



Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022 (Japanese GAAP)

August 2, 2021

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 10, 2021
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, 2022 (April 1 – June 30, 2021)

(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 1Q	7,667	40.2	-642	-	-615	-	-566	-
FY2020 1Q	5,467	-57.9	-750	-	-725	-	-728	-

Note: Comprehensive income: FY2021 1Q JPY-559 million (-%); FY2020 1Q JPY-742 million (-%)

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
FY2021 1Q	-19.49	-
FY2020 1Q	-25.07	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Million yen)	(Million yen)	%
FY2021 1Q	37,536	25,519	67.9
FY2020	37,505	26,514	70.7

Reference: Shareholders' equity: FY2021 1Q JPY25,519 million; FY2020 JPY26,514million

2. Dividends

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

Note: Revisions to most recently announced projected dividends: None

As of today, dividend distribution for the quarter ending March 31, 2022 is yet to be determined.

3. Forecast of Consolidated Operating Results for the fiscal year ending March 31, 2022
(April 1, 2021 - March 31, 2022)

This is because reasonably assessing the consolidated earnings forecast for the quarter ending March 31, 2022 is difficult at present. For more information, please see “1. Qualitative Information concerning the Quarterly Results for the Current Quarter, (3) Explanations concerning the Consolidated Earnings Forecast and other Forecast Information” on Page 3 of the accompanying document.

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. : Yes
 - (ii) Changes in accounting policies other than the above : None
 - (iii) Changes in accounting estimates : None
 - (iv) Revisions and restatements : None

Note: For more information, please see “Changes in the Accounting Policy” on Page 8 of the accompanying document.

(4) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding as of end of period (including treasury stock):	FY2021 1Q	29,859,900 shares	FY2020	29,859,900 shares
(ii) Treasury stock as of end of period:	FY2021 1Q	803,264 shares	FY2020	803,214 shares
(iii) Average number of shares issued and outstanding during period (quarterly cumulative):	FY2021 1Q	29,056,640 shares	FY2020 1Q	29,056,736 shares

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

* Explanations concerning the appropriate usage of the earnings forecast and other notes
(Notes to statements concerning future events)

This is because reasonably assessing the consolidated earnings forecast for the quarter ending March 31, 2022 is difficult at present. For more information, please see “1. Qualitative Information concerning the Quarterly Results for the Current Quarter, (3) Explanations concerning the Consolidated Earnings Forecast and other Forecast Information” on Page 3 of the accompanying document.

1. Qualitative Information on this Quarterly Financial Report

The Accounting Standards for Revenue Recognition (Corporate Accounting Standards No. 29, March 31, 2020), as well as other such standards, have been applied since the beginning of the current consolidated first quarter. In accordance with the transitional measures, however, the said standards were not applied retroactively to the previous consolidated cumulative first quarter.

For more information, please see “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to the Quarterly Consolidated Financial Statements (Changes in Accounting Policy).”

(1) Operating Results

During the current consolidated cumulative first quarter, the Japanese economy continued to stagnate due to the COVID-19 pandemic. With the state of emergency being declared and the semi-emergency COVID-19 measures being taken, corporate earnings and consumer spending failed to recover. Although it was hoped that the pandemic would end soon when more people are vaccinated, there was also a concern that infection might spread again due to new variants. The future economy continued to be uncertain.

The national and local governments requested people to stay at home, declared states of emergency and took pre-emergency measures. As for the retail industry, most commercial complexes were forced to shorten business hours, as well as temporarily closing, for many weeks including the Golden Week holiday period. Many trips, including visiting parents, and events had to be cancelled and restaurants had to shorten their business hours. With these measures, consumer activities were significantly restricted. As for the fashion industry, consumption remained stagnant, and the business climate continued to be harsh.

Our net sales during the current consolidated cumulative first quarter were JPY 7,667 million, an increase of 40.2 percent from the same period in the previous fiscal year. Our operating loss was JPY 642 million compared to JPY 750 million of operating loss in the same period in the previous fiscal year. Our ordinary loss was JPY 615 million compared to JPY 725 million of ordinary loss in the same period in the previous fiscal year. Our quarterly net loss attributable to owners of the parent company was JPY 566 million compared to JPY 728 million of quarterly net loss attributable to owners of the parent company in the same period in the previous fiscal year.

During the current consolidated cumulative first quarter, we received JPY 80 million in subsidies, including employment adjustment subsidies. These subsidies were included in the *Subsidy income* amount in the Extraordinary Income. Fixed costs and expenses, JPY 301 million, for closed stores during the temporary closing are included in the *Loss from temporary closing* amount in the Extraordinary Loss.

Since the reporting segment of our group is a single segment, information with respect to each segment is not provided. Our performance with respect to each business division is stated below. Figures after deleting transactions within each division, but before deleting transactions between divisions, are stated.

<Retail and Other Businesses>

As for our retail business, we opened four new stores and closed eight. As of the end of the current consolidated first quarter, we had 641 stores in total.

Our net sales were significantly affected by the temporary closures and shortened business hours of commercial complexes. Compared to the same period in the previous fiscal year, however, the period of closures was shorter and the number of closed stores decreased. Our net sales from the retail business increased significantly to JPY 7,432 million, an increase of 38.9 percent from the same period in the previous fiscal year. Yet, consumer confidence continued to be low due to the requests for staying at home and the COVID-19 pandemic, and our sales level remained low as well. Whereas sales increased in all categories of products, the sales increase of miscellaneous goods was particularly strong. The sales of miscellaneous goods increased by 77.2 percent from the same period in the previous fiscal year. This was because we, aiming at the stay-at-home demand, worked to introduce more new products, as well as increasing stores selling them. The sales of handbags, mainly private brand and national private brand handbags, also increased by 51.1 percent from the same period in the previous fiscal year. The sales of

men's bags increased by 54.8 percent from the same period in the previous fiscal year, because less people worked remotely compared to the same period last year. As for travel bags, the sales increased by 70.0 percent compared to the same period in the previous fiscal year, when the sales were devastated. The sales level, however, is still low. As for other categories of products, the sales increased by approximately 15 to 20 percent..

Due to the sales opportunity loss caused by the long temporary closures, as well as selling products at discount prices in order to fuel consumer confidence, the ratio of gross profit to net sales decreased in the same period in the previous fiscal year. In the current consolidated first quarter, however, sales at discount prices significantly decreased and the ratio of gross profit to net sales increased by 2.2 percent to 48.6 percent compared to the same period in the previous fiscal year. With the increased sales, the ratio of selling, general and administrative expenses decreased by 2.4 percent to 58.0 percent compared to the same period in the previous fiscal year.

<Manufacturing, Wholesaling Businesses>

As for our manufacturing and wholesale business, the sales of suitcases, which are our main product, continued to be sluggish due to the impact of the COVID-19 pandemic. The net sales, however, increased because more people went on business and other trips compared to the same period in the previous fiscal year.

As the result of the above, the net sales of our manufacturing and wholesale business division were JPY 276 million, an increase of 118.3 percent compared to the same period in the previous fiscal year.

(2) Financial Position

(Total Assets)

Our total assets as of the end of the current consolidated first quarter were JPY 37,536 million, an increase of JPY 31 million compared to the end of the previous consolidated fiscal year. *Notes and accounts receivable-trade* decreased by JPY 1,034 million, but *cash and deposits* increased by JPY 301 million, *merchandise and finished goods* increased by JPY 398 million, and *deferred tax assets* increased by JPY 344 million.

(Liabilities)

The liabilities as of the end of the current consolidated first quarter were JPY 12,016 million, an increase of JPY 1,026 million compared to the end of the previous consolidated fiscal year. *Notes and accounts payable-trade* decreased by JPY 327 million and *reserve for bonuses* decreased by JPY 150 million, but short-term loans payable increased by JPY 1,500 million.

(Net Assets)

Our net assets as of the end of the current consolidated first quarter were JPY 25,519 million, a decrease of JPY 995 million compared to the previous consolidated fiscal year. This includes decreases due to JPY 435 million of *dividends from surplus* and JPY 566 million of *quarterly net loss attributable to owners of the parent company*.

(Capital adequacy ratio)

Our capital adequacy ratio as of the end of the current consolidated first quarter decreased by 2.8 percent to 67.9 percent from the end of the previous consolidated fiscal year.

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

As for the COVID-19 pandemic, the state of emergency, which was declared for ten prefectures, ended on June 21, except for Okinawa Prefecture, and it was hoped that the pandemic would end soon. The newly infected patients, however, did not decrease. On July 11, a state of emergency was declared once again for Tokyo, and the number of newly infected patients has been increasing since then. In late July, the daily number of newly infected patients hit a new high almost every day.

Under these circumstances, whether the COVID-19 pandemic will get worse or end in the near future is very uncertain. Forecasting how the pandemic will affect our group's business is very difficult. Therefore, we have not assessed the consolidated earnings forecast for the quarter ending March 31, 2022 since making a reasonable assessment is too difficult.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheet

	Previous consolidated fiscal year (March 31, 2021)	First quarter of this consolidated fiscal year (June 30, 2021)
(Unit: JPY thousands)		
Assets		
Current assets		
Cash and deposits	1,132,167	1,433,313
Notes and accounts receivable-trade	3,080,562	2,046,359
Merchandise and finished goods	13,091,855	13,490,172
Raw materials and supplies	41,918	36,452
Other	199,203	336,260
Total current assets	17,545,707	17,342,558
Non-current assets		
Property, plant, and equipment		
Buildings and structures (net)	3,203,724	3,223,698
Land	2,232,822	2,232,822
Leased assets (net)	666,453	664,109
Other (net)	290,569	225,781
Total property, plant, and equipment	6,393,571	6,346,412
Intangible assets	142,640	133,910
Investments and other assets		
Investment securities	4,627,857	4,632,581
Net defined benefit asset	97,431	95,530
Deferred tax assets	1,706,918	2,051,651
Lease and guarantee deposits	6,510,323	6,453,527
Other	480,660	480,220
Total investments and other assets	13,423,191	13,713,511
Total non-current assets	19,959,404	20,193,834
Total assets	37,505,111	37,536,392
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,438,991	2,111,012
Short-term loans payable	1,000,000	2,500,000
Current portion of bonds	100,000	100,000
Lease obligations	322,813	310,270
Income taxes payable	154,803	60,292
Provision for bonuses	240,538	90,247
Provision for directors' bonuses	31,080	7,770
Provision for shareholder benefit program	35,400	35,400
Other	1,627,650	1,775,303
Total current liabilities	5,951,278	6,990,295

Company name: Sac's Bar Holdings Inc. (9990)
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(Japanese GAAP)

(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2021)	First quarter of this consolidated fiscal year (June 30, 2021)
Non-current liabilities		
Bonds payable	1,700,000	1,700,000
Long-term loans payable	80,000	80,000
Lease obligations	517,032	504,900
Provision for directors' retirement benefits	161,092	162,311
Net defined benefit liability	1,293,844	1,296,187
Deferred tax liabilities	792	2,507
Asset retirement obligations	818,808	813,870
Other	467,335	466,764
Total non-current liabilities	5,038,906	5,026,542
Total liabilities	10,990,185	12,016,837
Net assets		
Shareholders' equity		
Capital stock	2,986,400	2,986,400
Capital surplus	4,569,597	4,569,597
Retained earnings	19,378,681	18,376,556
Treasury stock	-483,018	-483,048
Total shareholders' equity	26,451,660	25,449,506
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	151,615	154,730
Remeasurements of defined benefit plans	-88,350	-84,681
Total accumulated other comprehensive income	63,265	70,048
Total net assets	26,514,926	25,519,554
Total liabilities and net assets	37,505,111	37,536,392

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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

	(Unit JPY thousands)	
	First quarter of previous consolidated fiscal year	First quarter of this consolidated fiscal year
	(April 1 – June 30, 2020)	(April 1 – June 30, 2021)
Net sales	5,467,676	7,667,825
Cost of sales	2,926,056	3,923,860
Gross profit	2,541,620	3,743,964
Selling, general, and administrative expenses	3,292,111	4,386,345
Operating loss	-750,491	-642,380
Non-operating income		
Interest income	20,301	20,337
Dividend income	596	281
Subsidy	10,000	8,885
Other	10,334	10,334
Total non-operating income	41,232	39,838
Non-operating expenses		
Interest expenses	8,836	8,722
Other	7,289	4,431
Total non-operating expenses	16,125	13,153
Ordinary loss	-725,384	-615,694
Extraordinary income		
Mandatory subsidy	542,866	80,309
Total extraordinary income	542,866	80,309
Extraordinary losses		
Loss on retirement of non-current assets	5,870	3,260
Loss on closing of stores	–	3,200
Impairment loss	10,878	1,298
Loss from temporary closure of stores	878,405	301,601
Total extraordinary losses	895,154	309,360
Net loss before income taxes	-1,077,672	-844,745
Income taxes-current	60,316	67,774
Income taxes-deferred	-409,532	-346,246
Total income taxes	-349,215	-278,471
Net loss	-728,457	-566,274
Net loss attributable to owners of parent	-728,457	-566,274

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

	First quarter of previous consolidated fiscal year (April 1 – June 30, 2020)	First quarter of this consolidated fiscal year (April 1 – June 30, 2021)
	(Unit: JPY thousands)	
Net loss	-728,457	-566,274
Other comprehensive income		
Valuation difference on available-for-sale securities	-15,449	3,114
Remeasurements of defined benefit plans	1,742	3,668
Total other comprehensive income	-13,707	6,782
Comprehensive income	-742,164	-559,491
(Breakdown)		
Comprehensive income attributable to owners of parent	-742,164	-559,491
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

(Changes in the Accounting Policy)

(Application of the Accounting Standards for Revenue Recognition)

The Accounting Standards for Revenue Recognition (Corporate Accounting Standards No. 29, March 31, 2020) (hereinafter referred to as the Revenue Recognition Standards), as well as other such standards, have been applied since the beginning of the current consolidated first quarter. When the promised goods or services are transferred to the customer, the relevant revenue is recognized at the amount expected to be received in exchange for the said goods or services.

For consignment sales transactions at department stores and other such commercial complexes, revenues were traditionally recognized at the net amount after deducting the store's commission charges from the amount paid by customers. After the changes, however, revenues are recognized at the total amount before deductions, since our company is the principal for such transactions.

The Revenue Recognition Standards and other such standards are applied in accordance with the transitional measures stipulated in the Exceptional Clause, Article 84 of the Revenue Recognition Standards. The amount of the cumulative impact caused by retroactively applying the new accounting policy to the period before the beginning of the current consolidated first quarter is added to or subtracted from the retained earnings as of the beginning of the current consolidated first quarter, and the new accounting policy was applied to the balance as of the beginning of the said quarter. This, however, had no impact on the balance as of the beginning of the said quarter.

Applying the Revenue Recognition Standards and other such standards had only minor impact on the amounts of net sales and selling, general and administrative expenses during the current consolidated cumulative first quarter, and no impact on the amounts of the operating loss, ordinary loss and quarterly net loss before income taxes.

(Application of the Accounting Standards for Market Price Calculation)

The Accounting Standards for Market Price Calculation (Corporate Accounting Standards No. 30, July 4, 2019) (hereinafter referred to as the Market Price Calculation Standards), as well as other such standards, have been applied since the beginning of the current consolidated first quarter. In accordance with the transitional measures stipulated in Article 19 of the Market Price Calculation Standards and Article 44-2 of the Accounting Standards concerning Financial Products (Corporate Accounting Standards No. 10, July 4, 2019), the new accounting policy stipulated in the Market Price Calculation Standards and other such standards will be applied from now on. This had no impact on the Quarterly Consolidated Financial Statements.

(Segment information, etc.)

Since the Group employs only one reporting segment, it does not present results differentiated by business segment.