



Summary of Consolidated Financial Results for
the Second Quarter of the Fiscal Year Ending March 31, 2023
(Japanese GAAP)

November 1, 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 : November 10, 2022
Scheduled date of starting distributing dividends : –
Supplementary materials prepared for quarterly financial results : Yes
Quarterly results briefing : Yes
(for institutional investors and analysts)

(Million yen, rounded down)

1. Consolidated financial results for the second quarter of the fiscal year ending March 31, 2023 (April 1 – September 30, 2022)

(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)	%
FY2022 2Q	21,022	33.5	528	-	622	-	343	-
FY2021 2Q	15,744	5.5	-1,323	-	-1,259	-	-1,101	-

Note: Comprehensive income: FY2022 2Q JPY321 million (-%); FY2021 2Q JPY-1,102 million (-%)

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
FY2022 2Q	11.81	-
FY2021 2Q	-37.91	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Million yen)	(Million yen)	%
FY2022 2Q	38,219	24,972	65.3
FY2021	38,115	25,098	65.8

Reference: Shareholders' equity: FY2022 2Q JPY24,972 million; FY2021 JPY25,098million

2. Dividends

	Annual dividends per share				
	1Q end	2Q end	3Q end	Year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FY2021	-	0.00	-	15.00	15.00
FY2022	-	0.00			
FY2022 (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, 2023
(April 1, 2022 - March 31, 2023)

(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	47,836	30.0	2,142	-	2,255	-	1,253	-	43.13

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 : Yes
 - (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):	FY2022 2Q	29,859,900 shares	FY2021	29,859,900 shares
(ii) Treasury stock as of end of period:	FY2022 2Q	803,414 shares	FY2021	803,314 shares
(iii) Average number of shares issued and outstanding during period (quarterly cumulative):	FY2022 2Q	29,056,556 shares	FY2020 2Q	29,056,633 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 Page 4 of the accompanying document.

(Availability of the additional explanatory documents for the financial statements and results briefing documents)

We will hold a results briefing meeting for institutional investors and analysts on Wednesday, November 16, 2022. Any documents distributed at this meeting will become available on our website immediately after the meeting.

1. Qualitative Information on this Quarterly Financial Report

(1) Operating Results

During the current consolidated cumulative second quarter, new COVID-19 infections were somehow under control until June, and social activities started returning to normal levels. In July, however, the number of newly infected patients started to increase explosively once again, which was the seventh wave of the COVID-19 pandemic. Although the government did not impose any restrictions, social activities slowed down. In addition, due to the sharp rise in material and resource prices triggered by the Ukraine situation and weak yen, the future economy continued to be uncertain.

During the same period in the previous fiscal year, the national and local governments requested people to stay home, declared states of emergency and took pre-emergency measures. As for the retail industry, most commercial complexes were forced to shorten business hours and/or close temporarily. During the consolidated cumulative first quarter, our sales at such commercial complexes increased significantly compared to the same period in the previous fiscal year. With measures restricting people's activities being relaxed or removed, trips, including visiting parents, and events showed a strong recovery trend, and consumption also showed some signs of recovery. After July, however, due to the seventh wave of the COVID-19 pandemic with infections spreading at an unprecedented scale, the sales recovery slowed down. People became more careful in their spending due to the sharp rise in prices and uncertainty. As for the fashion industry, the business environment became even more harsh.

Our net sales during the current consolidated cumulative second quarter were JPY 21,022 million, an increase of 33.5 percent from the same period in the previous fiscal year. Our operating income was JPY 528 million compared to JPY 1,323 million of operating loss in the same period in the previous fiscal year. Our ordinary income was JPY 622 million compared to JPY 1,259 million of ordinary loss in the same period in the previous fiscal year. Our quarterly net income attributable to owners of the parent company was JPY 343 million compared to JPY 1,101 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 five new stores and closed twenty-seven unprofitable stores. As of the end of the current consolidated second quarter, we had 601 stores in total.

Our net sales from the retail business increased significantly to JPY 20,035 million, an increase of 31.3 percent from the same period in the previous fiscal year when most commercial complexes were forced to shorten business hours and close temporarily. The relaxation and removal of the measures restricting people's activities also contributed to the sales increase. After July, however, the sales were severely affected by the seventh wave of the COVID-19 pandemic. In September, they were also affected by typhoons, which hit Japan four weekends in a row. Due to these, the sales recovery during the current consolidated cumulative second quarter remained slow. While sales increased in all categories of products since people went out more frequently, the sales increase for men's bags and travel bags was particularly significant. The sales of men's bags increased by 33.7 percent from the same period in the previous fiscal year because less people worked remotely compared to the same period last year. With the significant increase in trips, including business trips and visiting parents, the sales of travel bags increased by 233.2 percent compared to the same period in the previous fiscal year. We have expanded our private brand (PB) and national private brand (NPB) product lines, and the sales of these products increased by 60.2 percent compared to the same period in the previous fiscal year. On the other hand, the sales increase of handbags, imported bags, casual bags, miscellaneous goods and wallets were slight, with 14.0 percent, 11.8 percent, 10.8 percent, 9.9 percent and 7.6 percent increases respectively.

From the consolidated first quarter, the sales of PB and NPB products, which were included in handbags and other products until the previous period, are recorded separately. For these products, comparisons with the same period in the previous fiscal year are made in accordance with the recording method of the consolidated first quarter.

With the increase in the sales of high-margin PB and NPB products, as well as our working to increase the mark-up rate for purchased products, the ratio of gross profit to net sales increased by 0.9 percent to 49.5 percent compared to the same period in the previous fiscal year. With the sales increase and cost reduction, the ratio of selling, general and administrative expenses decreased by 10.4 percent to 46.9 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, increased significantly compared to the same period in the previous fiscal year. This was because trips, including business trips and visiting parents, increased significantly.

As the result of the above, the net sales of our manufacturing and wholesale business division were JPY 1,273 million, an increase of 120.2 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 second quarter were JPY 38,219 million, an increase of JPY 104 million compared to the end of the previous consolidated fiscal year. *Notes and accounts receivable-trade* decreased by JPY 766 million, *property, plants and equipment* decreased by JPY 139 million, and *lease and guarantee deposits* decreased by JPY 213 million, but *cash and deposits* increased by JPY 525 million, and *merchandise and finished goods* increased by JPY 794 million.

(Liabilities)

Our liabilities as of the end of the current consolidated second quarter were JPY 13,246 million, an increase of JPY 229 million compared to the end of the previous consolidated fiscal year. *Current portion of bonds* decreased by JPY 100 million, but *notes and accounts payable-trade* increased by JPY 279 million, and *long-term loans payable* increased by JPY 100 million.

(Net Assets)

Our net assets as of the end of the current consolidated second quarter were JPY 24,972 million, a decrease of JPY 125 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 343 million of *quarterly net income attributable to owners of the parent company*.

(Capital adequacy ratio)

Our capital adequacy ratio as of the end of the current consolidated second quarter decreased by 0.5 percent to 65.3 percent from the end of the previous consolidated fiscal year.

(Cash flows during the current fiscal year)

Our cash and cash equivalents as of the end of the current consolidated second quarter were JPY 2,964 million, an increase of JPY 548 million compared to the previous consolidated fiscal year. Cash flows during the current consolidated second quarter were as follows.

(Cash flows from operating activities)

As for cash flows from operating activities, our net cash increased by JPY 1,331 million, with inflows increased by JPY 1,909 million compared to the previous consolidated fiscal year. Major inflows included JPY 568 million of *quarterly income before income taxes*, JPY 766 million of *decrease in notes and accounts receivable-trade*, and JPY 279 million of *increase in notes and accounts payable-trade*. Major outflows included JPY 817 million of *increase in inventories*, and JPY 88 million of *income tax paid*.

(Cash flows from investment activities)

As for cash flows from investment activities, our net cash decreased by JPY 57 million, with outflows decreased by JPY 154 million, compared to the same period in the previous fiscal year. Major outflows included JPY 146 million of business investment for opening new stores and redecorating existing stores.

(Cash flows from financing activities)

As for cash flows from financing activities, our net cash decreased by JPY 629 million, with outflows increased by JPY 1,472 million, compared to the same period in the previous fiscal year. Major inflows include JPY 100 million of *proceeds from long-term loans payable*. Major outflows include JPY 435 million of *cash dividends paid*, JPY 146 million of *repayments of lease obligations*, and JPY 100 million of *redemption of bonds*.

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

Based on our recent business performance, we have revised our Consolidated Earnings Forecast published on May 10, 2022. For more information, please see *Announcement concerning the difference between the earnings forecast and actual earnings for the consolidated cumulative second quarter, and the revision of earning forecast for the full business year, of the fiscal year ending in March 2023*, which we published today (November 1, 2022).

Revised forecast of full-year consolidated operating results for the fiscal year ending March 31, 2023 (April 1, 2022-March 31, 2023)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous forecast (A) (announced on May 10, 2022)	(Million yen) 49,123	(Million yen) 2,092	(Million yen) 2,132	(Million yen) 1,164	(Yen) 40.08
Revised forecast (B)	47,836	2,142	2,255	1,253	43.13
Difference (B-A)	-1,287	49	122	88	-
Ratio of difference (%)	-2.6	2.4	5.8	7.6	-
(Reference) Previous actual results (for the fiscal year ended March 31, 2022)	36,798	-903	-776	-888	-30.56

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2022)	Second quarter of this consolidated fiscal year (September 30, 2022)
Assets		
Current assets		
Cash and deposits	2,465,781	2,991,204
Notes and accounts receivable-trade	3,645,946	2,879,388
Merchandise and finished goods	12,183,477	12,977,659
Raw materials and supplies	20,632	24,398
Other	204,296	257,909
Total current assets	18,520,134	19,130,560
Non-current assets		
Property, plant, and equipment		
Buildings and structures (net)	2,969,570	2,880,444
Land	2,115,029	2,112,068
Leased assets (net)	498,762	445,789
Other (net)	270,106	276,108
Total property, plant, and equipment	5,853,468	5,714,410
Intangible assets	120,866	105,855
Investments and other assets		
Investment securities	4,569,614	4,520,433
Net defined benefit asset	64,075	56,250
Deferred tax assets	2,305,206	2,286,507
Lease and guarantee deposits	6,217,312	6,003,983
Other	464,647	401,513
Total investments and other assets	13,620,857	13,268,687
Total non-current assets	19,595,192	19,088,954
Total assets	38,115,327	38,219,514

Company name: Sac's Bar Holdings Inc. (9990)
Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2023
(Japanese GAAP)

(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2022)	Second quarter of this consolidated fiscal year (September 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,683,843	2,963,499
Short-term loans payable	3,000,000	3,000,000
Current portion of bonds	200,000	100,000
Lease obligations	259,897	232,072
Income taxes payable	110,937	208,747
Provision for bonuses	211,857	311,610
Provision for directors' bonuses	31,080	18,480
Provision for shareholder benefit program	31,200	6,655
Other	1,792,774	1,688,370
Total current liabilities	8,321,589	8,529,437
Non-current liabilities		
Bonds payable	1,500,000	1,500,000
Long-term loans payable	80,000	180,000
Lease obligations	369,741	318,545
Provision for directors' retirement benefits	170,992	176,930
Net defined benefit liability	1,409,314	1,433,518
Deferred tax liabilities	700	744
Asset retirement obligations	788,374	764,026
Other	376,256	343,644
Total non-current liabilities	4,695,380	4,717,409
Total liabilities	13,016,970	13,246,846
Net assets		
Shareholders' equity		
Capital stock	2,986,400	2,986,400
Capital surplus	4,569,597	4,569,597
Retained earnings	18,054,719	17,950,817
Treasury stock	-483,076	-483,137
Total shareholders' equity	25,127,640	25,023,677
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	111,277	77,404
Remeasurements of defined benefit plans	-140,561	-128,413
Total accumulated other comprehensive income	-29,283	-51,008
Total net assets	25,098,356	24,972,668
Total liabilities and net assets	38,115,327	38,219,514

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(2) Quarterly Consolidated Income Statement and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Income Statement
Second quarter of this consolidated fiscal year

	Second quarter of previous consolidated fiscal year	(Unit JPY thousands) Second quarter of this consolidated fiscal year
	(April 1 – September 30, 2021)	(April 1 – September 30, 2022)
Net sales	15,744,222	21,022,623
Cost of sales	8,113,985	10,687,638
Gross profit	7,630,237	10,334,985
Selling, general, and administrative expenses	8,953,517	9,806,735
Operating income or Operating loss	-1,323,279	528,249
Non-operating income		
Interest income	41,182	41,189
Dividend income	1,641	1,407
Insurance income	500	51,736
Commission income	3,329	3,204
Subsidy	23,537	5,715
Other	17,871	18,954
Total non-operating income	88,062	118,207
Non-operating expenses		
Interest expenses	18,216	17,244
Other	6,164	6,478
Total non-operating expenses	24,381	23,722
Ordinary income or Ordinary loss	-1,259,598	622,734
Extraordinary income		
Mandatory subsidy	140,917	-
Total extraordinary income	140,917	-
Extraordinary losses		
Loss on retirement of non-current assets	13,151	20,599
Loss on closing of stores	20,117	4,562
Impairment loss	31,820	28,605
Loss from temporary closure of stores	458,546	-
Total extraordinary losses	523,636	53,767
Net income before income taxes or Net loss before income taxes	-1,642,318	568,966
Income taxes-current	144,223	191,191
Income taxes-deferred	-684,897	34,618
Total income taxes	-540,673	225,810
Net income or Net loss	-1,101,644	343,156
Net income attributable to owners of parent or Net loss attributable to owners of parent	-1,101,644	343,156

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Quarterly Consolidated Income Statement

Second quarter of this consolidated fiscal year

(Unit JPY thousands)

	Second quarter of previous consolidated fiscal year	Second quarter of this consolidated fiscal year
	(April 1 – September 30, 2021)	(April 1 – September 30, 2022)
Net income or Net loss	-1,101,644	343,156
Other comprehensive income		
Valuation difference on available-for-sale securities	-8,248	-33,872
Remeasurements of defined benefit plans	7,336	12,147
Total other comprehensive income	-911	-21,725
Comprehensive income	-1,102,556	321,431
(Breakdown)		
Comprehensive income attributable to owners of parent	-1,102,556	321,431
Comprehensive income attributable to non-controlling interests	-	-

Company name: Sac's Bar Holdings Inc. (9990)
Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2023
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(3) Quarterly Consolidated Cash Flow Statement

	Second quarter of previous consolidated fiscal year (April 1-September 30, 2021)	(Unit: JPY thousands) Second quarter of this consolidated fiscal year (April 1-September 30, 2022)
Cash flows from operating activities		
Net Income before income taxes or net loss before income taxes	-1,642,318	568,966
Depreciation	317,047	315,332
Impairment loss	31,820	28,605
Amortization of goodwill	4,933	4,933
Increase (decrease) in provision for bonuses	-46,540	99,753
Increase (decrease) in provision for bonuses for directors (and other officers)	-18,690	-12,600
Increase (decrease) in provision for retirement benefits for directors (and other officers)	4,112	5,937
Increase (decrease) in retirement benefit liability	9,514	24,203
Interest and dividend income	-42,823	-42,596
Interest expenses	18,216	17,244
Loss on retirement of non-current assets	13,151	20,599
Subsidy income	-23,537	-5,715
Subsidy income	-140,917	-
Loss from temporary closure of stores	458,546	-
Decrease (increase) in trade receivables	1,096,651	766,557
Decrease (increase) in inventories	228,294	-817,555
Increase (decrease) in trade payable	-612,713	279,655
Increase (decrease) in accrued consumption taxes	1,632	-54,655
Increase (decrease) in accrued expenses	-40,513	-15,977
Other	134,984	206,727
Subtotal	-249,148	1,389,418
Interest and dividends received	42,414	42,186
Interest paid	-18,245	-17,217
Income taxes paid	-166,637	-88,916
Income taxes refund	65,000	1
Subsidies received	21,329	5,715
Proceeds from subsidy income	140,917	-
Payments for loss from temporary closure of stores	-414,394	-
Cash flows from operating activities	-578,763	1,331,188
Cash flows from investing activities		
Payments into time deposits	-11,100	-11,100
Proceeds from withdrawal of time deposits	6,000	33,700
Purchase of property, plant and equipment and intangible assets	-166,083	-146,488
Payments for retirement of property, plant and equipment	-40,669	-30,411
Cash flows from investing activities	-211,852	-154,300

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(Japanese GAAP)

	Second quarter of previous consolidated fiscal year (April 1-September 30, 2021)	(Unit: JPY thousands) Second quarter of this consolidated fiscal year (April 1-September 30, 2022)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	1,500,000	-
Increase in accounts payable - installment purchase	81,669	58,378
Decrease in accounts payable - installment purchase	-121,800	-105,569
Repayments of lease obligations	-181,403	-146,997
Redemption of bonds	-	-100,000
Dividends paid	-435,408	-435,562
Proceeds from long-term loans payable	-	100,000
Purchase of treasury shares	-58	-60
Cash flows from financing activities	842,998	-629,811
Effect of exchange rate change on cash and cash equivalents	564	946
Net increase (decrease) in cash and cash equivalents	52,946	548,022
Cash and cash equivalents at beginning of current period	1,092,967	2,416,381
Cash and cash equivalents at end of current period	1,145,913	2,964,404

(4) 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)

(Revision of inventory valuation method)

Whereas some consolidated subsidiaries previously used the recent purchase method (with values on the balance sheet being subject to the book value reduction method based on decreased profitability) for valuation of goods, they started using the moving-average cost method (with values on the balance sheet being subject to the book value reduction method based on decreased profitability) from the consolidated first quarter.

This change is for more accurate calculation of periodic income and loss, taking advantage of the restructuring of our inventory management system.

Since some data required for valuating goods for the past years is unavailable, calculating the amount of cumulative impact caused by retroactively applying the moving-average cost method to the period before the beginning of the previous consolidated fiscal year is impossible. The amount of cumulative impact, therefore, was calculated based on the difference between the book values of goods as of the beginning of the consolidated first quarter and those as of the end of the previous consolidated fiscal year; this amount is reflected in the balance as of the beginning of the consolidated first quarter.

As above, the amount of cumulative impact is reflected in the net assets as of the beginning of the consolidated first quarter, and the retained earnings as of the beginning of the period decreased by JPY 11 million.

This change had only minor impact on the financial statements for the consolidated quarter.

(Segment information, etc.)

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