



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

January 31, 2022

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 : February 8, 2022
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, 2022
(April 1 – December 31, 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 3Q	25,936	4.0	-1,219	-	-1,117	-	-1,008	-
FY2020 3Q	24,942	-37.7	-1,645	-	-1,508	-	-1,484	-

Note: Comprehensive income: FY2021 3Q JPY-1,011 million (-%); FY2020 3Q JPY-1,472 million (-%)

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
FY2021 3Q	-34.70	-
FY2020 3Q	-51.08	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Million yen)	(Million yen)	%
FY2021 3Q	39,711	25,067	63.1
FY2020	37,505	26,514	70.7

Reference: Shareholders' equity: FY2021 3Q JPY25,067million; 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	-	0.00	-		
FY2021 (projected)			-	15.00	15.00

Note: Revisions to most recently announced projected dividends: None

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

(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)
Full-year	39,347	12.9	-591	-	-492	-	-756	-	-26.02

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. : Yes
 - (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):	FY2021 3Q	29,859,900 shares	FY2020	29,859,900 shares
(ii) Treasury stock as of end of period:	FY2021 3Q	803,314 shares	FY2020	803,214 shares
(iii) Average number of shares issued and outstanding during period (quarterly cumulative):	FY2021 3Q	29,056,617 shares	FY2020 3Q	29,056,727 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)

The earnings forecast and other statements concerning future events contained in this document are estimates based on information and data currently available to us and assumptions considered to be reasonable. We, however, cannot assure that such forecast and statements will be achieved. The actual earnings and other results may differ significantly due to several reasons. For more information concerning the assumptions on which the earnings forecast was based, as well as appropriate usage of the earnings forecast, 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 Page3 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 third 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 third quarter, the Japanese economy continued to stagnate due to the COVID-19 pandemic. With the fourth and fifth waves of the COVID-19 pandemic, the states of emergency were declared and extended several times, and the semi-emergency COVID-19 measures were taken as well for several regions, until the end of September. In and after October, with the state of emergency and the semi-emergency measures being lifted, the economic activity restarted, and consumer spending increased. In December, however, a new variant of the COVID-19 virus became a concern, and the future economy is still uncertain.

Measures taken by the national and local governments included requesting people to stay at home, declaring states of emergency and taking semi-emergency measures. As for the retail industry, many commercial complexes were forced to shorten business hours as well as temporarily closing for several weeks including the Golden Week holidays period. Many trips, including visiting parents, and events had to be cancelled; restaurants had to shorten their business hours. With these measures, consumer activities were significantly restricted. As for the fashion industry, consumption was stagnant. In and after October when the COVID-19 infection seemed to be ending, however, the flow of people increased, and business sales started to recover.

Our net sales during the current consolidated cumulative third quarter were JPY 25,936 million, an increase of 4.0 percent from the same period in the previous fiscal year. Our operating loss was JPY 1,219 million compared to JPY 1,645 million of operating loss in the same period in the previous fiscal year. Our ordinary loss was JPY 1,117 million compared to JPY 1,508 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 1,008 million compared to JPY 1,484 million of quarterly net loss attributable to owners of the parent company in the same period in the previous fiscal year.

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 10 new stores and closed 19. As of the end of the current consolidated third quarter, we had 636 stores in total.

In April and May, 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. In June, however, our sales decreased. This was due to the states of emergency being declared and semi-emergency measures being taken, unlike the same period in the previous fiscal year. Consumer confidence continued to be low due to the pandemic, and the sales continued to decrease until October. In November, however, the sales started to increase.

Our net sales from the retail business during the current consolidated cumulative third quarter increased to JPY 25,079 million, an increase of 3.1 percent from the same period in the previous fiscal year. The sales of miscellaneous goods increased by 13.6 percent from the same period in the previous fiscal year. This was because we worked to introduce more new products as well as increasing stores selling them. The sales of wallets, however, decreased by 6.1 percent from the same period in the previous fiscal year. This was due to less products being for sale.

The sales of handbags, mainly private brand and national private brand handbags, increased by 14.2 percent from the same period in the previous fiscal year. The sales of men's bags increased by 9.4 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 32.6 percent compared to the same period in the previous fiscal year, when the sales were devastated. The sales level is still low, but slowly recovering after October.

The sales of casual bags and imported bags decreased by 9.8 percent and 18.7 percent compared to the same period last year due to less products being for sale.

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 third quarter, however, sales at discount prices significantly decreased and the ratio of gross profit to net sales increased by 1.4 percent to 48.4 percent compared to the same period in the previous fiscal year. With the sales increase and our cost-cutting, the ratio of selling, general and administrative expenses decreased by 0.2 percent to 53.2 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 1,047 million, an increase of 47.1 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 third quarter were JPY 39,711 million, an increase of JPY 2,206 million compared to the end of the previous consolidated fiscal year. *Property, plants and equipment* decreased by JPY 343 million, but *cash and deposits* increased by JPY 748 million, *notes and accounts receivable-trade* increased by JPY 956 million, *merchandise and finished goods* increased by JPY 456 million and *deferred tax assets* increased by JPY 612 million.

(Liabilities)

The liabilities as of the end of the current consolidated third quarter were JPY 14,643 million, an increase of JPY 3,653 million compared to the end of the previous consolidated fiscal year. *Reserve for bonuses* decreased by JPY 144 million, and *Lease obligations* decreased by JPY 154 million, but *notes and accounts payable-trade* increased by JPY 1,870 million, and *short-term loans payable* increased by JPY 2,000 million.

(Net Assets)

Our net assets as of the end of the current consolidated third quarter were JPY 25,067 million, a decrease of JPY 1,447 million compared to the end of the previous consolidated fiscal year. This includes decreases due to JPY 435 million of *dividends from surplus* and JPY 1,008 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 third quarter decreased by 7.6 percent to 63.1 percent from the end of the previous consolidated fiscal year.

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

As for the Consolidated Earnings Forecast for the full business year, nothing has been revised from the earning forecast published on November 1, 2021.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2021)	Third quarter of this consolidated fiscal year (December 31, 2021)
Assets		
Current assets		
Cash and deposits	1,132,167	1,880,460
Notes and accounts receivable-trade	3,080,562	4,037,220
Merchandise and finished goods	13,091,855	13,548,483
Raw materials and supplies	41,918	22,258
Other	199,203	175,305
Total current assets	17,545,707	19,663,727
Non-current assets		
Property, plant, and equipment		
Buildings and structures (net)	3,203,724	3,103,797
Land	2,232,822	2,115,029
Leased assets (net)	666,453	577,855
Other (net)	290,569	253,379
Total property, plant, and equipment	6,393,571	6,050,079
Intangible assets	142,640	129,204
Investments and other assets		
Investment securities	4,627,857	4,607,830
Net defined benefit asset	97,431	91,289
Deferred tax assets	1,706,918	2,319,368
Lease and guarantee deposits	6,510,323	6,386,911
Other	480,660	462,710
Total investments and other assets	13,423,191	13,868,110
Total non-current assets	19,959,404	20,047,394
Total assets	37,505,111	39,711,121
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,438,991	4,309,923
Short-term loans payable	1,000,000	3,000,000
Current portion of bonds	100,000	200,000
Lease obligations	322,813	277,625
Income taxes payable	154,803	46,202
Provision for bonuses	240,538	96,316
Provision for directors' bonuses	31,080	18,585
Provision for shareholder benefit program	35,400	-
Other	1,627,650	1,908,628
Total current liabilities	5,951,278	9,857,281

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(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2021)	Third quarter of this consolidated fiscal year (December 31, 2021)
Non-current liabilities		
Bonds payable	1,700,000	1,600,000
Long-term loans payable	80,000	80,000
Lease obligations	517,032	407,893
Provision for directors' retirement benefits	161,092	168,098
Net defined benefit liability	1,293,844	1,319,685
Deferred tax liabilities	792	416
Asset retirement obligations	818,808	804,919
Other	467,335	405,131
Total non-current liabilities	5,038,906	4,786,145
Total liabilities	10,990,185	14,643,427
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	17,934,558
Treasury stock	-483,018	-483,076
Total shareholders' equity	26,451,660	25,007,479
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	151,615	137,559
Remeasurements of defined benefit plans	-88,350	-77,344
Total accumulated other comprehensive income	63,265	60,214
Total net assets	26,514,926	25,067,694
Total liabilities and net assets	37,505,111	39,711,121

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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	Third quarter of this consolidated fiscal year
	(April 1 – December 31, 2020)	(April 1 – December 31, 2021)
	(Unit JPY thousands)	
Net sales	24,942,071	25,936,635
Cost of sales	13,248,160	13,438,879
Gross profit	11,693,910	12,497,756
Selling, general, and administrative expenses	13,339,046	13,716,833
Operating loss	-1,645,136	-1,219,077
Non-operating income		
Interest income	61,493	61,705
Dividend income	4,116	2,133
Insurance income	867	1,231
Commission income	4,825	4,919
Subsidy	78,005	35,162
Other	25,737	32,559
Total non-operating income	175,045	137,711
Non-operating expenses		
Interest expenses	27,325	28,107
Other	10,718	7,934
Total non-operating expenses	38,043	36,041
Ordinary loss	-1,508,134	-1,117,406
Extraordinary income		
Mandatory subsidy	557,303	189,414
Total extraordinary income	557,303	189,414
Extraordinary losses		
Loss on retirement of non-current assets	26,275	28,120
Loss on closing of stores	4,734	20,117
Impairment loss	50,669	32,124
Loss from temporary closure of stores	878,405	458,546
Loss on disaster	2,423	-
Total extraordinary losses	962,508	538,909
Net loss before income taxes	-1,913,339	-1,466,901
Income taxes-current	217,151	153,083
Income taxes-deferred	-646,323	-611,712
Total income taxes	-429,171	-458,629
Net loss	-1,484,167	-1,008,272
Net loss attributable to owners of parent	-1,484,167	-1,008,272

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Quarterly Consolidated Income Statement

Third quarter of this consolidated fiscal year

(Unit JPY thousands)

	Third quarter of previous consolidated fiscal year	Third quarter of this consolidated fiscal year
	(April 1 – December 31, 2020)	(April 1 – December 31, 2021)
Net loss	-1,484,167	-1,008,272
Other comprehensive income		
Valuation difference on available-for-sale securities	6,896	-14,056
Remeasurements of defined benefit plans	5,226	11,005
Total other comprehensive income	12,122	-3,050
Comprehensive income	-1,472,044	-1,011,323
(Breakdown)		
Comprehensive income attributable to owners of parent	-1,472,004	-1,011,323
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.

As for points offered to customers when products are sold based on point systems operated by third parties, the amount paid to the third parties was recorded as *sales, general and administrative expenses*. This was changed to recognizing revenue with the net amount obtained by subtracting the amount paid to the third parties from the amount received from customers.

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 third 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.