



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

February 1, 2023

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 9, 2023
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, 2023
(April 1 – December 31, 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 3Q	33,011	27.3	1,387	-	1,499	-	880	-
FY2021 3Q	25,936	4.0	-1,219	-	-1,117	-	-1,008	-

Note: Comprehensive income: FY2022 3Q JPY816 million (-%); FY2021 3Q JPY-1,011 million (-%)

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
FY2022 3Q	30.32	-
FY2021 3Q	-34.70	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Million yen)	(Million yen)	%
FY2022 3Q	40,690	25,467	62.6
FY2021	38,115	25,098	65.8

Reference: Shareholders' equity: FY2022 3Q JPY25,467million; 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: 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. : 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 3Q	29,859,900 shares	FY2021	29,859,900 shares
(ii) Treasury stock as of end of period:	FY2022 3Q	803,514 shares	FY2021	803,314 shares
(iii) Average number of shares issued and outstanding during period (quarterly cumulative):	FY2022 3Q	29,056,528 shares	FY2021 3Q	29,056,617 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

(1) Operating Results

During the current consolidated cumulative third 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 and eighth waves 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 and eighth waves of the COVID-19 pandemic hitting consistently, consumption activities 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 third quarter were JPY 33,011 million, an increase of 27.3 percent from the same period in the previous fiscal year. Our operating income was JPY 1,387 million compared to JPY 1,219 million of operating loss in the same period in the previous fiscal year. Our ordinary income was JPY 1,499 million compared to JPY 1,117 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 880 million compared to JPY 1,008 million of quarterly net loss attributable to owners of the parent company in the same period in the previous fiscal year.

As for GEAR's JAM Co., Ltd., the deemed acquisition date is October 31, 2022 and the difference from the quarterly consolidated closing date is shorter than three months; only the Balance Sheet is consolidated. The Quarterly Consolidated Income Statement for the current consolidated cumulative third quarter does not include the revenues and expenditures of GEAR's JAM Co., Ltd.

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 eleven new stores and closed thirty unprofitable stores. On October 3, 2022, we acquired all shares of GEAR's JAM Co., Ltd., which sells men's bags, wallets and miscellaneous goods at retail. Twenty-one GEAR's JAM stores are now under our control. Therefore, as of the end of the current consolidated third quarter, we had 625 stores in total.

From the beginning of the current quarter, new COVID-19 infections were somehow under control, and the measures restricting people's activities were relaxed or removed. Thanks to these, our net sales from the retail business increased significantly. With the seventh and eighth waves of the COVID-19 pandemic, however, the sales recovery slowed down slightly. Our net sales from the retail business was JPY 31,248 million, an increase of 24.6 percent from the same period in the previous fiscal year. 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 27.2 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 171.2 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; the sales of these products increased by 49.0 percent compared to the same period in the previous fiscal year. However, the sales increase of handbags, imported bags, casual bags, miscellaneous goods and wallets were slight, with 4.7 percent, 1.4 percent, 6.0 percent, 6.5 percent and 3.4 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 1.3 percent to 49.7 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 7.7 percent to 45.5 percent compared to the same period in the previous fiscal year.

As for GEAR's JAM Co., Ltd., only the Balance Sheet is consolidated. The Quarterly Consolidated Income Statement for the current consolidated cumulative third quarter does not include the revenues and expenditures of GEAR's JAM Co., Ltd.

<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. The government's national travel subsidy program also contributed to the increase.

As the result of the above, the net sales of our manufacturing and wholesale business division were JPY 2,255 million, an increase of 115.4 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 40,690 million, an increase of JPY 2,575 million compared to the end of the previous consolidated fiscal year. *Cash and deposits* decreased by JPY 331 million, *Investment securities* decreased by JPY 120 million, and *Deferred tax assets* decreased by JPY 149 million, but *Notes and accounts receivable-trade* increased by JPY 866 million, and *Merchandise and finished goods* increased by JPY 2,333 million.

(Liabilities)

Our liabilities as of the end of the current consolidated third quarter were JPY 15,222 million, an increase of JPY 2,206 million compared to the end of the previous consolidated fiscal year. *Short-term loans payable* decreased by JPY 500 million, but *Notes and accounts payable-trade* increased by JPY 2,021 million, *Accrued income taxes* increased by JPY 189 million, and *Long-term loans payable*, including *Current portion of long-term loans payable*, increased by JPY 317 million.

(Net Assets)

Our net assets as of the end of the current consolidated third quarter were JPY 25,467 million, an increase of JPY 369 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 880 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 third quarter decreased by 3.2 percent to 62.6 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, 2022.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2022)	Third quarter of this consolidated fiscal year (December 31, 2022)
Assets		
Current assets		
Cash and deposits	2,465,781	2,134,680
Notes and accounts receivable-trade	3,645,946	4,511,970
Merchandise and finished goods	12,183,477	14,517,375
Raw materials and supplies	20,632	22,689
Other	204,296	280,547
Total current assets	18,520,134	21,467,263
Non-current assets		
Property, plant, and equipment		
Buildings and structures (net)	2,969,570	2,911,075
Land	2,115,029	2,112,068
Leased assets (net)	498,762	464,609
Other (net)	270,106	258,127
Total property, plant, and equipment	5,853,468	5,745,881
Intangible assets	120,866	268,393
Investments and other assets		
Investment securities	4,569,614	4,449,584
Net defined benefit asset	64,075	52,067
Deferred tax assets	2,305,206	2,155,578
Lease and guarantee deposits	6,217,312	6,097,825
Other	464,647	454,249
Total investments and other assets	13,620,857	13,209,304
Total non-current assets	19,595,192	19,223,579
Total assets	38,115,327	40,690,843
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,683,843	4,705,367
Short-term loans payable	3,000,000	2,500,000
Current portion of bonds	200,000	1,100,000
Current portion of long-term loans payable		42,828
Lease obligations	259,897	222,592
Income taxes payable	110,937	300,247
Provision for bonuses	211,857	155,362
Provision for directors' bonuses	31,080	27,720
Provision for shareholder benefit program	31,200	-
Other	1,792,774	2,118,207
Total current liabilities	8,321,589	11,172,325

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(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2022)	Third quarter of this consolidated fiscal year (December 31, 2022)
Non-current liabilities		
Bonds payable	1,500,000	500,000
Long-term loans payable	80,000	355,031
Lease obligations	369,741	334,755
Provision for directors' retirement benefits	170,992	218,968
Net defined benefit liability	1,409,314	1,462,354
Deferred tax liabilities	700	2,653
Asset retirement obligations	788,374	810,914
Other	376,256	365,983
Total non-current liabilities	4,695,380	4,050,659
Total liabilities	13,016,970	15,222,984
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	18,488,645
Treasury stock	-483,076	-483,213
Total shareholders' equity	25,127,640	25,561,429
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	111,277	28,769
Remeasurements of defined benefit plans	-140,561	-122,340
Total accumulated other comprehensive income	-29,283	-93,571
Total net assets	25,098,356	25,467,858
Total liabilities and net assets	38,115,327	40,690,843

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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, 2021)	(April 1 – December 31, 2022)
	(Unit JPY thousands)	
Net sales	25,936,635	33,011,615
Cost of sales	13,438,879	16,740,040
Gross profit	12,497,756	16,271,574
Selling, general, and administrative expenses	13,716,833	14,883,821
Operating income or Operating loss	-1,219,077	1,387,753
Non-operating income		
Interest income	61,705	61,712
Dividend income	2,133	2,658
Insurance income	1,231	51,860
Commission income	4,919	4,744
Subsidy	35,162	6,726
Other	32,559	17,798
Total non-operating income	137,711	145,500
Non-operating expenses		
Interest expenses	28,107	25,738
Other	7,934	8,242
Total non-operating expenses	36,041	33,980
Ordinary income or Ordinary loss	-1,117,406	1,499,273
Extraordinary income		
Mandatory subsidy	189,414	-
Total extraordinary income	189,414	-
Extraordinary losses		
Loss on retirement of non-current assets	28,120	25,463
Loss on closing of stores	20,117	4,562
Impairment loss	32,124	43,493
Loss from temporary closure of stores	458,546	-
Total extraordinary losses	538,909	73,519
Net income before income taxes or Net loss before income taxes	-1,466,901	1,425,754
Income taxes-current	153,083	357,780
Income taxes-deferred	-611,712	186,988
Total income taxes	-458,629	544,769
Net income or Net loss	-1,008,272	880,984
Net income attributable to owners of parent or Net loss attributable to owners of parent	-1,008,272	880,984

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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, 2021)	(April 1 – December 31, 2022)
Net income or Net loss	-1,008,272	880,984
Other comprehensive income		
Valuation difference on available-for-sale securities	-14,056	-82,508
Remeasurements of defined benefit plans	11,005	18,220
Total other comprehensive income	-3,050	-64,287
Comprehensive income	-1,011,323	816,697
(Breakdown)		
Comprehensive income attributable to owners of parent	-1,011,323	816,697
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)

(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.