



**Summary of Consolidated Financial Results for
the Second Quarter of the Fiscal Year Ending March 31, 2024
(Japanese GAAP)**

November 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 : November 10, 2023
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, 2024 (April 1 – September 30, 2023)

(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)	%
FY2023 2Q	25,191	19.8	1,739	229.4	1,781	186.1	1,150	235.3
FY2022 2Q	21,022	33.5	528	-	622	-	343	-

Note: Comprehensive income: FY2023 2Q JPY1,150 million (258.1%); FY2022 2Q JPY321million (-%)

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
FY2023 2Q	39.60	-
FY2022 2Q	11.81	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Million yen)	(Million yen)	%
FY2023 2Q	37,937	26,415	69.6
FY2022	39,142	25,918	66.2

Reference: Shareholders' equity: FY2023 2Q JPY26,415 million; FY2022 JPY25,918million

2. Dividends

	Annual dividends per share				
	1Q end	2Q end	3Q end	Year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FY2022	-	0.00	-	22.50	22.50
FY2023	-	0.00	-	-	-
FY2023 (projected)	-	-	-	30.00	30.00

Note: Revisions to most recently announced projected dividends: None

3. Forecast of Consolidated Operating Results for the fiscal year ending March 31, 2024
(April 1, 2023 - March 31, 2024)

(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	53,776	13.8	3,983	60.4	4,017	50.7	2,467	91.1	84.91

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 : 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):	FY2023 2Q	29,859,900 shares	FY2022	29,859,900 shares
(ii) Treasury stock as of end of period:	FY2023 2Q	803,664 shares	FY2022	803,514 shares
(iii) Average number of shares issued and outstanding during period (quarterly cumulative):	FY2023 2Q	29,056,326 shares	FY2022 2Q	29,056,556 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 22, 2023. 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

In May this year, the Japanese Government downgraded COVID-19 to a Category V Infectious Disease as stipulated in the Infectious Diseases Control Law, and social and economic activities significantly returned to normal levels. During the current consolidated cumulative second quarter, the Japanese economy continued showing a trend of gradual recovery, mainly with increases in domestic demand. The recovery of demand from inbound tourists was another factor contributing to the economic recovery. Yet, due to the continued price increases resulting from the sharp rises in resource prices and the weak yen, the future economy continued to be uncertain.

As for the retail industry, people's mobility become greater, with measures restricting people's activities being relaxed or removed, and their consumption showed some recovery. With the continued price increases surpassing wage increases, however, the recovery in consumer spending was not full-fledged. There is concern that consumers will be more careful in spending money.

Our net sales during the current consolidated cumulative second quarter were JPY 25,191 million, an increase of 19.8 percent from the same period in the previous fiscal year. Our operating income was JPY 1,739 million, an increase of 229.4 percent from the same period in the previous fiscal year. Our ordinary income was JPY 1,781 million, an increase of 186.1 percent from the same period in the previous fiscal year. Our quarterly net income attributable to owners of the parent company was JPY 1,150 million, an increase of 235.3 percent from the same period in the previous fiscal year.

Since the reporting segment of our group is a single segment, the retail of bags, pouches and other goods, 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>

For our retail business, we opened seven new stores and closed sixteen stores. Therefore, as of the end of the current consolidated second quarter, we had 596 stores in total.

The impact of the COVID-19 pandemic decreased. In October 2022, we acquired all shares of GEAR's JAM Co., Ltd., and the sales of all twenty-three GEAR's JAM stores are now included in our sales. The sales from inbound tourists increased. Thanks to these, our net sales from the retail business significantly increased to JPY 23,211 million, an increase of 15.8 percent from the same period in the previous fiscal year. With the sales of all GEAR's JAM stores being included in our men's bag sales and the recovery in business demand, the sales of men's bags increased by 24.7 percent from the same period in the previous fiscal year. With the significant increase in domestic and overseas trips, including business trips, and the increase in demand from inbound tourists, the sales of travel bags increased significantly by 75.0 percent compared to the same period in the previous fiscal year. Concerning our private brand (PB) and national private brand (NPB) products, the sales of PB and NPB suitcases increased significantly. We have expanded our PB and NPB product lines for both men's and women's products, and also strengthened our sales work for such products. With these, the sales of these products increased by 33.7 percent compared to the same period in the previous fiscal year. For casual bags, however, the sales increase was slight, only a 3.5 percent increase compared to the same period in the previous fiscal year. For handbags, the sales of lower-priced products decreased, causing the sales to decrease by 8.7 percent compared to the same period in the previous fiscal year. For miscellaneous goods, we have strengthened our sales work for umbrellas. Due to the slightly sluggish sales of accessories, however, the sales of miscellaneous goods decreased by 5.0 percent compared to the same period in the previous fiscal year. For wallets, the number of products sold decreased, and the sales of wallets decreased by 4.3 percent compared to the same period in the previous fiscal year. For imported bags, we imported fewer products due to the weak yen, and the sales decreased by 26.0 percent compared to the same period in the previous fiscal year.

With the increase in the sales of high-margin PB and NPB products and travel bags, as well as the impact of revising and raising the prices of inventory goods, the ratio of gross profit to net sales for the current

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consolidated cumulative second quarter increased by 0.8 percent to 50.3 percent compared to the same period in the previous fiscal year. With the sales increase and expenditure reduction, the ratio of selling, general and administrative expenses decreased by 3.0 percent to 43.9 percent compared to the same period in the previous fiscal year.

<Manufacturing, Wholesaling Businesses>

For our manufacturing and wholesale business, the sales of suitcases, which are our main product, increased significantly. This was because trips, including business trips and visiting parents, increased significantly and the demand from inbound tourists also increased.

As the result, our net sales from manufacturing and wholesale business was JPY 2,405 million, an increase of 88.9 percent from 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 37,937 million, a decrease of JPY 1,205 million compared to the end of the previous consolidated fiscal year. *Cash and deposits* increased by JPY 266 million, but *Notes and accounts receivable-trade* decreased by JPY 438 million, *Merchandise and finished goods* decreased by JPY 540 million and *Deferred tax assets* decreased by JPY 165 million.

(Liabilities)

Our liabilities as of the end of the current consolidated second quarter were JPY 11,521 million, a decrease of JPY 1,702 million compared to the end of the previous consolidated fiscal year. *Notes and accounts payable-trade* decreased by JPY 364 million, *Short-term loans payable* decreased by JPY 1,000 million and *Accrued income taxes* decreased by JPY 221 million.

(Net Assets)

Our net assets as of the end of the current consolidated second quarter were JPY 26,415 million, an increase of JPY 497 million compared to the end of the previous consolidated fiscal year. This includes decreases due to JPY 653 million of *dividends from surplus* and JPY 1,150 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 increase by 3.4 percent to 69.6 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 2,662 million, an increase of JPY 255 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 2,342 million, with inflows increased by JPY 1,011 million compared to the same period in the previous consolidated fiscal year. Major inflows included JPY 1,695 million of *quarterly income before income taxes*, JPY 438 million of *decrease in notes and accounts receivable-trade* and JPY 546 million of *decrease in inventories*. Major outflows included JPY 364 million of *decrease in notes and accounts payable-trade* and JPY 586 million of *income tax paid*.

(Cash flows from investment activities)

As for cash flows from investment activities, our net cash decreased by JPY 296 million, with outflows increase by JPY 142 million, compared to the same period in the previous fiscal year. Major outflows included JPY 221 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 1,791 million, with outflows increased by JPY 1,161 million, compared to the same period in the previous fiscal year. Major outflows include JPY 1,000 million of decrease in short-term loans payable and JPY 653 million of *cash dividends paid*.

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

Since our profits during the current consolidated cumulative second quarter exceeded our forecast, we have reexamined the net sales, the ratio of gross profit to net sales, the selling, general and administrative expenses and other figures for the consolidated third and fourth quarters as well. Based on this reexamination, we have revised our Consolidated Earnings Forecast published on May 10, 2023. For more information, please see the *Announcement concerning the difference between the earnings forecast and actual earnings for the consolidated cumulative second quarter, and the revision of the earning forecast for the full business year, of the fiscal year ending in March 2024*, which we published today (November 1, 2023).

Revised forecast of full-year consolidated operating results for the fiscal year ending March 31, 2024 (April 1, 2023-March 31, 2024)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous forecast (A) (announced on May 10, 2023)	(Million yen) 53,379	(Million yen) 3,589	(Million yen) 3,624	(Million yen) 2,166	(Yen) 74.56
Revised forecast (B)	53,776	3,983	4,017	2,467	84.91
Difference (B-A)	397	394	392	300	-
Ratio of difference (%)	0.7	11.0	10.8	13.9	-
(Reference) Previous actual results (for the fiscal year ended March 31, 2023)	47,236	2,484	2,666	1,291	44.44

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2023)	Second quarter of this consolidated fiscal year (September 30, 2023)
Assets		
Current assets		
Cash and deposits	2,444,594	2,711,396
Notes and accounts receivable-trade	4,296,221	3,858,210
Merchandise and finished goods	13,038,511	12,497,909
Raw materials and supplies	33,239	29,238
Other	262,474	172,833
Total current assets	20,075,041	19,269,587
Non-current assets		
Property, plant, and equipment		
Buildings and structures (net)	3,292,650	3,227,789
Land	2,112,068	2,112,068
Leased assets (net)	418,819	412,911
Other (net)	260,818	272,152
Total property, plant, and equipment	6,084,357	6,024,922
Intangible assets	254,220	225,137
Investments and other assets		
Investment securities	4,422,783	4,406,345
Net defined benefit asset	41,749	32,208
Deferred tax assets	1,938,913	1,773,497
Lease and guarantee deposits	5,886,700	5,768,488
Other	438,802	436,931
Total investments and other assets	12,728,950	12,417,471
Total non-current assets	19,067,528	18,667,530
Total assets	39,142,569	37,937,118

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(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2023)	Second quarter of this consolidated fiscal year (September 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,212,362	2,848,040
Short-term loans payable	1,000,000	-
Current portion of bonds	1,500,000	1,500,000
Current portion of long-term loans payable	-	7,840
Lease obligations	217,142	203,505
Income taxes payable	615,301	393,548
Provision for bonuses	344,206	395,151
Provision for directors' bonuses	36,960	28,800
Provision for shareholder benefit program	34,374	-
Other	2,342,079	2,248,926
Total current liabilities	9,302,427	7,625,811
Non-current liabilities		
Long-term loans payable	280,000	272,160
Lease obligations	309,770	293,124
Provision for directors' retirement benefits	183,017	173,586
Net defined benefit liability	1,397,365	1,424,520
Deferred tax liabilities	8,992	18,440
Asset retirement obligations	1,395,759	1,376,146
Other	346,419	337,430
Total non-current liabilities	3,921,324	3,895,408
Total liabilities	13,223,751	11,521,220
Net assets		
Shareholders' equity		
Capital stock	2,986,400	2,986,400
Capital surplus	4,569,597	4,569,597
Retained earnings	18,898,821	19,395,569
Treasury stock	-483,213	-483,361
Total shareholders' equity	25,971,605	26,468,206
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,188	-1,101
Remeasurements of defined benefit plans	-62,976	-51,206
Total accumulated other comprehensive income	-52,787	-52,307
Total net assets	25,918,817	26,415,898
Total liabilities and net assets	39,142,569	37,937,118

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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, 2022)	(April 1 – September 30, 2023)
Net sales	21,022,623	25,191,336
Cost of sales	10,687,638	12,653,086
Gross profit	10,334,985	12,538,249
Selling, general, and administrative expenses	9,806,735	10,798,334
Operating income	528,249	1,739,915
Non-operating income		
Interest income	41,189	41,189
Dividend income	1,407	1,625
Insurance income	51,736	-
Commission income	3,204	2,970
Subsidy	5,715	-
Other	14,954	16,154
Total non-operating income	118,207	61,940
Non-operating expenses		
Interest expenses	17,244	12,997
Other	6,478	7,309
Total non-operating expenses	23,722	20,306
Ordinary income	622,734	1,781,549
Extraordinary losses		
Loss on retirement of non-current assets	20,599	30,100
Loss on closing of stores	4,562	3,009
Impairment loss	28,605	23,837
Loss due to disaster	-	28,784
Total extraordinary losses	53,767	85,732
Net income before income taxes	568,966	1,695,817
Income taxes-current	191,191	370,483
Income taxes-deferred	34,618	174,817
Total income taxes	225,810	545,300
Quarterly Net income	343,156	1,150,516
Quarterly Net income attributable to owners of parent	343,156	1,150,516

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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, 2022)	(April 1 – September 30, 2023)
Quarterly Net income	343,156	1,150,516
Other comprehensive income		
Valuation difference on available-for-sale securities	-33,872	-11,290
Remeasurements of defined benefit plans	12,147	11,770
Total other comprehensive income	-21,725	480
Comprehensive income	321,431	1,150,996
(Breakdown)		
Comprehensive income attributable to owners of parent	321,431	1,150,996
Comprehensive income attributable to non-controlling interests	-	-

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(3) Quarterly Consolidated Cash Flow Statement

	Second quarter of previous consolidated fiscal year (April 1-September 30, 2022)	Second quarter of this consolidated fiscal year (April 1-September 30, 2023)
(Unit: JPY thousands)		
Cash flows from operating activities		
Net Income before income taxes	568,966	1,695,817
Depreciation	315,332	323,028
Impairment loss	28,605	23,837
Amortization of goodwill	4,933	21,384
Increase (decrease) in provision for bonuses	99,753	50,945
Increase (decrease) in provision for bonuses for directors (and other officers)	-12,600	-8,160
Increase (decrease) in provision for retirement benefits for directors (and other officers)	5,937	-9,431
Increase (decrease) in retirement benefit liability	24,203	27,155
Interest and dividend income	-42,596	-42,815
Interest expenses	17,244	12,997
Loss on retirement of non-current assets	20,599	30,100
Subsidy income	-5,715	-
Decrease (increase) in trade receivables	766,557	438,011
Decrease (increase) in inventories	-817,555	546,633
Increase (decrease) in trade payable	279,655	-364,322
Increase (decrease) in accrued consumption taxes	-54,655	-41,242
Increase (decrease) in unpaid balances	-20,214	-252,693
Increase (decrease) in accrued expenses	-15,977	156,069
Other	226,941	292,496
Subtotal	1,389,418	2,899,811
Interest and dividends received	42,186	42,406
Interest paid	-17,217	-12,981
Income taxes paid	-88,916	-586,256
Income taxes refund	1	-
Subsidies received	5,715	-
Cash flows from operating activities	1,331,188	2,342,979
Cash flows from investing activities		
Payments into time deposits	-11,100	-11,100
Proceeds from withdrawal of time deposits	33,700	-
Purchase of property, plant and equipment and intangible assets	-146,488	-221,447
Income of property, plant and equipment and intangible assets	-	2,841
Payments for retirement of property, plant and equipment	-30,411	-67,276
Cash flows from investing activities	-154,300	-296,982

(Unit: JPY thousands)

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	Second quarter of previous consolidated fiscal year (April 1-September 30, 2022)	Second quarter of this consolidated fiscal year (April 1-September 30, 2023)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	-	-1,000,000
Increase in accounts payable - installment purchase	58,378	83,355
Decrease in accounts payable - installment purchase	-105,569	-97,574
Repayments of lease obligations	-146,997	-123,550
Redemption of bonds	-100,000	-
Dividends paid	-435,562	-653,346
Proceeds from long-term loans payable	100,000	-
Purchase of treasury shares	-60	-147
Cash flows from financing activities	-629,811	-1,791,263
Effect of exchange rate change on cash and cash equivalents	946	968
Net increase (decrease) in cash and cash equivalents	548,022	255,701
Cash and cash equivalents at beginning of current period	2,416,381	2,406,694
Cash and cash equivalents at end of current period	2,964,404	2,662,396

(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

(Segment information, etc.)

Since the reporting segment of our group is a single segment, the retail of bags, pouches and other goods, information with respect to each segment is not provided.