



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

January 29, 2021

Company name: Sac's Bar Holdings Inc. Stock exchange: Tokyo Stock Exchange
Code number: 9990 URL: <https://www.sacs-bar.co.jp>
Representative: Takeshi Kiyama, President and Representative Director
Contact: Yoh Yamada, Managing Director/General Manager, Administrative Division
Tel. +81-3-3654-5315

Scheduled date of filing quarterly report : February 8, 2021
Scheduled date of start of distributing 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, 2021 (April 1–December 31, 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)	%
FY2021 3Q	24,942	-37.7	-1,645	-	-1,508	-	-1,484	-
FY2020 3Q	40,032	-2.1	2,327	-11.0	2,406	-9.3	1,465	-8.7

Note: Comprehensive income: FY2021 3Q JPY-1,472 million (-%); FY2020 3Q JPY1,299 million (-19.3%)

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
FY2021 3Q	-51.08	—
FY2020 3Q	50.03	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Million yen)	(Million yen)	%
FY2021 3Q	39,990	26,896	67.3
FY2020	40,108	29,240	72.9

Reference: Shareholders' equity: FY2021 3Q JPY26,896 million; FY2020 JPY29,240 million

2. Dividends

	Annual dividends per share				
	1Q end	2Q end	3Q end	Year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FY2020	—	0.00	—	30.00	30.00
FY2021	—	0.00	—	—	—
FY2021 (projected)	—	—	—	15.00	15.00

Note: Revisions to most recently announced projected dividends: Yes

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
Full-year	(Million yen)	%	(Million yen)	%	(Million yen)	%	(Million yen)	%	(Yen)
	34,554	-34.2	-2,125	–	-1,953	–	-1,785	–	-61.45

Note: Revisions to most recently announced consolidated results forecast: Yes

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 shares):	FY2021 3Q	29,859,900 shares	FY2020	29,859,900 shares
(ii) Treasury shares as of end of period:	FY2021 3Q	803,214 shares	FY2020	803,164 shares
(iii) Average number of shares issued and outstanding during period (quarterly cumulative):	FY2021 3Q	29,056,727 shares	FY2020 3Q	29,289,946 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:
(Caution concerning forward-looking statements)
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 owing 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. 4 of the attached document.

(Methods of obtaining supplementary materials for financial results and contents of the financial results briefing session)

The Company will have the briefing session on financial results for institutional investors and analysts on Tuesday, November 17, 2020. Supplementary materials for financial results will be made available on the Company’s website promptly after the briefing session.

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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 the prolonged spread of COVID-19 at home and abroad. Following the lifting of the state-of-emergency declaration in late May, the economy gradually restarted and was expected to recover to a certain degree. However, as the number of infections increased again in July and August, generating the second wave of COVID-19. In November, a larger third wave of COVID-19 occurred, and the infection continued to spread. Uncertainty over the economy still remains.

In retail, the fashion industry was 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. Although a moderate recovery in consumer consumption was expected after the reopening of stores, people continued to refrain from unnecessary and non-urgent outings such as summer vacation trips and hometown visits for the Bon holidays owing to the increasing number of infections in July and August, causing the recovery to delay. Despite slight recovery in October, the demand for goods other than the bare necessities of life has remained extremely low since the larger third wave of COVID-19 occurred in November.

Under such conditions, being strongly affected by temporary closures and shortening business hours of commercial facilities, self-quarantine, and falling consumer consumption, the Sac's Bar Group's net sales in the third quarter of this consolidated fiscal year were JPY24,942 million (down 37.7% YoY), a significant decrease compared with the third quarter of the previous year. Accordingly, the Group recorded an operating loss of JPY1,645 million (operating profit of JPY2,327 million for the third quarter of the previous year), an ordinary loss of JPY1,508 million (ordinary profit of JPY2,406 million for the third quarter of the previous year), and loss attributable to owners of parent of JPY1,484 million (profit attributable to owners of parent of JPY1,465 million for the third 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, we opened twenty-three new stores, we also closed fourteen stores. As a result, the total number of stores at the end of this period stood at 649. Seven of the above new stores are NAUGHTIAM stores, which took over operations of FeelGood, inc. on September 1, 2020.

Net sales drastically decreased owing to long-term temporary closures of commercial facilities and shortened operating hours in April and May. A gradual recovery was expected after June, but net sales in the second quarter of this consolidated fiscal year were lower than those in the single month of June owing to refraining from unnecessary outings and a drop in consumer sentiment as a result of an increasing number of infections in July and August. Furthermore, the third wave of COVID-19 occurred in November and the infection continued to spread, and sales continued to decline significantly during this period. As a result, net sales in these businesses drastically decreased to JPY24,334 million (down 35.2% YoY). While sales of all products recorded a considerable drop, the sales of travel bags drastically fell by 78.4% YoY because outbound and inbound demand nearly disappeared and domestic demands such as private travel, business trips, and hometown visits for the Bon holidays seriously diminished. On the other hand, small-sized wallets sold relatively well, with sales showing a smaller decline of 16.1% YoY as well as the sales of imported bags with a decrease of 13.9% YoY thanks to the promotion of discounted products and expansion of products, and as well as the sales of sundries with a decrease of 25.8% YoY thanks to the introduction of new products. The sales of other products decreased by approximately 40%.

Gross profit margin decreased by 1.1 percentage points YoY to 47.0% as the Company has promoted sales of seasonal products, private-brand bags, and imported bags at discount prices 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 expenses ratio increased by 10.4 percentage points YoY to 53.4% 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 JPY711 million (down 76.4% YoY).

(2) Financial Position

(Total Assets)

Total assets at the end of the third quarter of this consolidated fiscal year were down JPY117 million from the end of the previous consolidated financial year to JPY39,990 million. This was due mainly to factors such as an increase of JPY1,055 million in notes and accounts payable - trade, and an increase of JPY627 million in deferred tax assets, despite a decrease of JPY1,837 million in cash and deposits.

(Liabilities)

Total liabilities at the end of the third quarter of this consolidated fiscal year were up JPY2,225 million from the end of the previous consolidated financial year to JPY13,093 million. This was due mainly to factors such as a decrease of JPY177 million in income taxes payable, and a decrease of JPY150 million in provision for bonuses, despite an increase of JPY1,450 million in notes and accounts payable - trade and an increase of JPY1,000 million in short-term borrowings.

(Net Assets)

Net assets at the end of the third quarter of this consolidated fiscal year were down JPY2,343 million from the end of the previous consolidated financial year to JPY26,896 million. This reflected a decrease due to the payment of JPY871 million from dividends of surplus and the recording of JPY1,484 million in loss attributable to owners of parent.

(Equity Ratio)

The equity ratio stood at 67.3% as of the end of the third quarter of this consolidated fiscal year, down 5.6 percentage points from the end of the previous consolidated financial year.

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

The Company has revised the forecasts of full-year consolidated operating results for the year ending March 31, 2021 published on October 30, 2020 as follows: For details, please see the “Notice of Revisions to the Forecasts of Full-Year Consolidated Operating Results of Fiscal Year Ending March 31, 2021 as well as the Forecasts of Dividends” announced on January 29, 2021.

Revised forecast of full-year consolidated operating results for the fiscal year ending March 31, 2021
(April 1, 2020–March 31, 2021)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous forecast (A) (announced on October 30, 2020)	(Million yen) 41,136	(Million yen) -108	(Million yen) 14	(Million yen) -356	(Yen) 12.27
Revised forecast (B)	34,554	-2,125	-1,953	-1,785	-61.45
Difference (B-A)	-6,581	-2,016	-1,968	-1,429	—
Ratio of difference (%)	-16.0	—	—	—	—
(Reference) Previous actual results (for the fiscal year ended March 31, 2020)	52,523	2,670	2,762	1,668	57.05

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance sheet

(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2020)	Third quarter of this consolidated fiscal year (December 31, 2020)
Assets		
Current assets		
Cash and deposits	3,247,398	1,409,416
Notes and accounts receivable - trade	2,625,081	3,681,018
Merchandise and finished goods	14,687,579	14,555,807
Raw materials and supplies	53,973	48,557
Other	217,134	437,866
Total current assets	20,831,166	20,132,667
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	3,129,067	3,144,545
Land	2,228,522	2,228,522
Leased assets (net)	740,671	731,117
Other (net)	368,379	304,825
Total property, plant and equipment	6,466,641	6,409,011
Intangible assets	105,394	151,474
Investments and other assets		
Investment securities	4,633,632	4,643,772
Retirement benefit asset	117,711	113,868
Deferred tax assets	853,411	1,480,498
Leasehold and guarantee deposits	6,578,644	6,553,000
Other	521,525	505,909
Total investments and other assets	12,704,925	13,297,050
Total non-current assets	19,276,961	19,857,536
Total assets	40,108,128	39,990,203

Company name: Sac's Bar Holdings Inc. (9990)
Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2021
(Japanese GAAP)

(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2020)	Third quarter of this consolidated fiscal year (December 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,042,717	4,493,054
Short-term borrowings	—	1,000,000
Lease obligations	358,975	327,977
Income taxes payable	256,316	79,297
Provision for bonuses	264,082	113,938
Provision for bonuses for directors (and other officers)	37,800	23,870
Provision for shareholder benefit program	32,700	—
Other	1,822,771	1,969,787
Total current liabilities	5,815,361	8,007,925
Non-current liabilities		
Bonds payable	1,800,000	1,800,000
Lease obligations	565,553	545,089
Provision for retirement benefits for directors (and other officers)	149,817	158,273
Retirement benefit liability	1,248,707	1,281,008
Deferred tax liabilities	18,239	4,553
Asset retirement obligations	816,832	821,162
Other	452,854	475,201
Total non-current liabilities	5,052,004	5,085,288
Total liabilities	10,867,366	13,093,214
Net assets		
Shareholders' equity		
Share capital	2,986,400	2,986,400
Capital surplus	4,569,597	4,569,597
Retained earnings	22,097,446	19,741,576
Treasury shares	-482,992	-483,018
Total shareholders' equity	29,170,451	26,814,555
Accumulated other comprehensive income		
Valuation difference on available-for- sale securities	155,701	162,597
Remeasurements of defined benefit plans	-85,390	-80,164
Total accumulated other comprehensive income	70,310	82,433
Total net assets	29,240,761	26,896,989
Total liabilities and net assets	40,108,128	39,990,203

(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, 2019)	Third quarter of this consolidated fiscal year (April 1–December 31, 2020)
Net sales	40,032,185	24,942,071
Cost of sales	20,796,346	13,248,160
Gross profit	19,235,838	11,693,910
Selling, general and administrative expenses	16,908,376	13,339,046
Operating income (loss)	2,327,462	-1,645,136
Non-operating income		
Interest income	60,107	61,493
Dividend income	2,629	4,116
Insurance claim income	1,000	867
Commission income	5,127	4,825
Gain on sales of investment securities	23,452	–
Subsidy income	–	78,005
Other	24,774	25,737
Total non-operating income	117,091	175,045
Non-operating expenses		
Interest expenses	27,531	27,325
Other	10,655	10,718
Total non-operating expenses	38,187	38,043
Ordinary income (loss)	2,406,366	-1,508,134
Extraordinary income		
Subsidy income	–	557,303
Gain on reversal of share acquisition rights	4,113	–
Total extraordinary income	4,113	557,303
Extraordinary losses		
Loss on retirement of non-current assets	15,128	26,275
Loss on store closings	37,549	4,734
Impairment loss	45,581	50,669
Loss from temporary closure of stores	–	878,405
Loss on disaster	–	2,423
Total extraordinary losses	103,569	962,508
Income (loss) before income taxes	2,306,910	-1,913,339
Income taxes - current	671,502	217,151
Income taxes - deferred	170,000	-646,323
Total income taxes	841,502	-429,171
Net income (loss)	1,465,407	-1,484,167
Profit (loss) attributable to owners of parent	1,465,407	-1,484,167

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 2019)	Third quarter of this consolidated fiscal year (April 1–December 31, 2020)
Net income (loss)	1,465,407	-1,484,167
Other comprehensive income		
Valuation difference on available-for-sale securities	-42,587	6,896
Remeasurements of defined benefit plans, net of tax	-123,171	5,226
Total other comprehensive income	-165,758	12,122
Comprehensive income	1,299,648	-1,472,044
(Breakdown)		
Comprehensive income attributable to owners of parent	1,299,648	-1,472,044
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.