14

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):	FY2020 1Q	29,859,900 shares	FY2019	29,859,900 shares
(ii) Treasury stock as of end of period:	FY2020 1Q	803,164 shares	FY2018	803,164 shares
(iii) Average number of shares issued and outstanding during period (quarterly cumulative):	FY2020 1Q	29,056,736 shares	FY2018 1Q	29,447,457 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 has been in an extremely severe situation owing to worsening corporate earnings and shrinking consumer demand affected by the spread of COVID-19 at home and abroad. Following the lifting of the state-of-emergency declaration, the economy restarted and has been expected to recover to a certain degree. However, as there is strong concern about the second wave of COVID-19, uncertainty over the economy still remains.

Among the retail industry, we, the fashion industry, were confronted with a continued difficult management environment where stores were forced to shorten operating hours or to close in most commercial facilities for a long period, especially during April and May owing to the state-of-emergency declaration and requests to refrain from unnecessary and non-urgent outings by the national and local governments. In addition, as people have been refraining from going outside, the demand for goods other than the bare necessities of life has become extremely low.

Under such conditions, being strongly affected by temporary closures of commercial facilities and falling consumer consumption, the Sac's Bar Group's net sales in the first quarter of this consolidated fiscal year were JPY 5,467 million (down 57.9% YoY), which significantly decreased compared with the first quarter of the previous year. Accordingly, the Group recorded an operating loss of JPY 750 million (operating profit of JPY 744 for the first quarter of the previous year), an ordinary loss of JPY 725 million (ordinary profit of JPY 786 for the first quarter of the previous year), and loss attributable to owners of parent of JPY 728 million (profit attributable to owners of parent of JPY 500 million for the first quarter of the previous year).

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, while we opened seven new stores, we also closed four stores. As a result, the total number of stores at the end of this period became 643.

Net sales of the businesses drastically decreased (down 56.2% YoY) to JPY 5,350 million owing to the factors of a sharp drop in consumer sentiment, long-term temporary closures of commercial facilities and shortened operating hours. While sales of all products recorded a considerable drop, in particular, the sales of travel bags drastically fell by 89.4% YoY because outbound and inbound demand disappeared and domestic demands such as business trip and private travel seriously diminished, too, owing to the government's request to refrain from moving across prefectures. On the other hand, small wallets sold relatively well, with sales showing a smaller decline of 37.5% YoY as well as the sales of imported bags with a decrease of 41.7% YoY thanks to the promotion of discounted products. The sales of other products significantly decreased by approximately 60%.

Gross profit margin decreased by 1.9 percentage points YoY to 46.6% as the Company has promoted sales at discount prices of seasonal products, private-brand bags and imported bags to make up the opportunity loss due to the long-term temporary closure of stores and to stimulate consumer demand. On the other hand, the selling, general, and administrative (SG&A) expense ratio increased by 17.2 percentage points YoY to 60.4 % because of the significant drop in sales.

<Manufacturing, Wholesaling Businesses>

In the manufacturing and wholesaling businesses, sales of carry-on luggage bags, which are our main products, were devastated owing to a serious drop in travel demand caused by the spread of COVID-19.

As a result, net sales in these businesses totaled JPY 126 million (down 86.0% YoY).

(2) Financial Position

(Total Assets)

Total assets at the end of the first quarter of this consolidated fiscal year were down JPY 959 million from the end of the previous consolidated financial year to JPY 39,149 million. This was due mainly to factors such as a decrease of JPY 1,029 million in cash and deposits, and a decrease of JPY 540 million in merchandise and finished goods, despite an increase of JPY 410 in differed tax assets.

(Liabilities)

Total liabilities at the end of the first quarter of this consolidated fiscal year were up JPY 654 million from the end of the previous consolidated financial year to JPY 11,522 million. This was due mainly to factors such a decrease of JPY 1,738 million in notes and accounts payable-trade and an increase of JPY 2,500 million in short-term loans payable.

(Net Assets)

Net assets at the end of the first quarter of this consolidated fiscal year were down JPY 1,613 million from the end of the previous consolidated financial year to JPY 27,626 million. This reflected the recording of JPY 728 million in loss attributable to owners of parent, offsetting a reduction due to the payment of JPY 871 million in dividends of surplus.

(Equity Ratio)

The equity ratio stood at 70.6% as of the end of the first quarter of this consolidated fiscal year, down 2.3 percentage points from the end of the previous consolidated financial year.

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

The Company announces the forecasts of consolidated operating results and dividends for the fiscal year ending March 31, 2021, which were not made at the time of the last announcement because it was difficult to make a reasonable estimate about the impact of COVID-19 at the time, by summarizing and estimating its impact on our group companies based on the information and assumptions available at the current point of time. For details, please see the "Notice of Forecasts of Consolidated Operating Results and Dividends for Fiscal Year Ending March 31, 2021, and Recording of Extraordinary Income and Loss" released on July 30, 2020.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2020)	First quarter of this consolidated fiscal year (June 30, 2020)
Assets		
Current assets		
Cash and deposits	3,247,398	2,217,462
Notes and accounts receivable-trade	2,625,081	2,562,013
Merchandise and finished goods	14,687,579	14,147,349
Raw materials and supplies	53,973	61,195
Other	217,134	506,133
Total current assets	20,831,166	19,494,154
Non-current assets		
Property, plant, and equipment		
Buildings and structures (net)	3,129,067	3,174,609
Land	2,228,522	2,228,522
Leased assets (net)	740,671	784,291
Other (net)	368,379	266,686
Total property, plant, and equipment	6,466,641	6,454,110
Intangible assets	105,394	100,185
Investments and other assets		
Investment securities	4,633,632	4,611,151
Net defined benefit asset	117,711	116,485
Deferred tax assets	853,411	1,263,620
Lease and guarantee deposits	6,578,644	6,588,108
Other	521,525	521,296
Total investments and other assets	12,704,925	13,100,661
Total non-current assets	19,276,961	19,654,956
Total assets	40,108,128	39,149,111
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,042,717	1,304,530
Short-term loans payable	-	2,500,000
Lease obligations	358,975	357,582
Income taxes payable	256,316	66,113
Provision for bonuses	264,082	116,505
Provision for directors' bonuses	37,800	12,980
Provision for shareholder benefit program	32,700	32,700
Other	1,822,771	2,004,272
Total current liabilities	5,815,361	6,394,684

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(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2020)	First quarter of this consolidated fiscal year (June 30, 2020)
Non-current liabilities		
Bonds payable	1,800,000	1,800,000
Lease obligations	565,553	599,273
Provision for directors' retirement benefits	149,817	152,636
Net defined benefit liability	1,248,707	1,258,749
Deferred tax liabilities	18,239	12,653
Asset retirement obligations	816,832	815,545
Other	452,854	488,673
Total non-current liabilities	5,052,004	5,127,532
Total liabilities	10,867,366	11,522,216
Net assets		
Shareholders' equity		
Capital stock	2,986,400	2,986,400
Capital surplus	4,569,597	4,569,597
Retained earnings	22,097,446	20,497,286
Treasury stock	-482,992	-482,992
Total shareholders' equity	29,170,451	27,570,291
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	155,701	140,251
Remeasurements of defined benefit plans	-85,390	-83,648
Total accumulated other comprehensive income	70,310	56,602
Total net assets	29,240,761	27,626,894
Total liabilities and net assets	40,108,128	39,149,111

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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, 2019)	First quarter of this consolidated fiscal year (April 1 – June 30, 2020)
(Unit JPY thousands)		
Net sales	12,992,790	5,467,676
Cost of sales	6,727,173	2,926,056
Gross profit	6,265,623	2,541,620
Selling, general, and administrative expenses	5,520,662	3,292,111
Operating income	744,961	-750,491
Non-operating income		
Interest income	19,600	20,301
Dividend income	1,218	596
Gain on sales of investment securities	23,452	–
Subsidy	–	10,000
Other	11,156	10,334
Total non-operating income	55,427	41,232
Non-operating expenses		
Interest expenses	9,340	8,836
Other	4,632	7,289
Total non-operating expenses	13,973	16,125
Ordinary income	786,414	-725,384
Extraordinary income		
Mandatory subsidy	–	542,866
Gain on reversal of subscription rights to shares	2,558	–
Total extraordinary income	2,558	542,866
Extraordinary losses		
Loss on retirement of non-current assets	1,414	5,870
Loss on closing of stores	6,200	–
Impairment loss	4,461	10,878
Loss from temporary closure of stores	–	878,405
Total extraordinary losses	12,076	895,154
Income before taxes	776,895	-1,077,672
Income taxes-current	110,365	60,316
Income taxes-deferred	166,253	-409,532
Total income taxes	276,619	-349,215
Net income	500,276	-728,457
Profit attributable to owners of parent	500,276	-728,457

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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, 2019)	First quarter of this consolidated fiscal year (April 1 – June 30, 2020)
Net income	500,276	-728,457
Other comprehensive income		
Valuation difference on available-for-sale securities	-7,796	-15,449
Remeasurements of defined benefit plans	-986	1,742
Total other comprehensive income	-8,782	-13,707
Comprehensive income	491,493	-742,164
(Breakdown)		
Comprehensive income attributable to owners of parent	491,493	-742,164
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.