



SAC'S BAR

HOLDINGS

Integrated Report 2024

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<Editorial Policy>

The purpose of this integrated report is to communicate the Sac's Bar Group's value creation story to shareholders and investors as well as to a wide range of other stakeholders. This is the first time that we have published an integrated report, and we have made a concerted effort to convey information as concisely as possible and in a way that showcases the Sac's Bar Group while keeping in mind the importance of the information. Through this report, we will aim to further deepen communication with our stakeholders and to further increase our corporate value.

<Scope>

Sac's Bar Holdings Inc. and consolidated subsidiaries (the Sac's Bar Group)

<Period Covered>

FY2023 (April 1, 2023 to March 31, 2024)

*Some information contained herein pertains to activities outside of this period

<Guidelines Referenced>

This integrated report was created in reference to the following frameworks and guidelines.
• IFRS Foundation: International Integrated Reporting Framework
• Ministry of Economy, Trade and Industry: Guidance for Collaborative Value Creation 2.0
• Task Force on Climate-Related Financial Disclosures (TCFD): Final Report

<About Future Projections>

Future projections in this report, including results forecasts, are based on information currently available to the Sac's Bar and certain assumptions that we consider to be reasonable. Actual results may differ significantly due to a variety of factors.

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Corporate Philosophy

As company that creates inspiring moments, the Sac's Bar Group conducts its business activities with a mission of providing an inspiring experience to all consumers, customers, and people involved in the industry.

Among the aspects of the experience we provide, it is the three principles of inspiring service, inspiring products, and inspiring shop floors that together form the key pillar of inspiration on which Sac's Bar Holdings is built.

CORE VALUE

Creating inspiring moments

VALUE

- Three inspiring principles of Sac's Bar Holdings -

I

Inspiring service

Listening to the individual needs of customers as well as business partners, including manufacturers and developers, we offer earnest suggestions to introduce optimal products to them.

II

Inspiring products

In cooperation with our partners, we plan, develop and distribute competitive and appealing products with "something special" that cannot be found in others.

III

Inspiring shops

From the wholesalers to our own shops and e-commerce sites, we provide products and retail brands that are best suited for each location to brighten the daily lives of customers as well as to vitalize the community.

MISSION

- Key missions of Sac's Bar Holdings -

Through product planning, manufacturing, wholesale and sales that are inspiring to all members of society, our customers and business partners in the industry, Sac's Bar Holdings contributes to mutual development and happiness toward a cultural and sustainable society.

Logo Story

The four circles that form the logo of the Sac's Bar Group represent the passion that we have for our customers, shareholders, business partners, and staff.

Our Company Logo

Thoughts behind the Four Circles.



SAC'S BAR
HOLDINGS

The four circles represent customers, shareholders, business partners and company staff, all of whom are indispensable to our business. Our desire to contribute to the development of Japan's fashion goods industry in order to make all of them happy is behind the "four-leaf clover", a symbol of happiness, which unites the four groups of people using the ampersand (&) sign.

The Sac's Bar Group at a Glance

With its core business of bags and accessories, the Sac's Bar Group has a nationwide sales network, an extensive product lineup, and supply infrastructure, and has established itself as the leader in the bag and purse retail industry.

In addition to the retail and other businesses that account for 90% of our sales, our business divisions aim to further increase corporate value by developing our manufacturing and wholesale businesses.

Consolidated sales

52.09 billion yen

Consolidated operating profit
(margin)

37.6 billion yen (7.2%)

Net profit for the year

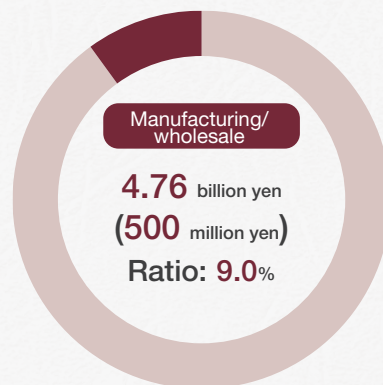
2.48 billion yen

ROE

9.3%

Business divisions*

Consolidated sales
(operating profit)
FY2023



Main non-financial indicators



Top bag specialist retailer in the
Japanese bag and purse retail industry

12.2%

Source: Calculated using "Bags and Purses Market 2024" by Yano Research Institute Ltd. and Sac's Bar Group consolidated sales for FY2023



App members

852,000

Business Overview

Stocking and retail of bags
and accessories

Manufacturing and wholesale of
men's bags and travel bags

Affiliates

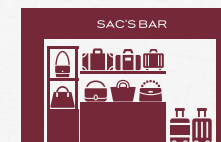
Tokyo Derica Co., Ltd.
Gear's Jam Co., Ltd.
Hinomoto Hanpu Sankodo Co., Ltd.

Aishin Tsusho Co., Ltd.
Lojel Japan Co., Ltd.



Suppliers

500+



Stores (at end of year)

586

All directly managed stores

*The figures for business divisions has transactions within each business division removed but retains transactions between business divisions.

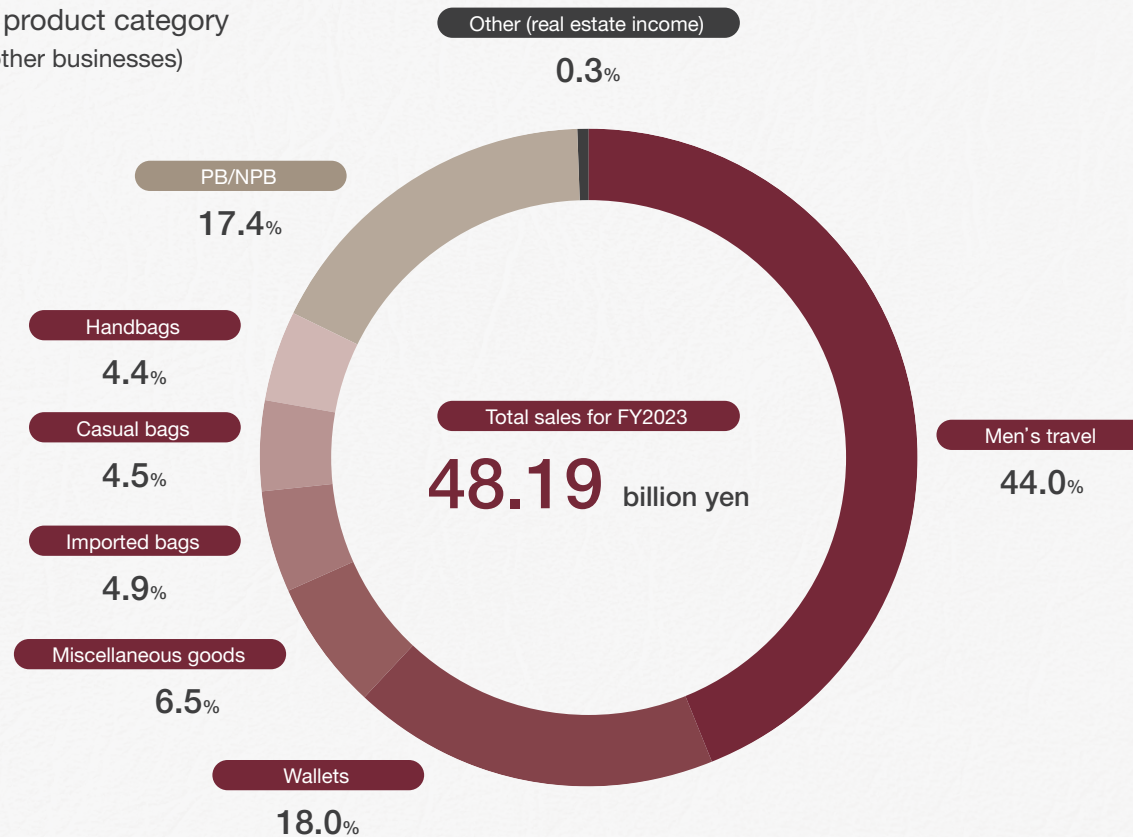
As of the end of FY2023

Products We Sell

In the bag and purse industry, the Sac's Bar Group is unique in that it runs boutique-type stores with a rich product lineup that is comprised mainly of products from our suppliers and spans many categories to meet the needs of our customers.

We also focus on developing competitive items that are not available elsewhere, such as numerous private-label products (PB) and products jointly developed with leading brands (NPB).

Sales composition by product category
(breakdown of retail and other businesses)



Supplied products*

83%

	Handbags	Casual bags	Imported bags	Wallets	Miscellaneous goods	Men's travel
Sales (gross margin)	2.1 billion yen (48.5%)	2.16 billion yen (51.0%)	2.35 billion yen (40.6%)	8.67 billion yen (48.6%)	3.15 billion yen (52.4%)	21.19 billion yen (48.9%)
Main products	Ladies' bags made mainly of natural leather.	Ladies' bags made mainly from nylon, synthetic leather, and other non-leather materials.	Imported bags and wallets made by well-known overseas brands.	Accessories such as wallets, key cases, coin cases, and card cases.	Accessories, socks, umbrellas, hats, gloves, scarfs, and other such items. Stuffed toys, key rings, and other character-themed miscellaneous goods.	Outdoor brands, business bags, and all other types of men's bags and carry cases.

Private-label products*

17%

	PB/NPB
Sales (gross margin)	8.37 billion yen (56.2%)
Main products	PB products are developed by the Sac's Bar Group. NPB products are developed with popular Japanese brands.

*Supplied products: This is a collective term for products from our suppliers. The term private-label products collectively refers to PB and NPB products.

Products We Sell (Supplied)

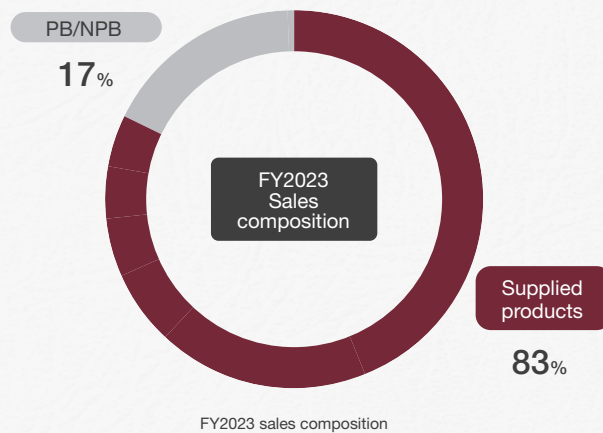
*Only typical business partners and some of the brands we offer are mentioned here

The Sac's Bar Group has over 500 business partners.

Examples of these partners include YOSHIDA & Co., IKETEI Co., Ltd., PRINCESS TORAYA Co., Ltd., Yamani Inc., and ACE Co., Ltd., meaning we can offer products in a wide range of categories.

Composition of Products We Sell (Supplied)

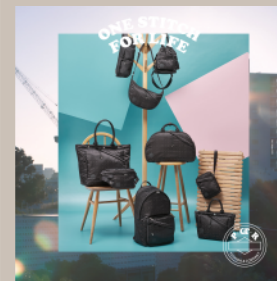
Supplied products made up 83% of sales in FY2023.



YOSHIDA & Co.



The Porter brand was launched in 1962. With the motto of "Putting our heart and soul into every stitch", the company continues to manufacture bags made strictly in Japan.



POTR is a company that makes products that fit a diverse range of lifestyles based on the concept of enriching daily life.

IKETEI Co., Ltd.



Based in Paris, this brand is characterized by its use of artistic illustrations and pop art-style use of colors, and the way it does not become fixated on current fads and trends.



The brand offers both a simple design and functionality based on the idea of comfortably fitting urban environments, people, and people's hands.

PRINCESS TORAYA Co., Ltd.



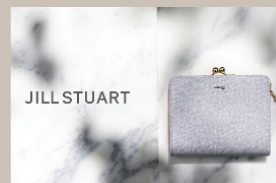
Avant-garde, free, and uninhibited. Basara was a trend in Japan's Nanboku-cho period, and it refers to a chic and ornate lifestyle and aestheticism.

BASARA TYO offers products that exude this taste.

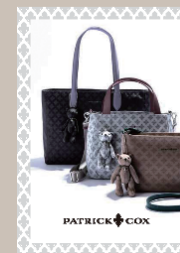


These products offer the natural texture and feel of the natural materials, of leather, cotton, and linen. Making use of the texture that only the real thing can offer, Dakota creates natural casual items that owners become increasingly attached to the more they use them.

Yamani Inc.



The gentleness and strength to make tomorrow more glamorous than today, and offering intricateness and boldness. JILL STUART helps people go forward in their own way.



With a timeless classic and modern theme, the style of this British brand blends traditional British taste and trendiness and is characterized by the beauty of the sophisticated design and functionality of its products.

ACE Co., Ltd.



This label focuses on business bags and business trip-ready trolley bags for comfort in the world of business.



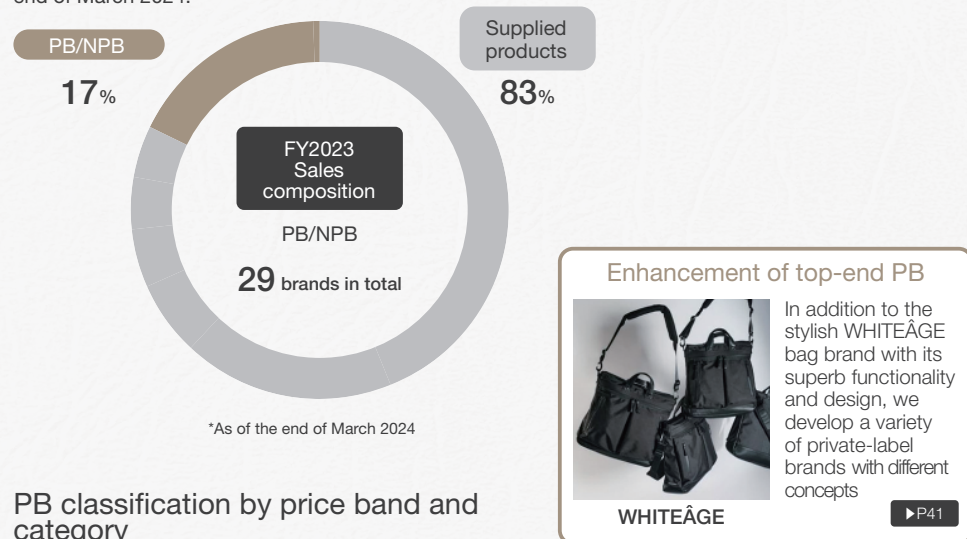
Produced by the "Master of Travel" Kanae Takeuchi, this popular series of products was developed in partnership with Ace.

Products We Sell (Private-label Products)

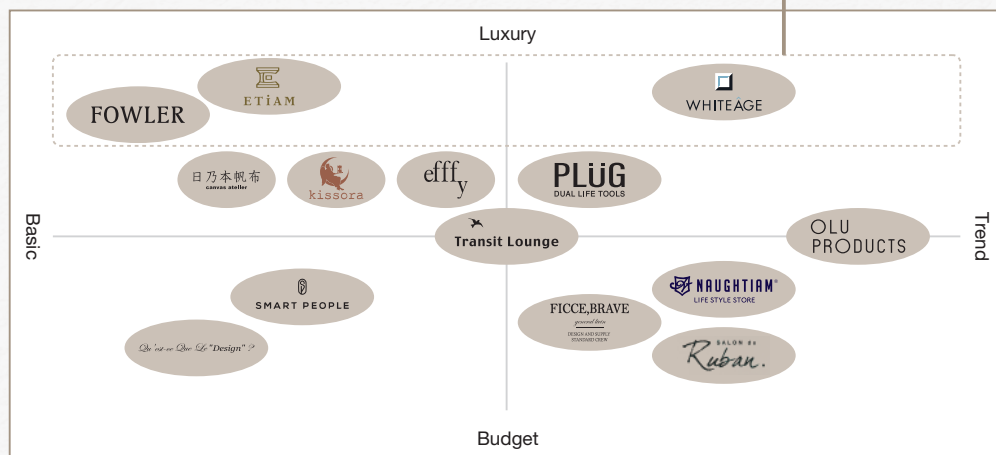
The Sac's Bar Group offers private-label products across a wide range of price bands and with a variety of concepts as part of its multi-brand strategy. Through the provision of private-label products, we strive to enrich our product lineup while standing out from the competition and enhancing our brand strength.

Private-label product development

Private-label products (PB/NPB) made up 17% of sales in FY2023. We are working to increase the products we offer not only in the largest market segment but also in the higher mid-range, with 29 brands as of the end of March 2024.



PB classification by price band and category



Overview of leading brands



kissora

In addition to offering bags and wallets, kissora also offers goods for daily life. It is a made-in-Japan leather brand whose products mellow with age the more they are used, closely fitting the lifestyle of those who use them, leading to attachment and affection.



effy

With a theme of functional beauty, products from this brand of Japanese-made bags and small goods fit nicely into the elegant daily life of women who know what makes them who they are.



Hinomoto Hanpu

This company provides products made from the canvas it develops and processes in-house by the hands of craftspeople at its workshop in Japan's Yonezawa City. It constantly refines its skills and craftsmanship and uses them to make products that are adored by customers all over the world.



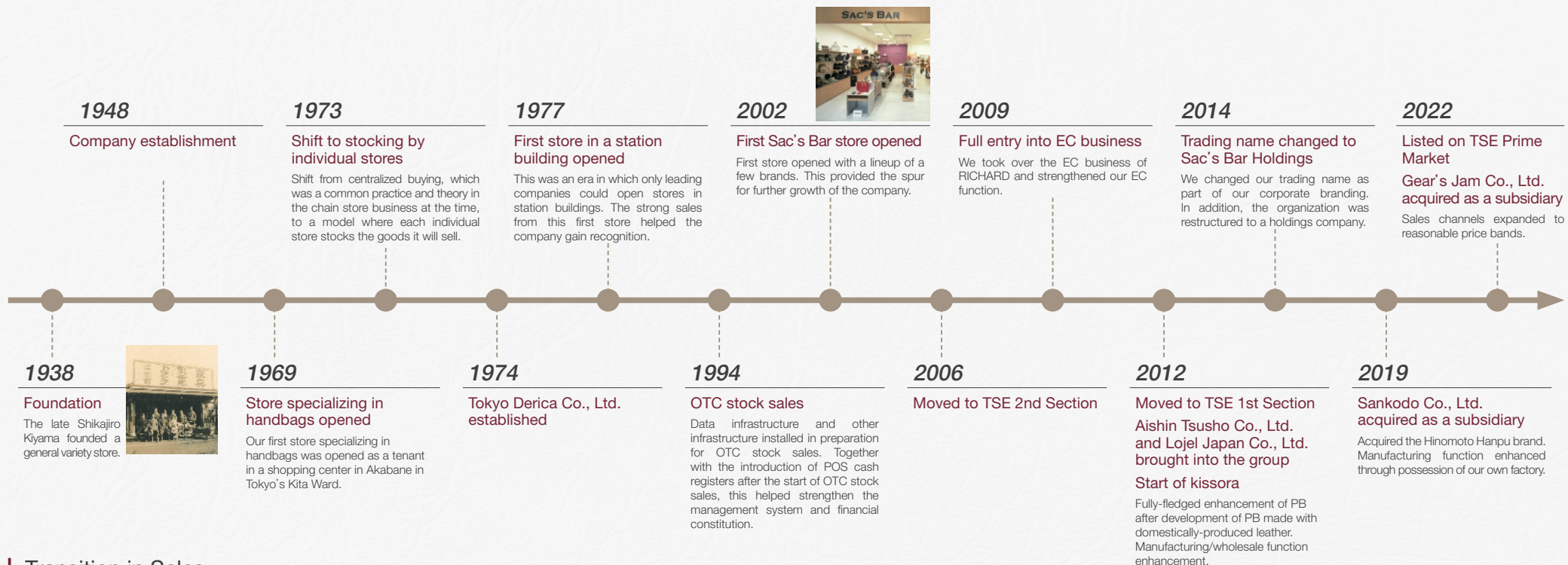
ETIAM

With a concept called "beloved brilliance, forever", this brand offers a diverse lineup of high-quality materials that fuse the sensibility of designers who seek coordination in fashion and the handiwork of the craftspeople that Japan boasts.

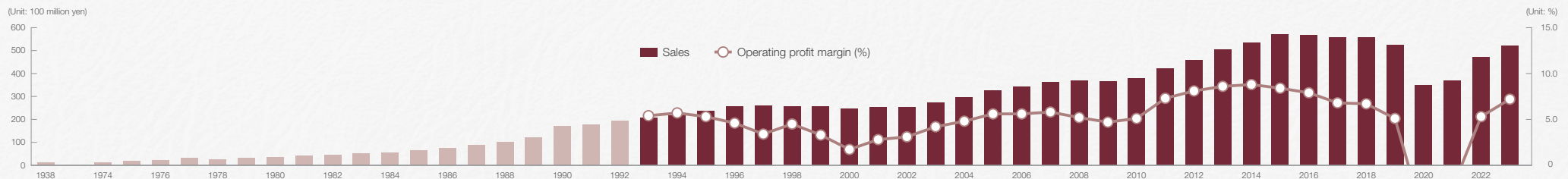
The Path of Our Value Creation

Since the Sac's Bar Group was founded as a general variety store in 1938, it has grown and opened many new stores with a main focus on handbags. Since 2012, it has gained manufacturing and logistics functions, and is working on growing its fields of business through actions including strengthening PB development.

The Sac's Bar Group will aim to achieve sustainable growth and increase corporate value through the inspiration it provides as a company that creates inspiring moments.



Transition in Sales



Overview of Our Main Shop Brands

As a leading company in the bags and purses industry, the Sac's Bar Group runs a wide variety of shop brands to meet the needs of a range of customers. Over recent years, we have been adding to and enhancing our stores, headed by Sac's Bar and Gran Sac's.

SAC'S BAR

Stores
207



A broad range of made-in-Japan bags and accessories that convey their crafter's unwavering passion.

These stores offer timeless and everlasting masterpieces as well as original brands and special items gathered from Japan and overseas, and in doing so constantly offer novel products and information.

GRAN SAC'S

Stores
127



For a comfortable, balanced, and casual lifestyle.

This is a concept store for bags and accessories with a theme entitled just feeling that delivers style to adults who enjoy fashion in a relaxed and casual manner. Customers who shop at these stores will feel their purchases are stylish and just right for them.

DOUX SAC'S

Stores
28



Helping customers find a comfortable lifestyle and get their mind in good shape.

These stores offer a selection of fashion and lifestyle goods that customers desire, and boast a lineup of bags, accessories, miscellaneous goods, private-label products, limited edition goods, and other products.

Charatrastation

Stores
2*



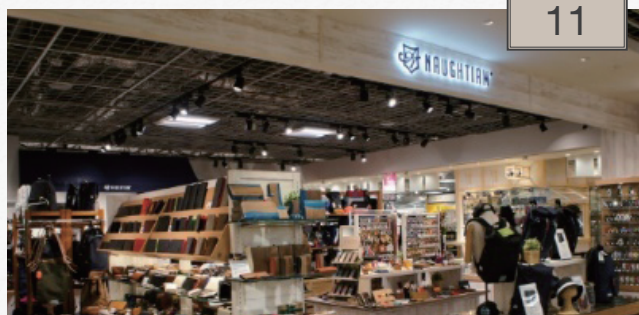
Yokohama World Porters Store opened in April 2024

Brought together here are bags featuring popular characters, accessories, and travel bags perfect for vacations and business trips.

These character and travel goods specialty stores offer not only cute merchandise but also practical bags and miscellaneous products for adults to use, and present exciting products and campaign information to customers.

NAUGHTIAM

Stores
11



We offer ideas for a fulfilling lifestyle in which every day is fun.

In addition to original wallets, small leather goods, and hats that make customers feel excited just to have them, these stores offer a selection of trendy bags, watches, and accessories.

GEAR's JAM

Stores
23



At GEAR's JAM stores, customers choose bags and other items as if they were enjoying jam sessions.

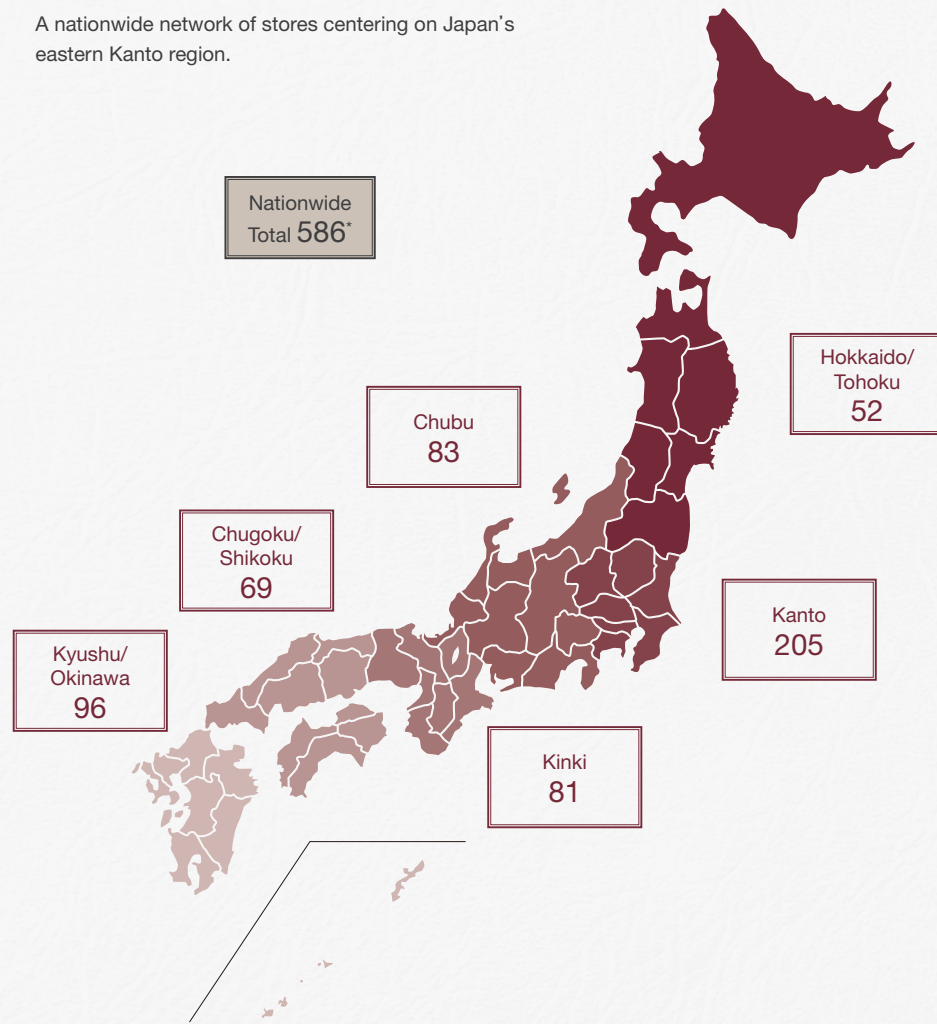
Strongly attracting all kinds of customers with their reasonable pricing, GEAR's JAM is fostering a new movement for more casually enjoying fashion goods in a way akin to listening to music.

Overview of Our Business Area and Store Numbers

We have built a nationwide network of stores centering on Japan's eastern Kanto region, and approximately 80% of all stores are located in shopping centers. The size of our stores has been increasing over recent years, with the average floor area per store expanding from 126.46 m² (FY2019) to 141.08 m² (FY2023).

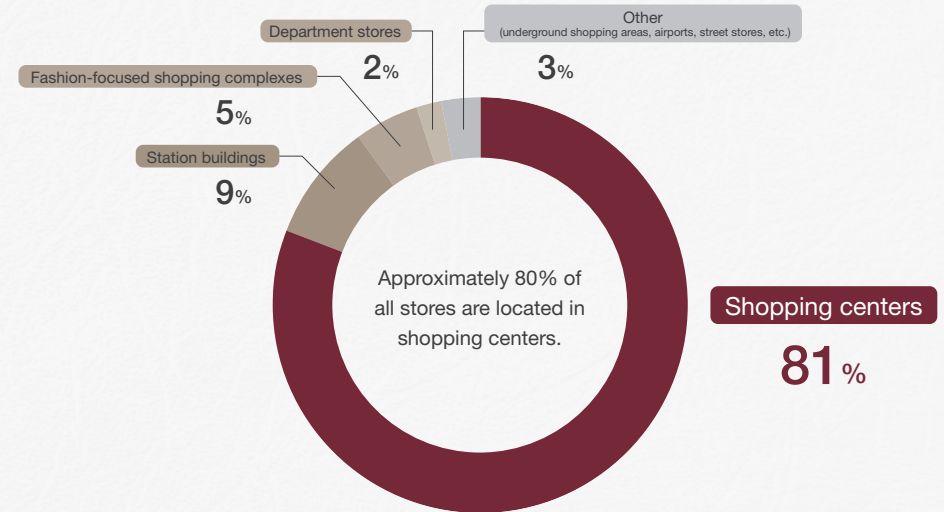
Store numbers by business area

A nationwide network of stores centering on Japan's eastern Kanto region.



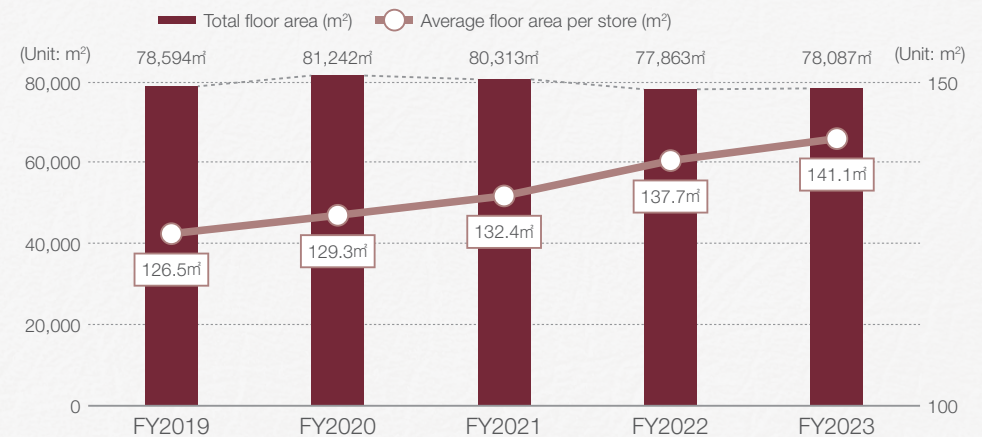
*The number of stores by area and by channel include the consolidated subsidiaries Tokyo Derica Co., Ltd., Sankodo Co., Ltd., and Gear's Jam Co., Ltd. Store numbers are current as of the end of March 2024.

Store numbers by channel



Total floor area and average floor area per store*

The size of our stores has been increasing over recent years, with the average floor area per store in an upward trend.



*The total floor area and average floor area per store were calculated using Sac's Bar stores and the stores of our subsidiary Tokyo Derica Co., Ltd.

Group Companies

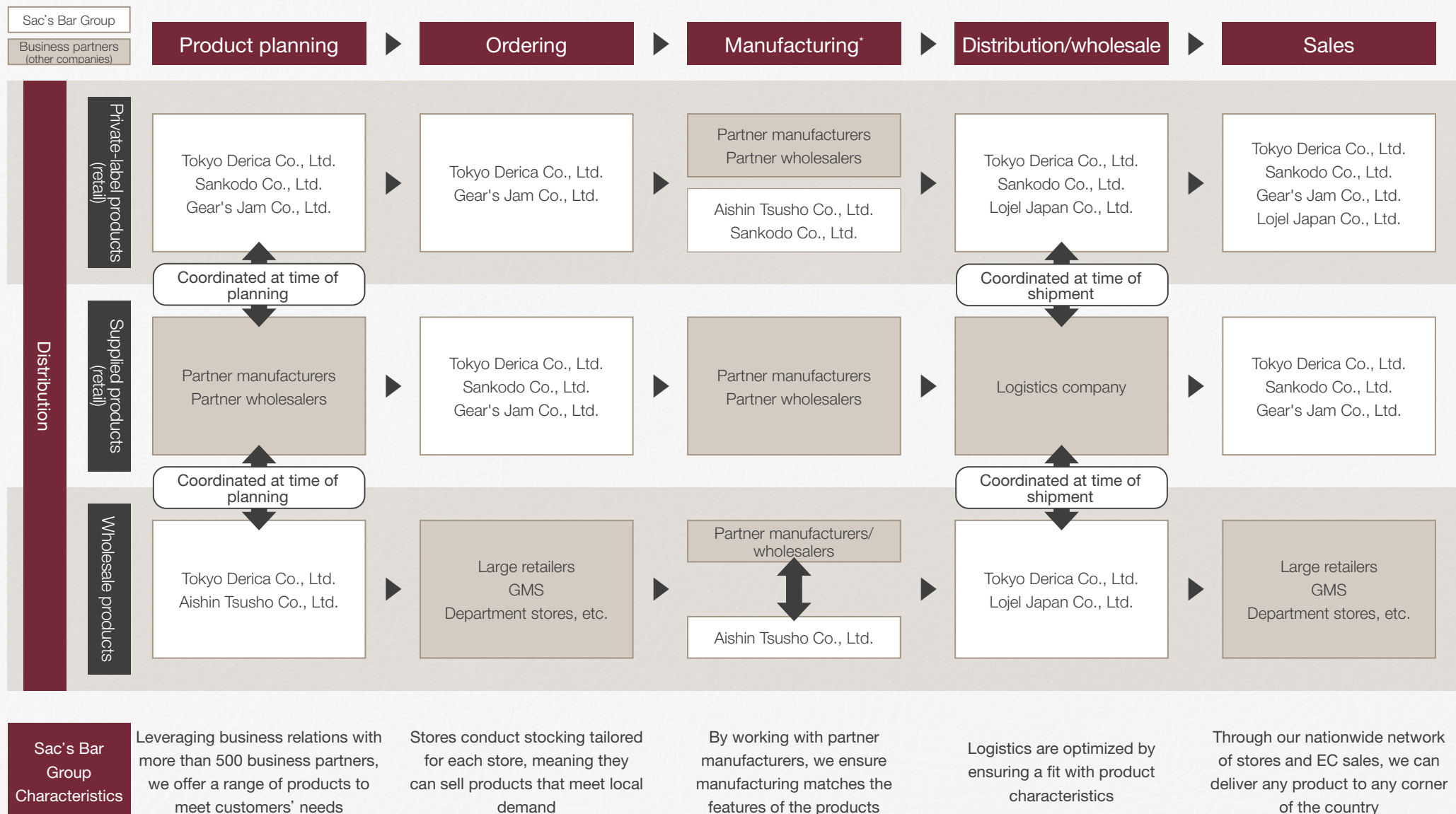
At present, the group consists of five subsidiaries engaging in business under the holding company Sac's Bar Holdings Inc. We leverage the synergy we generate by possessing a series of functions covering everything from planning to manufacturing, distribution, and sales. Our group companies can each work flexibly, and we have built a system in which they manage their business independently.

Management	Group Companies	Company Overview	Relation with Value Chain				
			Product planning	Ordering	Manufacturing	Distribution/ wholesale	Sales
 SAC'S BAR HOLDINGS Sac's Bar Holdings Inc.	 Tokyo Derica Co., Ltd.	Specialist store for bags and fashion. Leveraging its relationship with more than 500 suppliers, this company offers products from numerous influential brands as well as private-label products developed with leading brands. It has 555 stores around Japan.	●	●	—	●	●
	AISHIN TSUSHO.CO.,Ltd Aishin Tsusho Co., Ltd.	This company plans and manufactures bags and carry cases. It adds functionality to influential license brands and develops private-labels together with group companies.	●	—	●	—	—
	LOJEL JAPAN.CO.,Ltd. Lojel Japan Co., Ltd.	This company purchases bags and carrying cases and sells them wholesale to electronics retailers, GMS (general merchandise stores), and other large retailers.	—	—	—	●	●
	 Hinomoto Hanpu (Sankodo Co., Ltd.)	This company operates the brand Hinomoto Hanpu, which specializes in purses made of canvas. This company provides products carefully made one-by-one at its own factory in Japan's Yonezawa City, and these products are then sold by specialist staff at directly run stores across Japan.	●	●	●	●	●
	 Gear's Jam Co., Ltd.	This company runs GEAR's JAM stores, where customers choose bags and other items as if they were enjoying jam sessions. The company's strength is that it attracts all kinds of customers with reasonable pricing.	●	●	—	—	●

The Sac's Bar Group Value Chain

The Sac's Bar Group's strength lies in its system for performing a series of functions, from planning to manufacturing, distribution, and sales, in cooperation with partner companies.

Stocking at each store is tailored to local conditions and customer preferences, and this enables the company to sell products in a way that meets the demand in the locality.

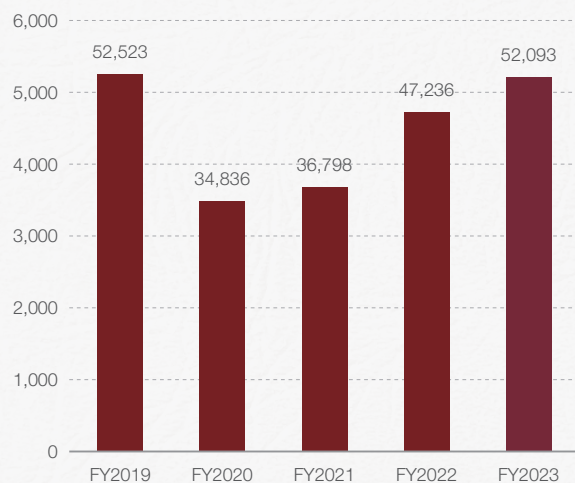


*Aishin Tsusho Co., Ltd. is a fabless company and outsources manufacturing to partner manufacturers/wholesalers according to product characteristics

Financial Highlights

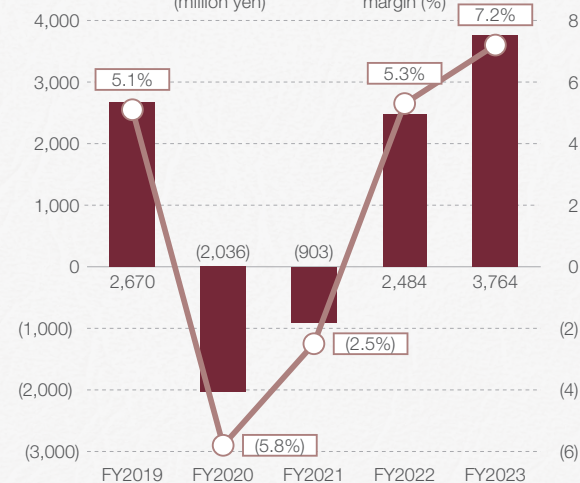
Sales (consolidated)

(Unit: million yen)



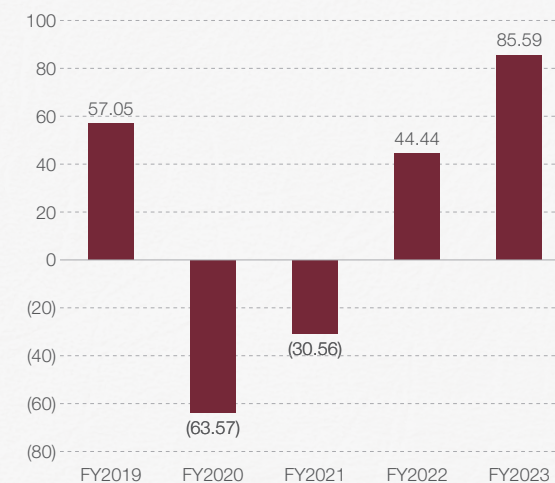
Operating profit/margin (consolidated)

(Unit: million yen) Operating profit (million yen) Operating profit margin (%) (Unit: %)



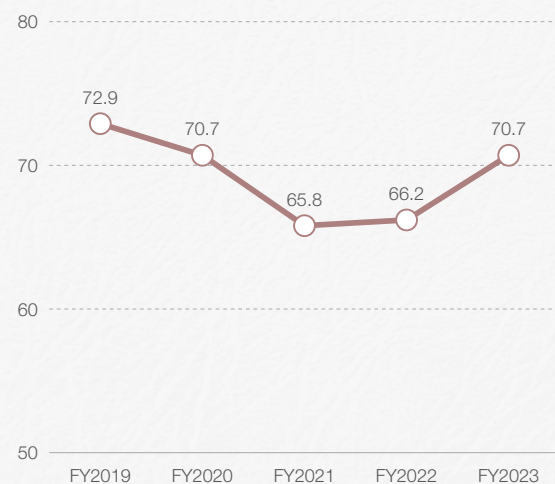
Net profit per year for the year (consolidated)

(Unit: yen)



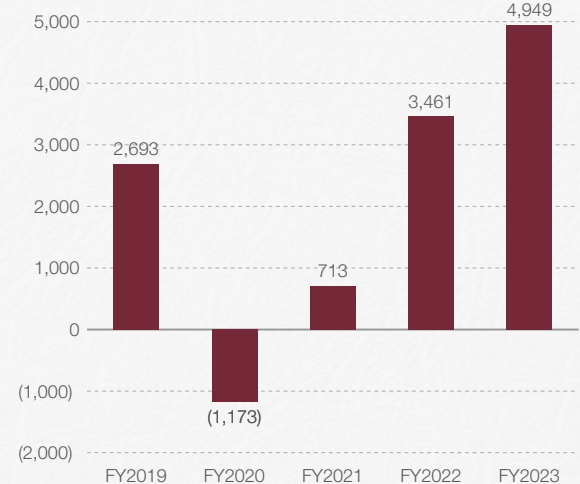
Equity ratio (consolidated)

(Unit: %)



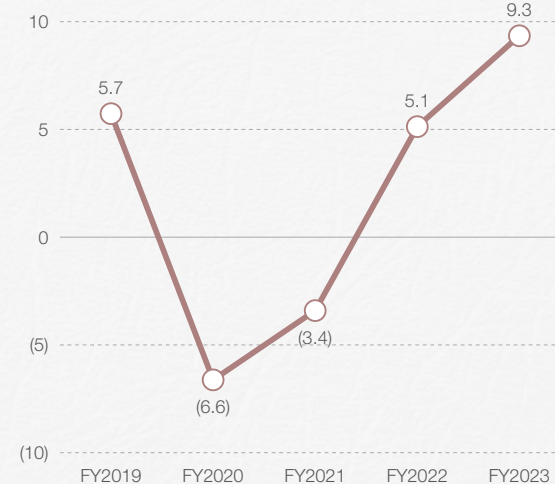
Operating cashflow (consolidated)

(Unit: million yen)



ROE (consolidated)

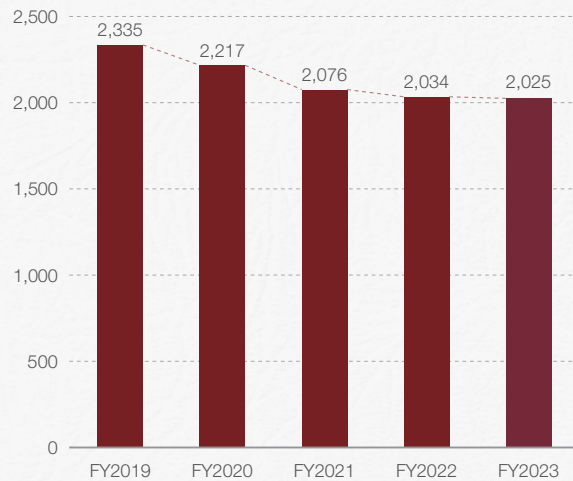
(Unit: %)



Non-financial Highlights

Employees (Sac's Bar Holdings + Tokyo Derica) incl. part-time employees

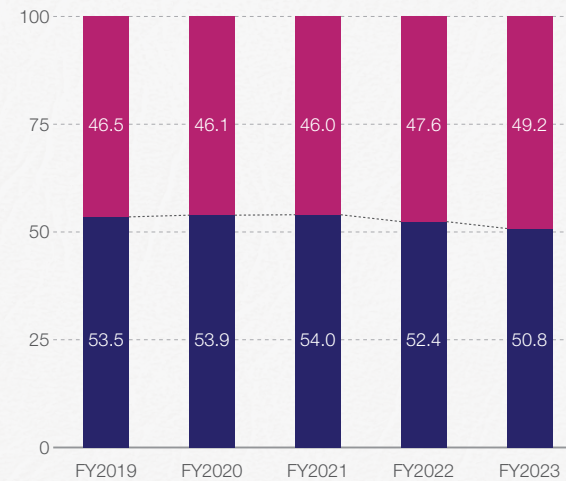
(Unit: number of people)



Male/female ratio for full employees (Sac's Bar Holdings + Tokyo Derica)

(Unit: %)

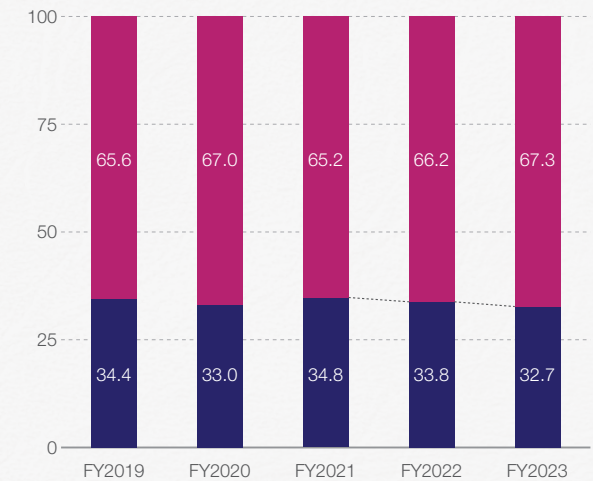
Men Women



Male/female ratio store managers (Sac's Bar Holdings + Tokyo Derica)

(Unit: %)

Men Women

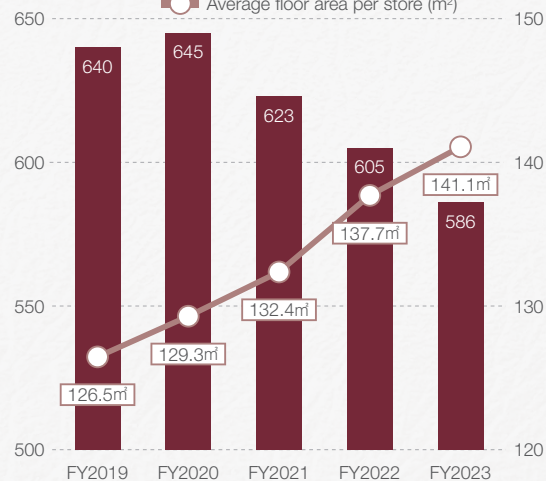


Stores (consolidated)/average floor area per store (Tokyo Derica)

(Unit: number of stores)

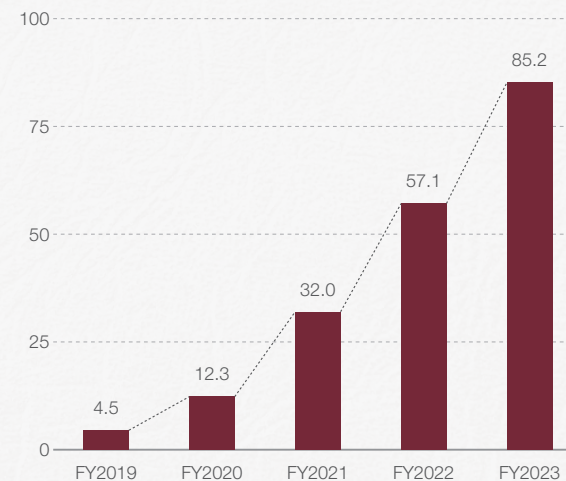
(Unit: m²)

Average floor area per store (m²)



App members (consolidated)

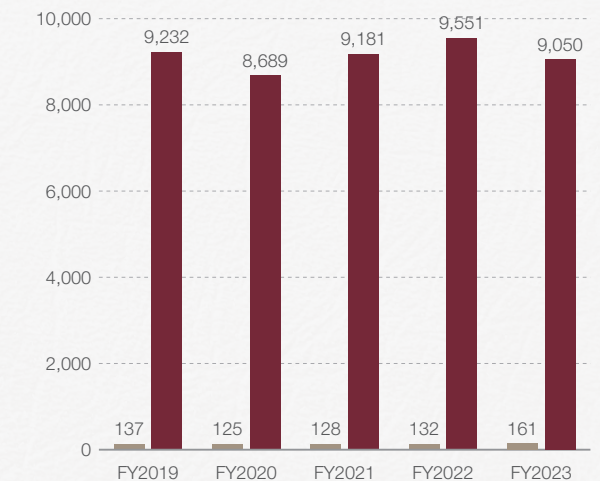
(Unit: 10k people)



Greenhouse gas emissions (consolidated)

(Unit: t-CO2)

Scope1 Scope2





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| Message from Top Management



SAC'S BAR
HOLDINGS

**“A company in which merchants
can make great contributions”**

The Unique Features and Strategies of Sac's Bar Holdings Group

President & Representative Director **Takeshi Kiyama**



| Message from Top Management



Special Features of the Sac's Bar Group: Our Business Model of Individually Stocking Each Store, and Our Merchants

Since our Group's beginning in 1938, we have walked hand-in-hand with Japanese manufacturing for some 80 years. Now, overseeing five group companies and with 600 physical stores across Japan and online stores, we are growing into a leading company of the industry.

Tokyo Derica is the nucleus of the Sac's Bar group, and its special feature is the business model it has followed since its foundation, which involves stocking each store individually. Generally in the retail industry, stocking is conducted based on a centralized method in which headquarters stocks large quantities of goods. On the other hand, Tokyo Derica employs a pattern of stocking in which each store individually decides what items they will stock. In this system, most authority

is delegated to the stores, and they are responsible for everything from ordering products and store design to profit-and-loss management. Thanks to using this method, it is possible for each store to stock goods flexibly in a manner suited to the consumer demands of the store's local area, something that is not possible with a centralized stocking method. Bags are a matter of personal preference, so we believe it is very important for each store's manager and other staff members to exercise their judgment and ingenuity in order to match the preferences of customers in each region in the course of business. Naturally, the store manager and other staff members bear

increased responsibility and pressure in this business model. Because they stock the products, if the products do not sell, they are responsible. The store managers face worry and difficulty sometimes, when products do not sell as intended. However, I believe that it is precisely this kind of responsibility that enables them to achieve great growth as merchants. The flip side of the large responsibility is that when products do sell well, they feel great happiness, as they themselves stocked the products. This also leads to a sense of fulfillment as a merchant.

Because of this business model, the Tokyo Derica stores may each seem like a stand-alone store. In terms of branding, the fact that different stores stock different products might have some negative impact. However, the store managers and staff have exercised their ingenuity at each workplace and grown their capability as merchants, and Tokyo Derica has grown together with them. Therefore, I believe the merits of the system

have far outweighed its disadvantages.

Of course, ingenuity is exercised not only at the stores but also at our Headquarters. Headquarters has many employees who originally worked in stores, so a culture of thinking about how one's own activities can be linked to company profit and putting those thoughts into action has been created.

"Entrusted Management" and the Role of Management

"Entrusted management" such as this is also employed in the management of our other group companies. At the Sac's Bar group, so that the five group companies can each act flexibly, we have a system which allows independent business management to be conducted. With that system as our foundation, we aim to increase the synergy within the group by sharing the group's strengths and unique features, such as our store-by-store stocking system, among our group companies. At GEAR's JAM, which joined the Sac's Bar group in 2022, we are also promoting the transition from a centralized top-down stocking system to one where each store decides what to stock themselves. At first, some wondered whether GEAR's JAM, with its high stock turnover rate, wouldn't be better off maintaining a centralized stocking system. However, now that staff have become used to our tailored stocking system, staff members can be seen at various GEAR's JAM stores energetically engaged in stocking.

At the Sac's Bar group, where much of the authority is delegated to each store, I believe the role of management is to support activities at our various stores while at the same time indicating the overall direction that the stores are to take. In this industry, you never know what products will be a hit, so if management makes all decisions and tells the stores what to do, the possibilities are limited. Instead, we entrust various responsibilities to those on-

Message from Top Management

site, and this allows the staff members to pool their knowledge, propose ideas - "This seems to be selling well, so how about we try this?" - and take on the challenge of testing out their ideas.

Sometimes those challenges lead to major hit products. I call this "magic", but it's only natural that more good ideas will come from among the ideas of 2,000 people than from the ideas of one person, isn't it? Having said that, when trying new things, it is sometimes difficult if management does not determine what direction to take to a certain extent. Entrusting responsibility is not the same as leaving matters to take their own course entirely, so we emphasize "entrusted responsibility" based on the assumption that managers will conduct appropriate governance. Further, the stores and subsidiaries also place importance on measures based on management figures, so managing figures are monitored in the management section of the Holdings in increasing strictness.

With Future Overseas Expansion in Mind, a Mid-Term Plan Charting a 3-year Base Consolidation Period

In May this year, we presented our mid-term management plan, covering the period from FY2024 to FY2026. COVID-19 was a period where the Sac's Bar group earnestly endured the circumstances, but it also provided time for contemplating what future group vision we should aim for. In considering appropriate timing for announcing our mid-term plan charting the journey to our future vision, we took into account the fact that results hit the bottom in the previous period and finally started to recover, and the foundation of our business operations has returned to normal. That led us to make the announcement at this timing. There are many things we would like to do in the future, and I would like to use this Integrated Report as an opportunity to convey them, including some matters regarding the future more than three years

from now which we were not able to include in the mid-term plan.

We were not able to mention this in the mid-term plan, but we plan to expand overseas in the future. In Japan, the main market of the Sac's Bar group, there are positive influences such as an increase in demand from inbound tourists and expansion of e-commerce sales, but on the other hand, due to a decrease in the working-age population and stagnation of real wages, a shrinkage in business is expected in the mid- to long-term. Therefore, I consider it likely that overseas expansion will be essential to the sustainable growth of the Sac's Bar group. Various high fashion brands are achieving great things around the globe, but there are a limited few who, like us, take a multi-brand approach with affordable products, so I believe there is plenty of room for the expansion of the Sac's Bar group. Our plan is to gain recognition through wholesale and e-commerce, then open stores. Starting from the second to third year of our mid-term plan, we will implement overseas expansion in earnest. I feel that in Japan, the level of craftsmanship is extremely high. Through the Sac's Bar group expanding overseas and selling its PB products and the products of our business partners, I hope that Sac's Bar will take on the role of advertising the magnificence of Japan's culture of craftsmanship with the world. We have attractive products, and excellent merchants. I believe that we can definitely succeed in expanding overseas too.

The mid-term plan considers its three-year period as a period of consolidating our foothold in preparation for our group's long-term development, and the focus is on strengthening our base in the Japanese market. Specifically, we aim to focus on the four areas of enlarging our physical retail stores, improving our private brand, enhancing e-commerce and reforming logistics.

Concerning the first goal of enlarging our physical retail stores, we plan to do this by opening large stores and remodeling



existing stores to increase their sales floor area. The Sac's Bar group mainly opens stores in shopping centers in Japan, but in recent years the number of Japanese shopping centers has decreased, so it is difficult to greatly increase the number of shopping center stores. Therefore, while increasing per-store sales by enlarging stores, we will promote cost efficiency and personnel efficiency by merging stores that are close to each other, linking this to enhancement of sustainable profitability.

Concerning enhancement of our private brand, our second

| Message from Top Management

goal, we will expand the brand and product range in not only the largest market segment but also the higher mid-range. In expanding overseas, we consider product strategy to be important, and we expect our private brand in particular to play a very large role. Currently, our private brand product sales have grown to account for about 20% of our total sales. We will continue to focus on strengthening our private brand's product lineup and improving its degree of recognition, so that it can be a key part of our overseas expansion.

Our aim for our third goal of enhancing e-commerce is to increase our current sales of about 3 billion yen to 5 billion yen. During the harsh conditions of the COVID-19 pandemic, we focused on increasing the number of members of our app, and this was a factor in the membership reaching about 850 thousand by the end of the previous business term. We will continue to endeavor to acquire new members for our app, and through improving the user interface and user experience of our e-commerce and implementing OMO measures, we will enhance convenience for our customers.

Our fourth area of focus, logistics reform, will involve initiatives in our subsidiary, Lojel Japan Co., Ltd. Lojel Japan's sales are progressing favorably, and sales for the previous term topped 5 billion yen. In 2012 when Lojel Japan joined the Sac's Bar group, their sales were 2 billion yen, meaning that in ten years their sales have increased by a factor of 2.5. The logistics system is becoming strained, so in anticipation of further growth, we plan to advance investment in logistics bases.

In addition to focusing on these four goals, this business term, with the theme of "Make synergy", we are actively promoting plans for collaboration across our entire group. Our vision for "Make synergy" is to combine the strengths and contents of our group with those of our business partners to create new demand.

So far we have had great success with character goods and so on, and we will continue to use our originality and ingenuity and implement further initiatives. The character goods business has really boomed, and combined with demand from inbound tourists, we believe this will become a very large-volume business.

The Realization of a Sustainable Society - Indispensable Not Only for the Sustainable Development of the Sac's Bar Group, But Also the Development of the Industry

We believe that in the midst of the accumulation of issues concerning climate change, the natural environment, and demographics, if we do not strive for the realization of a sustainable society, not only the sustainable development of the Sac's Bar group but also the development of the industry will be difficult. In the environment surrounding the Sac's Bar group, issues that must be solved are surfacing, such as our partners whose businesses support craftsmanship being unable to find successors to carry on their businesses, and mistaken perceptions of leather goods spreading.

Based on these circumstances, our group has revised our



Message from Top Management



sustainability action guideline, and newly designated five material issues. These five material issues are important ones that we have addressed up to now, and must also continue to address. At the Sac's Bar group, we intend to guide and promote action across the entire industry, as one of its leading companies.

I will briefly describe each of our material issues.

We have used the ESG (environmental, social, and governance) framework areas as a starting point. As a material environmental issue, we have designated "reducing the environmental burden". The Sac's Bar group offers products in such materials as nylon, polyester, and natural leather (which is a by-product of animals used for food). A diverse range of natural resources is used to make these products, so reducing the environmental burden is a pressing issue for us. We are already promoting multiple initiatives. Our initiative where a portion of the money our customers spend on shopping our products is directed to donations has received great appreciation from those at the recipient organizations. We would like to increase the scale of these initiatives, to make the world a better place.

As material social issues, we have designated the three areas of "Great contributions from merchants", "Carrying on and developing craftsmanship culture" and "Contributing to vibrant lives". The business activities of the Sac's Bar group are supported by three groups - our employees and partner manufacturers and developers. We believe that initiatives which tackle issues faced by these three groups are extremely important. Recently, the importance of human capital has been emphasized. We believe that the strength of the Sac's Bar group lies in its merchants. Therefore, as before, we will continue to focus on investing in people. Most recently, we have also been reviewing our personnel evaluation system, and promoting the enhancement of a pleasant internal work environment for our employees.

As a material governance issue, we have designated "Sound and transparent corporate management". In conducting our business activities, our slogan is "Creating inspiring moments", and our mission is to give all of our customers an inspiring purchasing experience.

We consider obtaining the trust of our stakeholders to be essential in achieving our mission, and regard further strengthening corporate governance as an important managerial issue. We have not given our material issues any order of priority. We believe that they are each important from the various ESG perspectives, and it is essential to advance them concurrently. Having newly designated material issues for each of the ESG areas, with this as a new start line, we will continuously strive toward our goals.

Gratitude to Our Stakeholders

Lastly, I would like to once again express my heartfelt appreciation to all those who have supported the Sac's Bar group up till now, and our group will continue to work as one in order to be able to further contribute to the development of local communities where our stores are located and the wider community, so I would like to ask for your further understanding and support for our group as we move forward.

| Message from the Chairman



Chairman & Representative Director, **Shigetoshi Kiyama**

The History of the Sac's Bar Group

"Become the best handbag shop in Japan". This was the first goal I set.

The SAC'S BAR group began when my father founded a general store in 1938. I was his eldest son, but I was not planning to carry on the family business. I went to university, chose the life of a salaryman, and worked happily as one.

When my father became sick, I decided to take over the family business. At that time I was a novice when it came to the retail business, so, thinking that first I had better learn about it, I joined the Pegasus Club, a chain store research group. It was while I was learning the chain store theory there under my teacher, Shunichi Atsumi, that I formulated my first goal, which is still my wish today.

Encounter with Store-by-Store Stocking

In studying the chain store theory, I learned many ways of thinking. At the same time, when something I put into practice didn't go well, I progressed by changing methods in my own way. In the chain store theory, there is an idea that can be summed up as "One professional and many workers". At first, I followed this way of thinking and tried to do everything myself, as "one professional". However, the result of that was mountains of dead stock. The cash-flow management situation was not ideal either. At that time, a manager of one store put forward a proposal to me, saying "I'd like you to let me stock this store".

Accepting the proposal meant deviating from the theory I had learned... At first I opposed the

idea, but later, in an attempt to get out of the predicament we were in, I took the plunge and allowed the manager to stock the store. And my goodness, did those products sell well. The scales fell from my eyes. This experience led us to systematize the process of individual stores doing their own stocking and introduce the system to our other stores. The system is still a core part of the Sac's Bar Group.

Providing Customers With Products at Reasonable Prices

As we gradually increased the number of our stores and gained more experience, we noticed many things. One of them that hasn't changed to this day is "Profit is not something that just happens, but something you create". In addition, I also turned my attention

to the customers that visited our stores, and came to think "I want to provide reasonably-priced products to more customers".

In order to offer products at reasonable prices, we must continue to make profits. Therefore, we do not strain ourselves to open stores at locations with high rent. We want to provide good products and a wide range of products, to make customers happy. To do that, we decided to stock products from popular national brands. Continuing to move forward in order to achieve what we wanted to do in this way created the Sac's Bar group of today.

Expanding Our Store Network, Building Trust With Our Business Partners

As a result of us gaining a reputation as a "store whose products sell well", other railway companies approached us one after another, and this had led to our company name gaining more recognition.

In the 1980s, Japan was increasingly becoming a car-dominated society, and there was active development of suburban shopping centers. I am conscious that many of the developers invited us to open stores in the shopping centers not just because our sales were good, but also because we had a wide range of products, including national brands.

If we opened a store, many brands would become available all at once. Customers would gather at a store where they could choose from many brands, store sales would increase, and the rent we paid to the developer would increase. Thus, we have created a win-win relationship with developers and built up trust with them, and that has led to our current network of stores all over Japan. Now, by advancing the enlargement of our stores, we are engaged in creating stores that will make our customers and business partners happy, in addition to developers and the Sac's Bar group.

| Message from the Chairman

Be Responsible For Business Doing Everything From Beginning to End

The benefits of being able to open stores in good locations are not limited to just increased sales. Good staff come to good store locations. When a store has good staff, you can trust them to run the store. Based on the philosophy “True merchants do everything from stocking the products to displaying the products (creating the store look) and selling the products”, we entrust the management of our stores to our store staff. This is not a new idea I came up with myself. Rather, it would be the way merchants have been since long ago.

When someone takes on the responsibility for performing everything from beginning to end in business, it gives them purpose in life. I have been witnessing this over the years in my business career. There is no doubt that the strength of the Sac's Bar group lies in the fact that we have many merchants who find that conducting trade gives them a sense of purpose in life.

In addition, bags are a product for which recommendations based on the experience of the person selling them are persuasive, so the Sac's Bar group does not set any upper age limits and allows people to work on. I am proud of the fact that we have employees who, even when they pass the age of 70 or 80, work for us with a sense that it gives them purpose in life. When our current group President took over the group, I was sure to tell him “Ensure that the Sac's Bar group values older workers”.

We Also Entrust Responsibilities for “Everything From Beginning to End” In Group Management

Our system of entrusting all responsibilities for everything from beginning to end is applied not only to our stores but also

to our group management. In regard to the five companies who have joined the Sac's Bar group so far through M&A, we also let each company do things in its own way.

While giving them a large amount of authority and allowing each company to act independently, we provide advice and funds when necessary. In this way, each company is growing according to its own way of doing things, so I can proudly say “All the companies that have joined the Sac's Bar group are happy”.

Relations With Our Business Partners, and Contributing to Our Industry

We have many merchants and a store network that spreads all over Japan. Thanks to our growth as a group, we can provide the products of our business partners all over Japan.

The Sac's Bar group has grown as large as it has only because of the support of our longstanding business partners. And now, the growth of our business will contribute to our industry. We must grow our business with an even greater sense of responsibility. The Sac's Bar group is conscious that we are supported by many business partners, so we do not set unnecessary conditions, such as limiting our number of business transaction partners. Rather, we also welcome small-scale business transaction partners who have just become independent.

Sometimes we also invite the business partners to do business together. For the sake of the development of our industry, if a business is having a hard time, we lend a helping hand. Now, if there is an opportunity for M&A, people involved come to consult with the Sac's Bar group before talking to anyone else.

Expectations of the Sac's Bar Group

A guiding principle that I have acquired through my years of

doing business up till now is that the future is built one step at a time. That is because if your ground is not firm enough (i.e. if you are not making a profit), there is no future development. Based on that way of thinking, I now picture my dream to be the best bag shop in Japan proudly delivering the high quality products. I believe that only by having great products that make customers, business partners, and developers happy, we can become number one in Japan. I am aware that we do not have a long history as a bag company; however, now we have achieved great growth thanks to our merchants. I believe that we are good enough to take on the challenge of making “great products”.

On the face of it, it may seem that by making products, the Sac's Bar group is competing with its business partners (suppliers). However, we do not plan to replace all products with our private-label products. In order to maintain the wide range of products which is the appeal of the Sac's Bar group, we keep the percentage of our private-label products to a certain level and make good products within this perimeter. If the Sac's Bar group makes good products, it is likely that our business partners with a longer history than us will endeavor to make even better products. I anticipate that our industry will grow as a result of this.

I hope that the Sac's Bar group continues to move forward as a group that keeps developing and growing together with the industry, while holding on to our identity.

The Value Creation Process

The value that the Sac's Bar group offers is "inspiration". As a company focused on "Creating inspiring moments", we aim to develop the managerial capital that we have built up over many years and continue to create inspiration through business strategies and business activities, in order to create social value and achieve the goals of our five material issues.

The SAC'S BAR HOLDINGS value creation process

CORE VALUE: Creating inspiring moments ▶P03

Managerial Capital ▶P14~

INPUT

A sound financial standing based on reliable and orderly management ▶P14

Equity ratio: 70.7%

Talented personnel who work energetically as merchants ▶P15

Employees: 2,025 (Sac's Bar Holdings + Tokyo Derica)
Store managers: 555 (Tokyo Derica)
Percentage of women: Over 80% (Sac's Bar Holdings + Tokyo Derica)

A network of stores all over Japan ▶P11

46 prefectures: 586 stores (group consolidated stores)
No. of companies in whose premises we have opened a tenant store: Over 150
We have opened stores in approx. 40% of large shopping centers*1

A network that can stock a great variety of products ▶P07

Suppliers: Approx. 500 companies
Brands we sell: Over 400
Brands that have a digital catalogue: Over 120

Foundation for creating valuable products ▶P08

No. of Sac's Bar group's own brands: 29
Private-label product plans: Over 3,300 annually (90% become products)

Business Strategies ▶P38

STRATEGY

Future vision: A global player in the bag industry

Mid-term Management Plan for FY2024-FY2026 <Key policies>

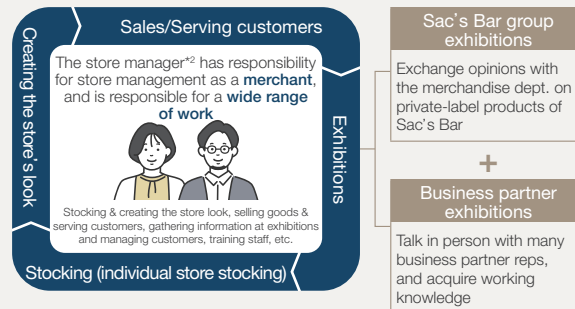
- ① Enlargement of physical retail stores
- ② Enhancement of private brand power
- ③ Increase in e-commerce sales (3 bn yen → 5 bn yen)
- ④ Logistics reform

Business activities ▶P26

BUSINESS

Continued for over 50 years since 1973

The core of our business activities is our **individual store stocking system** in which merchants take the initiative in trading



The store managers experience various things repeatedly through the individual store stocking system, and achieve **great growth as merchants**.
The organization evolves together with the merchants, and thus a sustainable growth cycle is created.

Products/Services ▶P03

OUTPUT

Inspiring service

Listening to customers' needs
Thoughtful suggestions

Inspiring products

Useful products that can't be found elsewhere

Inspirational stores

Shops which support customers' daily lives and add vibrance to the surrounding location

Social value ▶P04

OUTCOME

For customers

- Satisfaction and happiness through shopping
- The feeling of confidence that "If I go to a Sac's Bar store, I will find what I want"

For our business partners

- Connecting people and goods bidirectionally with Japan's best sales area and store network
- Flexible and attractive store design
- Trustworthy, sound transactions

For staff

- A workplace where employees can picture their career
- Experience as a "merchant" that cannot be obtained in classroom learning

For shareholders

- Optimized shareholder value
- Dividends, shareholder benefits

Material issues ▶P34

MATERIALITY

Reduction of the environmental burden

Great contributions from our merchants

Carrying on and developing the craftsmanship tradition

Contributing to vibrant lives

Sound and transparent corporate management

The INPUT is strengthened through the OUTCOMES, and the business growth cycle is accelerated

Risks and opportunities ▶P37

Decrease in the working-age population

Stagnation of the Japanese economy

Soaring commodity prices

Decrease in the number of shopping centers

Expansion of the demand from inbound tourists

Growth of the e-commerce market

Individual store stocking

The core of the Sac's Bar group's business activities is the individual store stocking system. The stores take the lead in making decisions concerning management, and the store managers and other staff members accumulate various kinds of experience daily. Merchants who have continued to polish their own trading skills through experience are making great contributions and growing in their roles all over Japan, and as a result the Sac's Bar group continues to grow sustainably as an organization.

In the Sac's Bar group's system for individually stocking stores, almost all of the decision-making concerning the store is left up to the store manager. The store manager and their staff manage the store using their own judgment as merchants.

Basic cycle of the individual store stocking system



The store managers and their staff have also experienced various hardships and failures. Through a culture of not reproaching them for failure and supporting their next challenges, we promote their growth as genuine merchants.

Individual store stocking

Exhibitions held by the Sac's Bar group and our business partners are important for store managers, who are each responsible for stocking the store they manage, to make decisions on stocking.

Store managers from all over Japan freely make their way around each exhibition venue.

Further, these exhibitions have an important role as opportunities for both the Sac's Bar group merchandise departments and our business partners to exchange information with and mingle with the store managers, who know customers' needs well.

The attraction of stocking each store individually

Experiences at the exhibitions are put to use back at the store

The attraction of individual store stocking and exhibitions from the store manager's perspective!



2nd Sales Dept.
Store Manager Yukari Ichikawa

I attend the exhibition as the person who most understands my store

One of the events, which store managers responsible for stocking the store get excited for, is an exhibition that is held twice a year. One after the other, store managers from all over the nation arrive at exhibition venues in Tokyo. Naturally they attend the Sac's Bar group's exhibition, but they also visit the exhibitions that are held at the same time by our business partners.

Depending on the size of their store and their product lineup, there are also quite a few store managers who attend twenty or more exhibitions. Customer needs are different at each store, so all the store managers attend exhibitions with the pride and feeling of responsibility that they are the one who most understands their own store, and they call to mind their customers and staff while at the exhibitions.

Bringing back not just product information, but excitement and inspiration

In the exhibition hall, all kinds of people go back and forth past rows of products, and it's very lively. Just entering the exhibition venue is enough to make you excited. When I take products in my hand and gaze at the details that I can't get a proper idea of just by looking at catalogues, my imagination automatically starts working, and I picture how the products will look lined up in our store.



Both those exhibiting and exhibition attendees have a lot to tell and ask, and the exhibition venue is always bustling. Lively conversations of typical of merchants can be heard here and there.



The scene at the Sac's Bar group exhibition. The most highly recommended products from each brand are lined up in the spacious exhibition venue. It is only at the venue that you can thoroughly look at and compare the colors and details of products.

It's not only the products themselves that draw people to the exhibition, but also the fact that you can ask product planners in person what aspects they have paid particular care to, and see exhibits that convey the image and essence of each brand. The stimulation I feel from the products themselves and the exhibition space definitely impacts the store look and customer service after I return to the store. Taking back the inspiration I get from an exhibition is also an important part of a store manager's role, so in my own way I walk around the venue with my antenna kept up.

Encounters at the exhibition venue lead to one's own growth

I often pick up ideas from conversations at exhibitions. For example, I learn the most highly-recommended products among many, the things about products that should be recommended to customers, the latest trends, reactions from other store managers, and so on. I absorb all these through conversation, and use them to aid me in my work.

In addition, the exhibitions of our business partners provide good opportunities to come in contact with product genres that we do not have in our own store. Conversations with people in charge from our business partners also sometimes prove to be opportunities for new encounters and discoveries.

I really feel that every time I attend an exhibition, I am achieving growth as a merchant while broadening my perspective and directly experiencing the appeal of trading.

Merchants from the Sac's Bar group

Together with their colleagues, each merchant from the Sac's Bar group continues their pursuit of inspirational experiences for people day in and day out. The "ideal merchant at the Sac's Bar group" expresses an image of our merchants who not only earnestly carry out their own roles in business but also pay attention to their surroundings and courageously take on the challenges of solving problems and difficulties.

Ideal merchant at the Sac's Bar group

We merchants are people who, together with our colleagues

Our colleagues include not just those in our stores and our company, but also those from our business partners.

We merchants build good relationships with our colleagues.

Involve people around us and use our ingenuity,

We merchants act on our own initiative and overcome any difficulty using our ingenuity.

For all people we come into contact with through our business

With responsibility and pride, we merchants positively influence not only the people we come in contact with daily, but also those in the industry and the wider society.

To provide inspirational moments

Our mission as merchants is to provide not just products but also inspiration.

The goal of our business is to create excitement, fulfillment, and happiness, and make people feel a sense of well-being.

Merchants from the Sac's Bar group

Merchants play the leading roles in the Sac's Bar group's business.

Here are real stories from our merchants who find a sense of mission and fulfillment in their own work and act with the aim of creating inspiration.

Q: In what moments do you find your work rewarding?



1st Sales Dept.
Store Manager Tomoki Kubomura

As the person responsible for the store, I am involved with every step in the process of stocking products and selling them. From selecting products to suit the local customers to deciding what kind of place I want my store to be, I am entrusted with many decisions involving the store, and every day is a series of exciting moments. The store is where the distance between the customers and staff is the shortest, and we can hear their frank opinions and see their reactions first-hand. When, in my own way, I analyze customers' reactions and take steps to reflect them in the store look, and it leads to happy customers and sales, that to me is the greatest reward.

Store development involves the work of creating all aspects of the store while being involved with various internal and external people. I am involved with the whole life of stores, from property searches to store design, construction work arrangements, repairs, renovations, discussion of relocation, and more. The fact that my work results in creating someone's workplace is rewarding and makes me proud. It is also an everyday occurrence for a store's development to not go according to plan. At those times, I recall the saying "A business is its people" and believe in my own possibilities.



Development Dept.
Manager Yoshihiro Satou

I love the moment when I hand a customer the product they have bought. In addition, when I have been able to provide a customer with a good product or experience, I feel happiness welling up in me. The accumulation of these feelings acts as an incentive in my everyday work. When I was young, I often went to the markets to shop by myself. I watched the sellers and buyers, and became interested in trading. I'm happy that as I work at the Sac's Bar group, the boy I was then is growing more and more like the image of the merchants that I have in my head.



2nd Sales Dept.
District Manager Akou Ryu



3rd Merchandise Dept.
Public Relations Officer Yui Kawasaki

I love talking with people, so I enjoy the fact that in this public relations job I am able to communicate with people in various positions. At the same time, I really feel that the bigger the scale of the company grows, the more important sharing information both internally and externally becomes, so my focus is searching for ideas. I find it particularly rewarding when information I have shared sparks new conversations. In the company newsletter (that is issued irregularly), I share content that gives people the urge to want to share it with others.

I am most excited when a product we have created goes on the market and receive positive responses from customers. I am also proud of the fact that I am able to be involved with a product from the launch of its concept right through to its final release. In addition, the Sac's Bar Group engages in activities which involve donating a portion of our proceeds to social service projects. When I think that our work and the products we have created lead to customers and society being more comfortable and enjoying themselves more, I feel that my job is very rewarding.



3rd Merchandise Dept.
Brand Manager Miyuki Inoue

Previously, a collaborative product has gained extremely strong responses, and that led to a boost of brand value and opportunities to take on the challenge of new projects. I recall that witnessing the growth of a brand motivated me greatly. As I am responsible for digital marketing, I aim to use my capabilities in this area to fuse the digital world with real experiences and raise the level of customers' shopping experiences. I believe that if I can provide wonder and inspiration to customers, then not only will brand value improve, but I will also feel immense satisfaction in my job.



3rd Merchandise Dept.
Digital Marketer Yuki Okabe

Special Feature: The future envisioned by our original brand “kissora”, and our challenges



kissora

kissora is a Sac's Bar Group original leather goods brand which focuses on being “Made in Japan” and takes care of everything from making leather right through to designing and making the products. It is a popular brand which is sold in 14 brand-operated stores, as well as in approximately 120 Sac's Bar Group stores.



We wish to link the brilliance of “Made in Japan” to the future.



The first kissora store opened at the same time as the opening of the Tokyo SkyTree.

It all began in Sumida City in the Tokyo Metropolis

All of kissora products are “Made in Japan”. This kissora brand identity has not changed at all since the brand was founded in 2012.

The kissora brand was born in 2012, the same year as the Tokyo SkyTree. Sumida City, located in the Tokyo Metropolis where the Tokyo SkyTree towers, is a leading Japanese leather production center with over 100 years of history. However, at the time when kissora began, the leather industry was facing various challenges, such as the aging of craftspeople and a lack of successors to carry on the crafts.

The backdrop to this was that the production of leather and leather goods kept being moved to overseas locations, leading to a large decrease in the Japanese production output.

We felt that the “Made in Japan” craftsmanship which had been polished over the course of many years must not be lost. We wanted “Made in Japan” skills to be carried on into the future. That was our desire when we founded the kissora brand.

Craftsmanship is cool!

The appeal of “Made in Japan” craftsmanship is in the craftspeople, who impress others with their single-minded dedication to their craft.

The jobs of craftspeople often involve an accumulation of steady work. The serious gazes of the craftspeople polishing their craft while carrying out their step-by-step work appear to sparkle to those around them.

With the hope of increasing the number of people with this kind of craftsmanship spirit in Japan as much as we possibly can, we have set up workshop areas in stores directly managed by kissora. This is our attempt to increase the number of opportunities for the younger generation of our staff to come into contact with leather and craftsmanship, even if on a small scale.



Store Manager Ehara, an artisanal store manager. Ehara has mastered the cylinder-bed sewing machine in the workshop and can handle semi-made-to-order products and repairs.



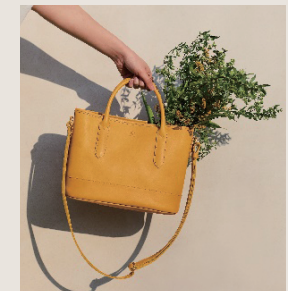
The hopes carried by our leather goods

Our focus is not only on quality

In producing original kissora products, we place emphasis on the products being “simple and high-quality”. Further, we emphasize “reasonable prices”.

Not only do we focus on product design and quality, but price is also an important area of focus for us. That is because we wish to sweep away people's images of authentic leather goods as “exclusive and inaccessible”, and have customers feel that kissora leather items are accessible.

We alone cannot achieve both “high-quality” and “reasonable prices”. That is precisely why the kissora brand values the relations with people involved in leathercraft, from leather-making to sewing.



The simple design which you never tire of makes the leather textures and sewing techniques stand out.



Chief Director of kissora
Kiichiro Akizuki

A message from a person “behind” the brand.

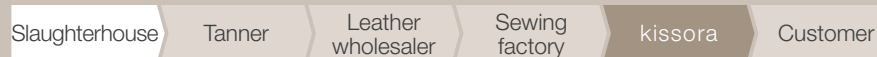
I recall the baseball glove that I was given as a present when I was young. Although I was young, I grew attached to the leather, charmed by its appeal, and the glove became something that had a profound impact on the way I lived. In the past 12 years, while enjoying being in an environment surrounded by leather, I feel I have succeeded in communicating its appeal. The craftspeople who make leather, the craftspeople who sew the products, and the customers who buy the products. I value the continuous series of encounters with all these people that I experience through “the appeal of leather”, and going forward I will continue to sow my dreams into making products.

Meeting the leather makers face-to-face and hearing their ideas

Leather raw materials are animal hides that are produced as by-products of meat processing. The hides are processed into leather at leather manufacturing workshops called "tanneries", and they become leather goods after passing through leather wholesalers and sewing workshops.

Further, each one of these stages involves a great many steps, so one leather product is produced using numerous skills and endless care.

How kissora leather products reach their customers (a general flow)



Listening to the thoughts of a tanner representative from Tatsuno City, Hyogo Prefecture. We talk directly and exchange our frank thoughts.

We at kissora endeavor to go and visit the people who support the leather craftsmanship as often as possible.

When we visit from Tokyo, the craftspeople tell us various things. Every time we come in contact with the actual craftspeople and their thoughts, our attachment to this industry gets stronger.

Thanks to this, every year more and more kissora products are released and sold, and in tandem with that, opportunities for conducting transactions with business

operators and craftspeople also expand. Going forward, we aim to contribute to the sustainable growth of the leather industry by continuing to make leather goods in the ways characteristic of kissora.

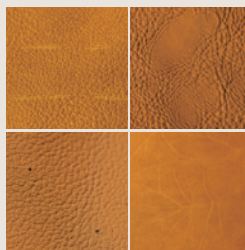


Markings on the leather give it appeal. Finding a more sustainable cycle for leather

Viewing natural markings of leather more positively

An initiative that we at kissora who dearly love "Made in Japan" leather and keenly observe the leather industry are engaging in is making products that make the most of the natural markings on leather.

As leather comes from animals such as cows, horses, goats, and pigs, it has various natural markings that it has acquired during the lives of the animals. The markings on the leather are evidence of the lives the animals lived, and are unique characteristics. Rather than hiding those characteristics, we believe that by leaving the natural textures on the leather pieces when finishing them, people can grow more attached to the pieces and enjoy them.



Leather markings vary in type, encompassing everything from old wounds to insect bites, veins and more.

Making sustainable leather even more sustainable

Further, actively incorporating leather with natural markings into products leads to a decrease in the amount of leather discarded. Actually, not all the leather, which tanners spend time on making, is used for making products. Only the leather with a minimal amount of markings was selected as high-ranking leather, and the low-ranking leather did not find many buyers.

Leather is originally a sustainable material that comes from making use of by-products from meat processing, and we thought that if we were able to find a way to solve this concern, leather would be enjoyed by everyone even more. We started our initiatives with this belief in mind.

Initially, however, some people were puzzled. In the industry there was the definite view that "leather without markings is good leather", and when kissora reps said "We would like to take advantage of the markings in our products", this perplexed craftspeople. It seemed that craftspeople who cut leather parts were particularly resistant to our proposal, which was asking them to do the opposite of the skills they had honed up till then. Luckily, in the course of explaining our points of view to craftspeople, they came to understand the sustainable cycle that kissora was aiming for, and now in cooperating together with us they also share the sense that "We're doing something good".

kissora will continue to focus on our customers, business partners, the industry, and the natural environment, and make products enjoyed by everyone.



Craftspeople have trained themselves to avoid the markings when cutting leather. While respecting the skills and points of view of the craftspeople, we explain the way of thinking at kissora.



kissora Chief Editor
Satoshi Kuramochi

A message from a person "behind" the brand.

After experiencing being store manager of the first kissora store, the most important thing that I have learnt as a member of the management team involved in craftsmanship is relationships with people. The kissora of today is here thanks to me having been able to meet my fellow store staff members and superiors, the craftspeople and everyone related to the raw materials who support craftsmanship, and our many customers. Presently I am focusing on sharing information through SNS such as YouTube, endeavoring to have people more directly feel the appeal of people behind kissora and leather goods.



YouTube channel

"kissora no
naka no hito"

Sharing real kissora experiences▶

<https://www.youtube.com/@kissora>



Special Feature: Sustainability initiatives for the environment and society

At the Sac's Bar Group, we set ourselves the question "What can the entire group, each of our companies, and each of our brands do?" and then we continuously do the things we can for the sustainability of the environment and society. Here, we will introduce some of the Sac's Bar Group activities.



Eco-friendly initiatives

kissora

Making products using sustainable materials and by-product dyes

At kissora we got interested in what is known as pomace (pulpy matter remaining after fruit, etc. has been crushed for wine-making, etc.) which is wasted food generated in places all over Japan, and we are actively using the revolutionary **sustainable material LEZZA BOTANICA**, which is made by reusing pomace.

We use wine pomace and used tea leaves that result from green tea beverage production for tanning and dying.



Promotion of initiatives such as the use of LEDs for electric store lights

By promoting energy-saving initiatives including using LEDs in store lighting, we are aiming to **reduce greenhouse gas emissions from electricity used at our stores.**

▶ P47

When we open a new shop, we use LEDs for its lighting. Further, in our existing stores, we promote the switch to using LEDs when renovations are carried out.



Tokyo Derica

Switching to paper shopping bags to reduce plastic waste

Taking into account the impact of plastic waste on the oceans and marine life, **in FY2020 we switched from plastic shopping bags to eco-friendly paper ones.**

We are also engaged in abolishing plastic cushion material and reviewing excessive wrapping in the transport and storage of goods and so on in Sac's Bar group companies.



Aishin Tsusho

Producing and selling long-lasting products

At Aishin Tsusho we produce highly durable products.

The life of a trolley case (suitcase with wheels and telescopic handle) is said to be five years, but we have attached a ten-year guarantee to some of ours, and we **provide customer service that seeks to enable customers to use products for a long time.**



Special Feature: Sustainability initiatives for the environment and society

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S

Initiatives that contribute to society

We have developed bags that are easy for nurses to use and are selling them.

To support nurses, who are making great contributions in healthcare settings daily, our original brand SALON de RUBAN has worked together with nurses. Together with them, we thought about what kind of bag would be ideal for a nurse's everyday life and work and developed bags based on that.

So far, SALON de RUBAN has put three different models of nurse bag on the market.



Supporting the independence of people with disabilities through the "Saori" bag

Our original brand kissora has created bags by carefully using cloth woven by students from the Nippon Helen Keller Foundation in Osaka using the "saori" weaving technique, and turned them into products.

Through attractive bags full of individuality, we are supporting the independence of people with disabilities.



We donate a portion of our proceeds to support areas affected by the Noto Peninsula Earthquake.

Our original brand TRANSIT LOUNGE donated a portion of its proceeds from suitcases towards supporting areas affected by the Noto Peninsula Earthquake of 2024.

Praying for the recovery of the disaster-stricken areas, kissora developed charity products (leather origami cranes and tote bags), put them on sale, and donated a portion of the proceeds to those areas.



Donation of a portion of proceeds to a certified NPO that supports women raising children

The original brands effy and What is "Qu'est ce Que Le "Design"? donate a portion of their proceeds to the certified NPO Florence, which supports working women who are also raising children.

We are addressing the problem of poverty among single-mother households and contributing to the achievement of a society in which single parents and children can live with a smile.



Special Feature: Sustainability initiatives for the environment and society

At the Sac's Bar Group, we set ourselves the question "What can the entire group, each of our companies, and each of our brands do?" and then we continuously do the things we can for the sustainability of the environment and society. Here, we will introduce some of the Sac's Bar Group activities.



Initiatives that contribute to both the environment and society

SDGs store [SAC'S BAR mono+i] which helps the Sac's Bar group to contribute to society

In March 2022 we launched the shop brand [SAC'S BAR mono+i] whose concept combines making and using items with the desire to contribute to society. At its shops, shoppers can make a direct social contribution.

The shops are based on the concept of "Our everyday shopping helps someone", and the **products selected for their lineup feature regenerated fiber and recycled materials**. A portion of the proceeds is donated to social welfare organizations, so by purchasing products there, you contribute to society.

The colorful shop design was based on the SDG colors, and the brand aims to symbolize **connections which support kindness to both people and the earth**.

Some of the bags sold there were created using cloth supplied from workshops where the weavers are people with disabilities who have difficulty working in ordinary jobs. This initiative helps us to provide opportunities for people with disabilities to work.

We are planning to open a new shop in fall 2024, which will be the third shop of the brand.



Products with long lives and craftsmanship which can also contribute to the producers

Our original brand SMART PEOPLE makes **active use of leather, a sustainable material**. Further, through the pursuit of high-quality craftsmanship and repairs carried out by our companies, we are striving to lengthen the lives of our products.

Through initiatives supporting employment creation and technical support in India's Calcutta region, we are also contributing to the **revitalization of craftsmanship culture**.



Endorsement of and cooperation with JLIA's "Thinking Leather Action" sustainability statement

The Sac's Bar group endorses the **project for promoting the sustainability** of leather and leather goods led by the JLIA (Japan Leather And Leather Goods Association), and we post notices concerning this at our storefronts and on our websites.

Through this, we aim to **contribute to the revitalization of the leather industries**.



Sustainability Management and Material Issues

Under the lead of a sustainability committee established in April 2022, the Sac's Bar group promotes management that emphasizes the sustainability of our group and of society.

In FY2023, taking into account changes in our business environment, we revised our existing sustainability action guidelines.

We established a new basic sustainability policy and designated new material issues.

Sustainability promotion system

In order to promote sustainability, the Sac's Bar group has established a sustainability committee chaired by a director responsible for sustainability, and the committee meets at least twice a year to consider sustainability-related issues. The results of consideration by the sustainability committee are reported to the Board of Directors at least twice a year by the director responsible.

The Board of Directors considers the contents of the report submitted by the sustainability committee and determines response guidelines for sustainability issues, and so on.

In this business term, the sustainability committee discussed material issues and reported the results of their discussion to the Board of Directors. The Board of Directors deliberated on and approved the material issues.

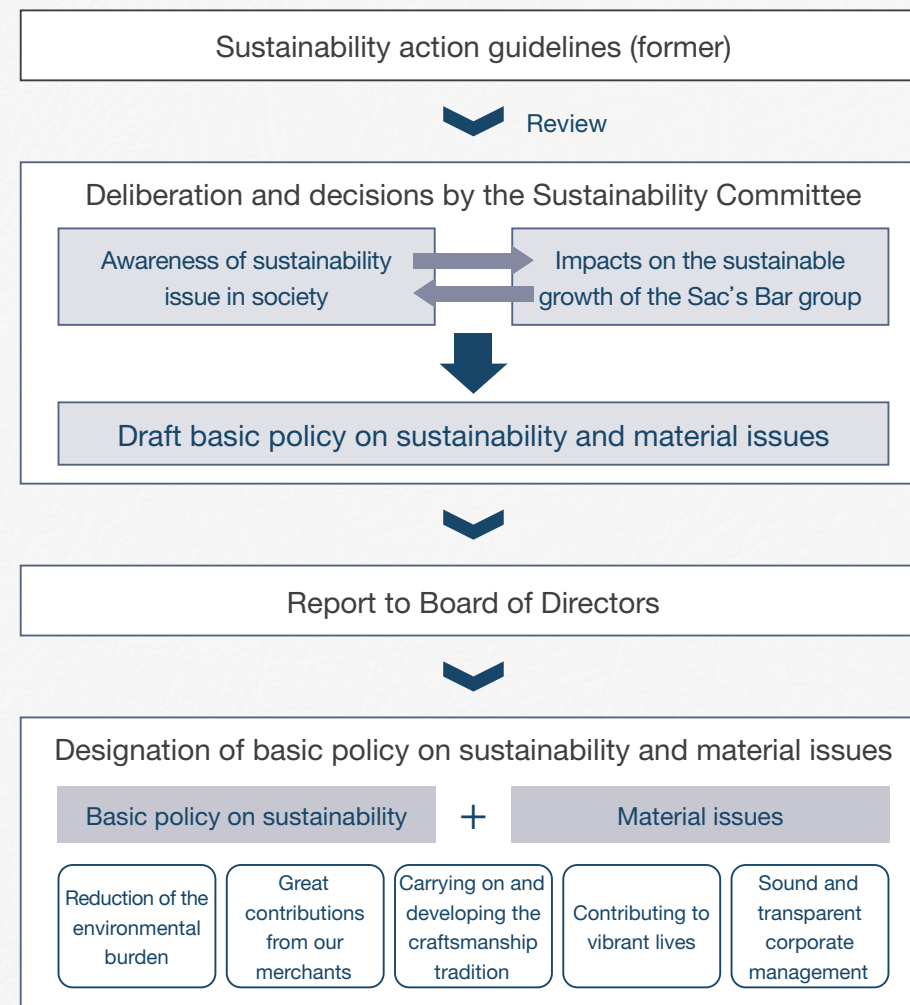
The sustainability committee evaluates sustainability-related risks and opportunities and rank their importance according to likelihood, impact, and available response measures, among other factors. In the evaluation process, we conduct interviews with relevant departments as needed, and the assessments are reviewed and revised annually. Furthermore, we develop response measures for the risks and opportunities and monitor the progress of these measures using established indicators.

For highly important sustainability-related risks and opportunities, reports are made to the Board of Directors through the director in charge of sustainability, and the Board of Directors discusses and approves the report.

Material issue designation process (refer to the figure on the right)

In FY2023, we revised our existing sustainability action guideline. Taking into account awareness of sustainability issues in society and impacts on the sustainable growth of the Sac's Bar group, we newly designated a basic policy on sustainability and material issues. For details, please refer to the next page.

Material issue designation process



Basic policy on sustainability

Sac's Bar Holdings is conscious of its large impact on society and the global environment as a leading company in the fashion goods industry. We will fulfill that social responsibility through the development of the industry and place the utmost importance on the welfare of consumers and the sustainability of the industry and society.

E

Environment

Reduction of the environmental burden

The Sac's Bar group offers products that are made using materials such as nylon, polyester, and natural leather (a by-product of animals used for food), which are made from a diverse range of natural resources. Therefore, if environmental problems such as climate change, oceanic pollution, and deforestation worsen, we might be impacted by soaring raw material prices and procurement difficulties.

The Sac's Bar group will continue efforts to conserve the natural environment through various activities, such as reconsidering raw materials and processes in order to develop products which have a low environmental burden, stimulating new demand through that product development, and reducing the amount of electricity used in our stores.

Further, The Sac's Bar group endorses "Thinking Leather Action", the sustainability statement of the Japan Leather And Leather Goods Association (JLIA), and going forward we will continue to share information about the sustainability of natural leather through our stores and websites and the like.

S

Society

Great contributions from our merchants

Based on the perspective that a company's greatest resource are its people, the Sac's Bar group views our employees as valuable human resources and as merchants. The Sac's Bar group defines merchants as "people who, together with their colleagues, involve people around them and use their ingenuity for all people they come into contact with through their business to provide inspirational moments to them". We have a diverse range of merchants making great contributions to our business regardless of their gender, age, or nationality.

In our business activities, by employing the individual store stocking system with the merchants at its heart, we have created a system in which our merchants' growth contributes to the growth of our stores, and by extension, contributes greatly to the growth and development of our organization. Further, we believe that the fact that our merchants who have achieved growth are making great contributions all over Japan also leads to the revitalization of regional communities.

We are facing great social changes, such as shortages in the workforce due to a declining birth rate and aging population, and changes in how individuals view their careers. Amid these changes, the Sac's Bar Group will continue to strive to provide a working environment in which merchants can make great contributions, and strive to invest appropriately in educational opportunities.

Carrying on and developing the craftsmanship tradition

In our business activities, such as the planning and development of private-label products and stocking activities, the Sac's Bar Group is supported by a culture of craftsmanship created by many manufacturers and producers.

Meanwhile, the environment surrounding the culture of craftsmanship is changing year by year. In Japan, due to a lack of successors and intensification of international competition, we are confronting the risk that world-class craftsmanship sensitivities and skills will be lost. Further, shifting our attention to the world, there is demand for improvement in the working conditions of people involved in craftsmanship.

The Sac's Bar Group will continue efforts aimed at carrying on and developing the craftsmanship tradition, through utilizing our nationwide sales network and the advantage of our scale to carry forward producer businesses to the future and communicate Japan's craftsmanship tradition to the world.

Contributing to vibrant lives

The Sac's Bar Group mainly opens stores in facilities such as shopping centers operated by developers, and each facility and store is supported by its regional economy. Meanwhile, there is concern that due to the progression of population decline and aging, some regional economies will shrink, and store development by the various developers will stagnate and be scaled down.

The Sac's Bar Group will promote sustainable growth by contributing to people leading vibrant lives. It will do this by providing inspirational customer service, inspirational products, and inspirational stores, and by being directly involved in and contributing to community activities.

G

Governance

Sound and transparent corporate management

In conducting our business activities, our slogan is "Creating inspiring moments", and our mission is to give all of our customers an inspiring purchasing experience. In order to achieve our mission, it is important to gain the trust of our stakeholders, and we regard further strengthening our corporate governance as an important management issue.

The Sac's Bar Group will comply with laws, ordinances, and so forth and conduct honest and fair business activities, and will continue to endeavor to conduct sound and transparent corporate management.

III. STRATEGY (Mid-term Management Plan)

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Mid-term Management Plan

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TCFD Compliant Information Disclosure 46



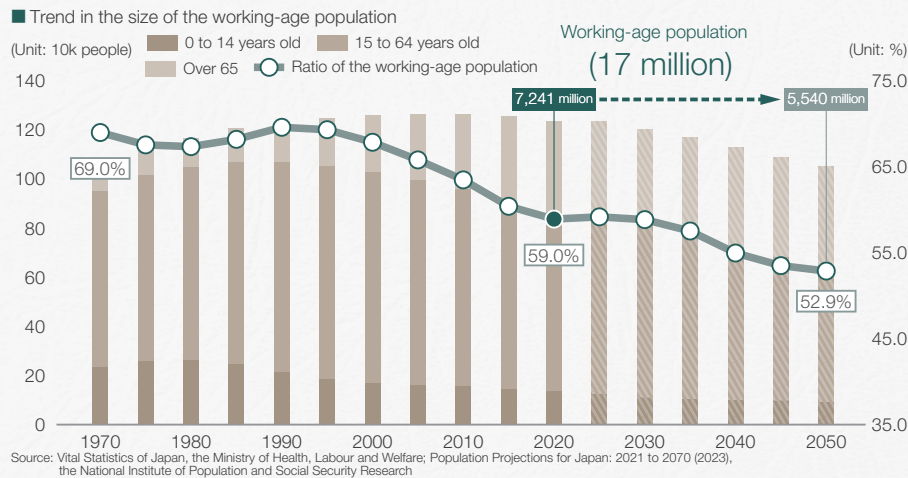
The External Environment Facing the Sac's Bar Group

The Sac's Bar Group operates mainly in the Japanese domestic market, and there is a risk that over the medium to long term the Group will be affected by a decrease in the working-age population and the number of shopping centers.

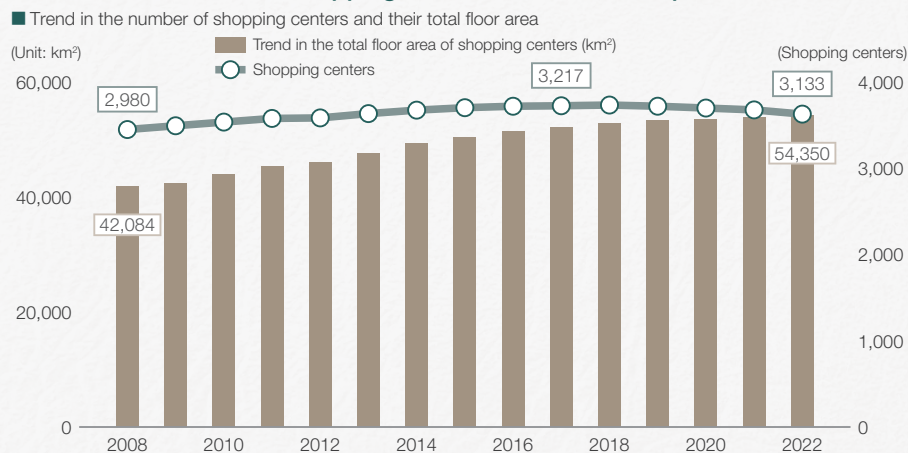
On the other hand, we are also blessed with opportunities such as the expansion of the demand from inbound tourists and the expansion of the e-commerce market, which we believe will become drivers of the Sac's Bar Group growth if we respond proactively.

Risks

The working-age population will be 55.4 million in 2050, a decrease of 17 million from 2020

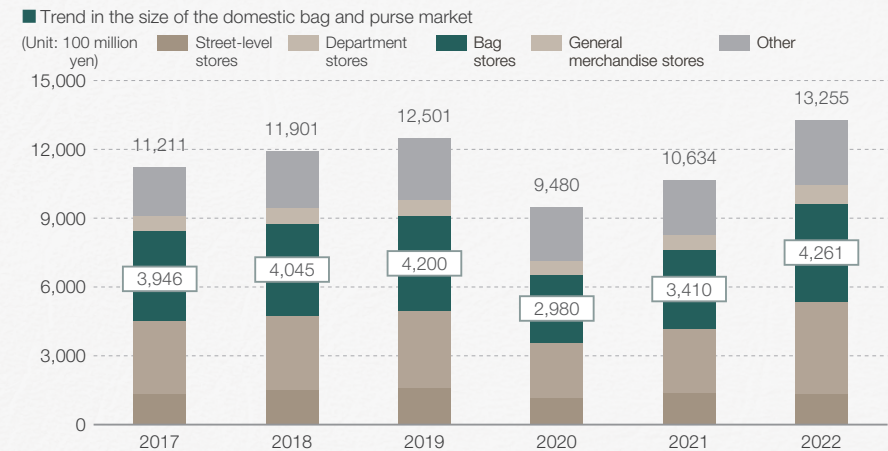


Although the number of shopping centers will decline from peak in 2018, the total shopping center floor area will expand

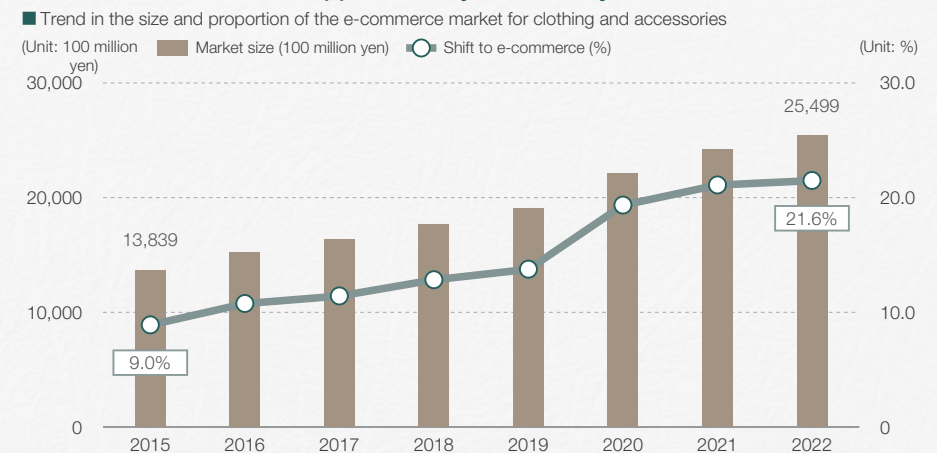


Opportunities

The bag and purse market is growing due to economic recovery from the coronavirus pandemic and increasing demand from inbound tourists



E-commerce market for clothing and accessories is on an expansion trend and reached approximately 2.5 trillion yen in 2022



Future vision

In order to become a global player in the bag industry, we will lay the groundwork for overseas expansion during the period of this mid-term plan. In the future, we plan to expand wholesale sales and open multiple stores in overseas markets.

We aim to become a global player in the bag industry through overseas expansion.

Various high fashion brands are achieving great things in overseas markets now, but there are a limited few who, like us, take a multi-brand approach with affordable products, so we believe there is plenty of room for the Sac's Bar Group to make inroads.

To achieve this, it is important to invest continuously and establish brands that can play an active role at the forefront of the market. During the period of this mid-term plan, we will focus on laying the groundwork for overseas expansion with an eye to future wholesale sales and multi-store expansion in overseas markets.

Present

Top bag specialist retailer in the Japanese bag and purse retail industry

Mid-term Management Plan

Laying the groundwork for overseas expansion

Wholesale sales in overseas markets
Establishing brand recognition

Multi-store expansion

Future

A global player in the bag industry

In overseas markets dominated by high fashion brands, we aim to become a global player in the bag industry by taking a multi-brand approach with affordable products

Mid-term Management Plan

Overview of FY2024 to FY2026

In May 2024, we presented our mid-term management plan, covering the period from FY2024 to FY2026. In the mid-term management plan, we have set four key policies, aiming to achieve consolidated sales of 58.749 billion yen, consolidated net profit of 3.029 billion yen, and an ROE of 9.4% by the final year, FY2026.

Management numerical targets

In this mid-term plan, we aim to achieve consolidated sales of 58.749 billion yen, consolidated net profit of 3.029 billion yen, and ROE of 9.4% by FY2026

	FY2021 results	FY2022 results	FY2023 results	FY2024 plan	FY2026 plan
Sales (Million yen)	36,798	47,236	52,093	53,654	58,749
(E-commerce sales)	2,449	2,774	2,944	3,330	5,048
Gross margin (%)	48.2	49.2	49.6	49.9	50.4
Ordinary profit (Million yen)	(776)	2,666	3,848	4,128	4,959
Net profit (Million yen)	(888)	1,291	2,487	2,455	3,029
Net assets (Million yen)	25,098	25,918	27,829	29,381	33,339
ROE (%)	(3.4)	5.1	9.3	8.6	9.4
ROIC (%)	(1.9)	5.4	8.3	8.4	8.8

Key policies

We have set the following four key policies in this mid-term management plan.



Retail, etc.

Enlargement of physical retail stores

It is necessary to increase sales per store through opening large stores and increasing the floor area of the existing stores to address the decline in the number of shopping centers. During the period of this mid-term plan, we aim to establish a total of 612 stores across the Sac's Bar Group by the final year of FY2026 through store openings and store expansions.



Retail, etc.

Enhance private brand power

To support future expansion in e-commerce and overseas markets, it is necessary to enhance private brands to distinguish products and improve profitability. During the period of this mid-term plan, we will focus on enhancing our private brands through multi-brand strategies such as launching new premium private brands and collaborating with popular characters.



Retail, etc.

Increase e-commerce sales from 3 bn yen to 5 bn yen

We consider it essential to invest in the growing e-commerce market for sustainable growth, given the difficulty of launching a major store-opening offensive due to the decreasing number of shopping centers. During the period of this mid-term plan, we aim to expand e-commerce sales through collaboration with other industries and popular vloggers, and by strengthening overseas e-commerce.



Manufacturing/wholesale

Logistics reform

At Roger Japan, a group company, the logistics system is becoming strained due to strong business performance. During the period of this mid-term plan, we will expand the existing logistics warehouses and build new ones for further growth and expansion of the Sac's Bar Group's business, and will strive to realize next-day delivery of our e-commerce products.

Business Strategy (Retail Business)

In physical stores, we will continue ongoing efforts to increase store size and create a store look that delights customers and business partners, with the aim of achieving sustained profitability. During the period of this mid-term Plan, each Group company expects an increase in the number of stores, aiming to enhance the overall brand power of the Sac's Bar Group by expanding physical contact points with customers.

At the same time, we will continue to review operations and merchandising at existing stores to improve the profitability of each store.

Key store strategies in retail business

I

Key policies

Enlargement of physical retail stores

By increasing the floor area of the physical stores (opening large stores and renovating existing stores with more floor area), we will achieve a more attractive and high-quality product lineup.

- ▶ We will create a store look that delights customers and business partners for a higher average spending per customer and increased visit frequency to improve profitability
- ▶ Furthermore, we will develop a structure that can withstand long-term changes in the business environment, such as a shrinking Japanese market



Examples of store enlargement:
SAC'S BAR Yamato Tsuruma Store

- » The store's floor area was expanded from 100 m² to 162 m² in conjunction with the facility's renovation.
- » Revised product lineup to offer a higher-quality product lineup
- » Sales increased to 152% (of the same month last year) after the renovation

Expanding customer contact points through a brand-specific store opening strategy

- Strengthening the opening of Charatrstation stores
- Strengthening the opening of Gear's Jam stores

Physical store business reform

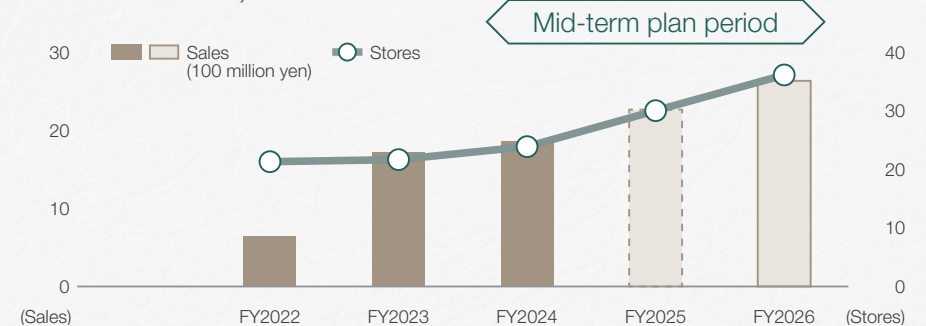
- Reviewing store operations to strengthen customer service and streamline manpower
- Refining the merchandising of accessory stores

Performance trends and targets in retail business (before elimination of transactions between business divisions)

Tokyo Derica & Sac's Bar Holdings



Gear's Jam Co., Ltd.



Sankodo Co., Ltd.



Business Strategy (Retail Business)

We aim to solidify the Sac's Bar Group's brand portfolio by further expanding private brands and strengthening measures by target.

In addition, by establishing a multi-brand structure, the Sac's Bar Group will improve profitability and lay the groundwork for overseas expansion, where the competitive environment differs from that in Japan.

Key product strategies in retail business

II

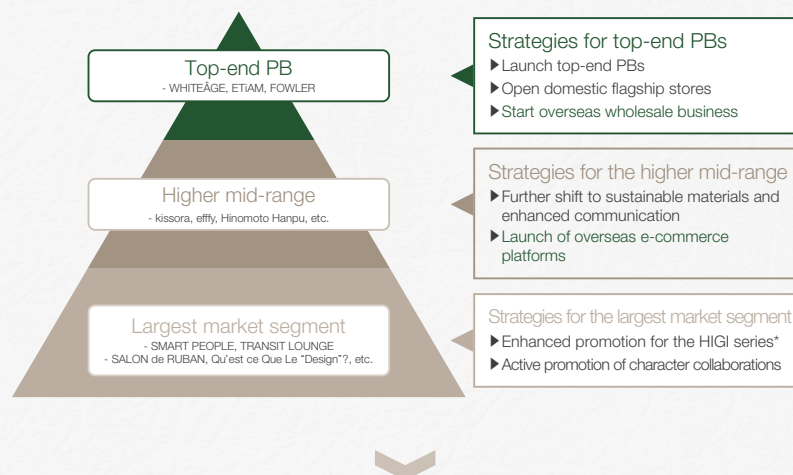
Key policies

Enhanced branding of private brands

Enhance brand portfolio by formulating policies and strategies for each price range

► Lay the groundwork for overseas expansion by establishing a multi-brand structure

Gain a competitive advantage through policies tailored to the strengths and concepts of each brand

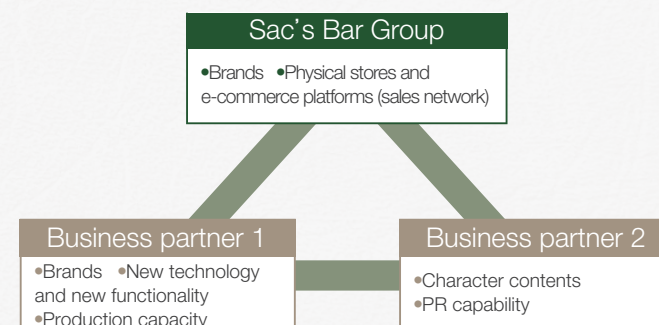


Strengthening collaboration with business partners (PBs + NPBs)

Creation of new value by combining the strengths and contents of business partners with ours

► Strengthen development and deployment of character collaboration products throughout the Sac's Bar Group

► Discover new value from existing contents, not limited to characters



Creation of new demand and further cultivation of existing markets

Achieve a PB + NPB ratio of over 25% (FY2026) and gross margin of over 50%

- Improve profitability by increasing the ratio of PBs and NPBs with high gross margins
- Recognize that supplied products remain a key strategic element of the Sac's Bar Group, and maintain co-existence and co-prosperity relationships with suppliers

*HIGI series: A series consisting of high quality and cost-effective products made by professionals who know everything about bags

Business Strategy (EC, Wholesale)

In the e-commerce business, we aim to expand our customer base by acquiring new customers and increasing recognition through aggressive marketing measures targeting the younger generation.

In addition, we will continue to actively acquire app members and aim to form a community through various interactions with customers.

In the logistics business, we will enhance convenience by expanding and establishing new logistics warehouses.

Key policies in retail business (e-commerce)

III

Key policies

Increase e-commerce sales from 3 bn yen to 5 bn yen

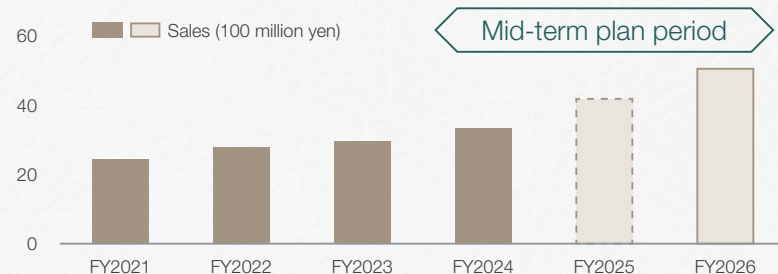
Actively acquire younger users through marketing using popular vloggers among Gen Z

Acquire new customers and increase recognition through collaboration with other industries, such as the sports sector and the world of e-sports

Increase overseas e-commerce recognition through social media marketing

Strengthen CRM policies by utilizing purchase data from physical stores

Introduce an inventory order management system for PB products



Form a community of 1.8 million app members by FY2026

Strengthen acquisition of app members by improving convenience of services available on the app

Create a community of members through various benefits programs (such as invitations to member-only events and exclusive gift campaigns)

► Enhance customer loyalty and improve the level of products and services

FY2021	FY2022	FY2023		FY2026 (target)
320,000 members	571,000 members	852,000 members	...	1.8 million members

Key product strategies in logistics business

IV

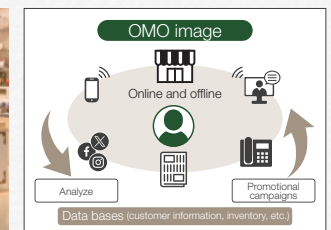
Key policies

Logistics reform

As continued sales growth across the group is expected, we will expand the current logistics warehouse (an increase of over 660 m²)

Furthermore, there are plans to build a new logistics warehouse

► Improve delivery efficiency of owned e-commerce platforms and improve convenience for customers by significantly increasing the volume of goods that can be handled



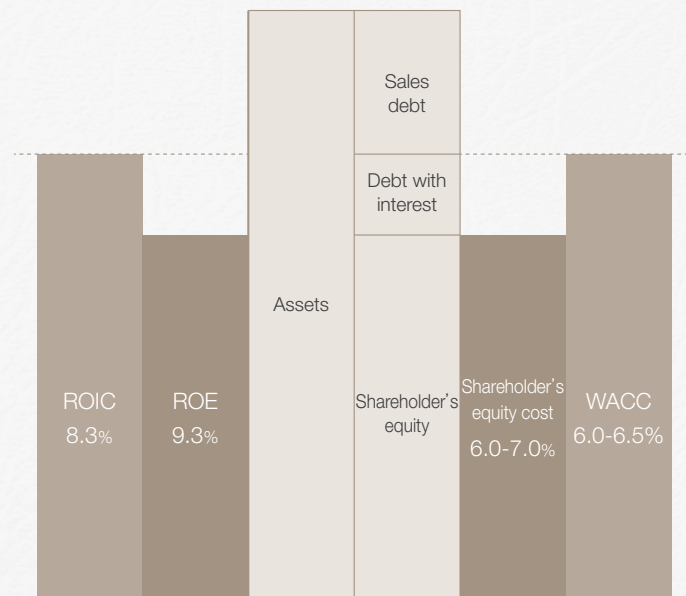
Financial Capital Strategy

We aim to continuously maintain ROE above the cost of shareholders' equity and ROIC level above WACC, with the medium to long-term goal of achieving a stable ROE of at least 10%. Although the PBR was slightly below 1x at 0.92x at the end of FY2023, we will work to further improve performance and management efficiency to recover and increase the stock price and improve the PBR.

Management conscious of the cost of capital and stock price

Management indicators and hurdle rates for the FY2023

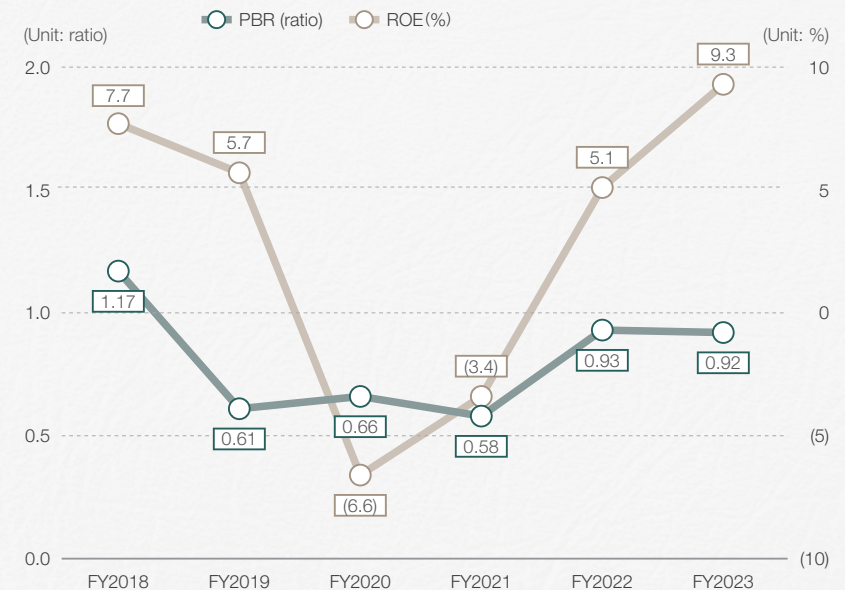
- ▶ Medium to long-term cost of shareholders' equity is 6.0 to 7.0%, and 6.0 to 6.5% for WACC.
- ▶ We aim to continuously maintain ROE above the cost of shareholders' equity and ROIC level above WACC, with the medium to long-term goal of achieving a stable ROE of at least 10%.



The cost of shareholders' equity is calculated based on CAPM

Recover and increase the stock price and improve the PBR

- ▶ Since FY2019, performance has declined due to the coronavirus pandemic, and in FY2019 and FY2020, sales were sluggish, resulting in the recording of a net loss. Although net income was recorded for FY2022, it was nowhere near the level it had reached prior to FY2017, and finally recovered to the level of FY2017 in FY2023.
- ▶ Although the stock price has begun to rise along with the recovery in earnings, the PBR was slightly below 1x at 0.92x at the end of FY2023. We will work to further improve performance and management efficiency to recover and increase the stock price and improve the PBR.

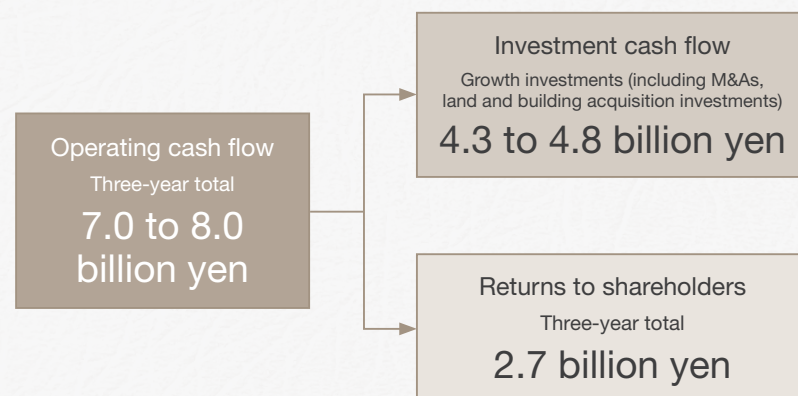


Financial Capital Strategy

We plan to invest 4.3 to 4.8 billion yen in growth areas such as store openings and the opening of new logistics warehouses and expansion of existing ones. In terms of returns to shareholders, we plan to allocate a total of 2.7 billion yen over three years and provide stable dividends with a target payout ratio of at least 30%.

Capital allocation

Framework for sources and uses of funds for the three-year period from FY2024 to FY2026



Investment amounts are based on decisions and differ from cash-out figures.

Capital allocation breakdown

Operating cash flow	7.0 to 8.0 billion yen
Investment cash flow	4.3 to 4.8 billion yen
Investment in store openings	1.2 billion yen
System investment and OMO-related investment	500 million yen
New and expanded logistics warehouses	600 million yen
Office building-related (land and building acquisition*)	500 million yen
M&A investment, etc.	1.5 to 2.0 billion yen
Returns to shareholders (dividends)	2.7 billion yen

Returns to shareholders

Dividend policy

We consider the return of profits to shareholders as one of the most important objectives. In addition, in the rapidly changing logistics industry, our basic policy is to strengthen the management foundation, retain the necessary internal reserves for new business development, and maintain stable and gradually increasing dividends with a target consolidated payout ratio of at least 30%.

Internal reserves will be effectively used for uses such as capital investment in new store openings and store remodeling for existing businesses of the Sac's Bar Group, investment in new businesses, and M&As with promising operating companies, so that they will contribute to future development and a gradual increase of dividend payments.

Dividend trends*

Fiscal year (consolidated)		FY2019	FY2020	FY2021	FY2022	FY2023
Dividend per share	(yen)	30.00	15.00	15.00	22.50	30.00
Dividend payout ratio	(%)	52.6	-	-	50.6	35.1

*Despite the significant net loss recorded in FY2020 and FY2021, a dividend of 15 yen was paid out to maintain the continuity of dividend payments, and as business performance recovered, the dividend was increased in FY2022 and FY2023, returning to the level of FY2019.

Shareholder benefits system

►For shareholders holding 100 to 999 shares

One 2,000 yen discount coupon that can be redeemed one at a time for purchase of 10,000 yen or more in total

►For shareholders holding 1,000 shares or more

One private-label product worth 10,000 yen (select from four options)



*The current headquarters building is scheduled for demolition due to the station redevelopment project.

Human Capital Strategy

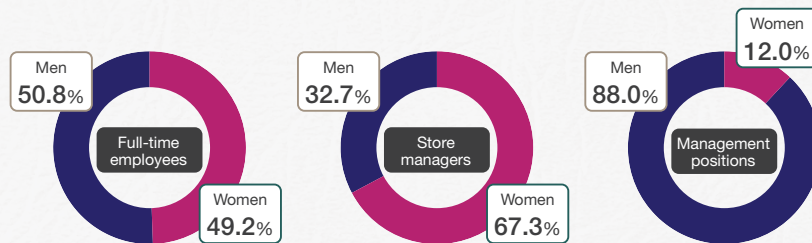
We believe that the source of the Sac's Bar Group's strength lies in its people (employees). At each store, we have provided opportunities for growth and fulfillment through stocking, and moving forward, we will continue to address human capital-related challenges and aim to achieve a balance between sustainable growth and a working environment that is rewarding and comfortable to work in.

Overall policy on human capital

The Sac's Bar Group views employees as the most important form of the company's capital and is committed to a Human Capital Strategy that maximizes their skills and abilities to promote the sustainable growth of the organization.

Promotion of women's leadership

We are working to ensure that the views of women are reflected within the organization by actively supporting women and encouraging them to assume leadership positions.



Improvement of working environment

We recognize improving the work environment as a future issue, including flexible working hours and reducing overtime, and are actively working to address these concerns.

Reform of personnel evaluation system

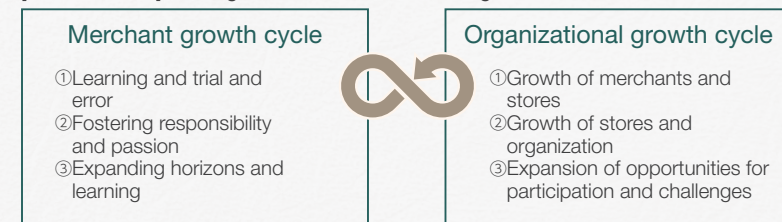
We improve employee satisfaction by appropriately evaluating the abilities and performance of employees to help the organization to achieve its goals and grow.



Provision of opportunities for personal growth

We believe that personal growth leads to organizational growth, and we are actively building the environment in which employees can grow, including the provision of learning opportunities and support for the acquisition of qualifications.

[Main activities] Holding a merchant school, training of leather care masters



Building an organizational culture

We are building a sound organization by creating an environment where all employees can work in good health and with peace of mind.

- ▶ Implementation of training for store managers and management, as well as harassment prevention (FY2023: 19 sessions, 208 participants)
- ▶ Plans to provide more training materials and sessions by the Compliance and Risk Management Office established in February 2024
- ▶ Regularly held Compliance Committee meetings to promote awareness of legal compliance

Indicators and targets (Sac's Bar Holdings + Tokyo Derica)



Climate Change Action and TCFD Compliant Information Disclosure

The Sac's Bar Group is taking steps to address climate change in accordance with the TCFD recommendations in recognition of the impact of climate change on the sustainable growth of its business.

In FY2022, we conducted a study of the risks and opportunities resulting from climate change for our bag and miscellaneous goods retail sales business. We will continue this study and work towards appropriate information disclosure going forward.

Governance

In recognition of the impact of climate change on the sustainable growth of its business, the company follows the TCFD recommendations and has established a Climate Change Working Group under the Sustainability Committee to identify and evaluate climate-related risks and opportunities and consider responses to them.

The Climate Change Working Group reviews climate-related risks and opportunities every year and reports to the Sustainability Committee. For highly significant risks and opportunities, reports are made to the Board of Directors through the Director in charge of Sustainability, and the Board of Directors discusses and approves the report.

Strategies

For our main business segment, our bag and miscellaneous goods retail sales business, we have identified risks and opportunities and considered necessary responses based on the scenarios we have considered.

	Scenario	Potential impact	Approach and response
Transition risk	Introduction of environmental regulations for petroleum-based products	Increase in procurement costs due to a shift to alternative materials	Development of products with a low environmental impact by reconsidering raw materials
	Changing demands from developers	Calls for sales of products with a low environmental impact	Development of environmentally friendly products by reconsidering raw materials and processes
Physical risk	Increased frequency and scale of weather disasters	Supply disruptions due to supplier hit by disaster	Taking inventory of risks in the supply chain and setting up responses
	Changes in climate patterns (average temperatures, rainfall, etc.)	Increase in procurement costs for raw materials such as leather	Development of products with a low environmental impact by reconsidering raw materials
Opportunities	Changing demands from developers	Increase in requests for opening stores that sell products with a low environmental impact	Development of environmentally friendly products by reconsidering raw materials and processes
	Changing consumer preferences	New demand driven by the sale of environmentally friendly products	Development of environmentally friendly products by reconsidering raw materials and processes

Risk management

The Climate Change Working Group evaluates climate-related risks and opportunities and rank their importance according to likelihood, impact, and available response measures, among other factors.

In the evaluation process, we refer to various scenarios from organizations such as the IEA and IPCC and conduct interviews with relevant departments as needed, and the assessments are reviewed and revised annually. Furthermore, we develop response measures for the risks and opportunities and monitor the progress of these measures using established indicators.

Based on the evaluation by the Climate Change Working Group, the Sustainability Committee integrates the management of climate-related risks with the company's other risks. For highly significant climate-related risks and opportunities, reports are made to the Board of Directors through the Director in charge of Sustainability.

Indicators and targets

▶ Please refer to the website for details

The Sac's Bar Group aims to reduce the Scope 2 emissions of Tokyo Derica, which accounted for approximately 95% of the Group's total emissions in FY2019, by 47% by FY2030 compared to FY2019 levels, through energy-saving measures such as switching to LED lighting in stores.

Unit: t-CO2		FY2019	FY2020	FY2021	FY2022	FY2023
Scope1	Emissions from fuel consumption	137	125	128	132	161
	Emissions from use of electricity	7,024	5,996	5,969	6,257	5,774
Scope2	Emissions from use of air conditioning	2,208	2,693	3,212	3,293	3,276
	Subtotal	9,232	8,689	9,181	9,551	9,050
Total ¹		9,370	8,814 ²	9,309	9,683 ³	9,211

*1: Consolidated GHG emissions for the Group are shown.

*2: In FY2020, emissions are lower as a result of the suspension of store operations due to the coronavirus pandemic.

*3: In FY2022, emissions increased due to gradual normalization from the coronavirus pandemic.



IV. CORPORATE GOVERNANCE

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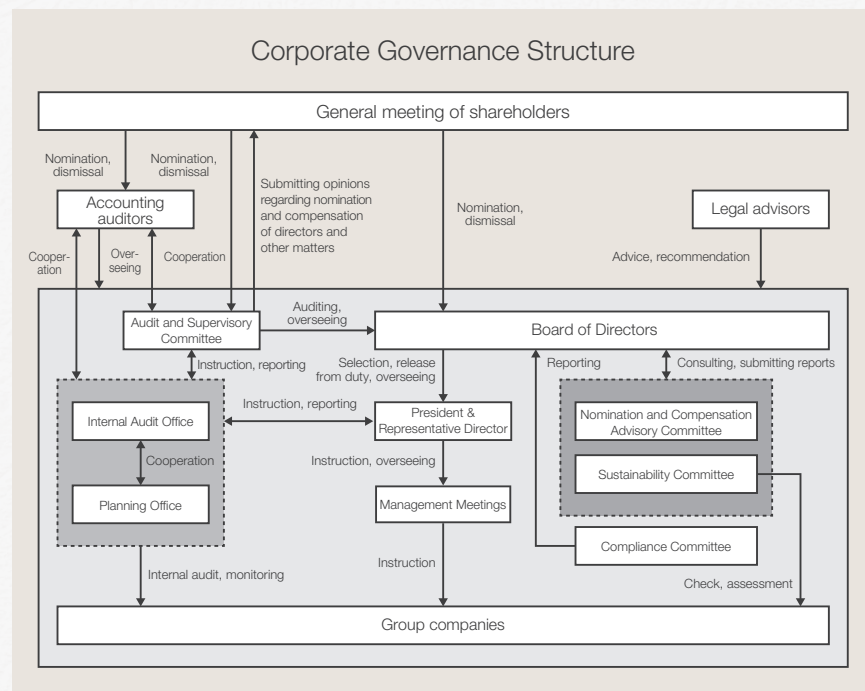
Corporate Governance Structure

In conducting our business activities, our slogan is "Creating inspiring moments", and our mission is to give all of our customers an inspiring purchasing experience.

In order to achieve our mission, it is important to gain the trust of our stakeholders, and we regard further strengthening our corporate governance as an important management issue.

Our Fundamental Stance

We believe that maintaining mechanisms for an organizational structure and an internal control structure that allow us to work towards ensuring sustainable growth as a company, expanding profit, maintaining sound, transparent and swift management, ensuring thoroughness with regard to compliance and establishing corporate ethics is incredibly important in fulfilling our social responsibility as a corporation towards our stock holders, customers, employees and business partners.



Corporate Governance Structure Overview

Our company adapts an audit and supervisory committee.

Main Organization	Role
Board of Directors	Our Board of Directors is comprised of 11 people, with eight (two of whom are external directors) directors (excluding those acting as auditors and supervisors) and three directors (two of whom are external directors) acting as auditors and supervisors, with the president and representative director as the chairperson. The Board of Directors meets once a month in principle, with extraordinary meetings convened if required. In addition to holding deliberations and making decisions on management policies and other important matters, they supervise the carrying out of directorial duties. Directors serve for one year while directors acting as auditors and supervisors serve for two years to clarify the management responsibilities of directors.
Audit and Supervisory Committee	The Audit and Supervisory Committee is comprised of three directors acting as auditors and supervisors (two of whom are external directors). By converting to an Audit and Supervisory Committee, we are reinforcing supervision of the Board of Directors and further enhancing the system we have to monitor the fulfillment of directorial duties.
Management Meetings	This business year's management meetings see them held once a month in principle, with each director, department manager, headquarters staff and full-time audit and supervisory members in attendance. In addition to deliberating and deciding on important implementation policies and management measures, status reports are made by each department, opinions are exchanged on said status reports and work is done towards the internal sharing of the latest company information and increasing of problem awareness.
Accounting Auditors	We have entered into a contract with KPMG AZSA LLC to have them audit our accounting.
Nomination and Compensation Advisory Committee	The Nomination and Compensation Advisory Committee, formed in December 2023, is a three-member committee comprised of the president and representative director as the head of the committee and the two independent external directors who act as audit and supervisory members. At the general meeting of stockholders that took place in June 2024, they reported on the advice of the Board of Directors with regard to the selection of directors (excluding those acting as auditors and supervisors).
Sustainability Committee	To ensure further promotion of sustainability, we have established a Sustainability Committee with the director responsible for sustainability promotion as the head of the committee. Discussions are held at least twice a year on sustainability issues overall, in addition to those issues related to the climate. The results of these discussions by the Sustainability Committee are reported to and deliberated on by the Board of Directors via the responsible director at least twice a year.
Compliance Committee	In February 2024, a Compliance Committee chaired by president and representative director was established. It works to instill across the group a corporate culture that has a focus on compliance while deliberating with the goal of maintaining a risk management system, complying with relevant laws and regulations and ensuring corporate ethics.

Officer Compensation

We have designed an officer compensation system that has a basic policy of making medium- to long-term contributions to the improvement of our corporate value and that is based on our fundamental stance towards Corporate Governance.

Officer Compensation System Overview

Our officer compensation system is comprised of fixed compensation, performance-based compensation and retirement allowances, and the overview is as follows.

Our policy is to provide an optimal fixed compensation and performance-based compensation (bonus) payment ratio to ensure that medium- to long-term contributions to the improvement of our corporate value are made.

	Overview
Fixed Compensation	Decided based on the managerial title and grade of the director
Performance-based Compensation	Comprehensively decided according to the degree of achievement against the planned sales and operating profit, with consideration also given to the financial climate and the wage level of employees
Retirement Allowance	Decided in line with the standards in our "Internal Regulations for Officer Retirement Allowances" and within the range established with consideration given to things such as term in office and that is agreed upon at the general meeting of stockholders

Officer Compensation Determination Process^{*1}

Regarding decisions made on the details of compensation for individual directors (excluding those acting as auditors and supervisors), they are left to the discretion of President and Representative Director Takeshi Kiyama within the scope of the compensation amount limit decided on for the relevant director at the general meeting of stockholders. The Board of Directors can consult separately with the external directors and receives a report to ensure that the relevant powers of the president and representative director are being suitably exercised.

Regarding decisions made on the details of compensation for individual directors acting as auditors and supervisors, they will be made through negotiations with directors acting as auditors and supervisors with consideration given to the role and duties of the relevant director and within the scope of the compensation amount limit decided on at the general meeting of stockholders.

Officer Compensation Amount (FY2023)^{*2}

	Total Amount of Compensation, etc. (Million Yen)	Total Amount of Compensation, etc. by Classification (Million Yen)			No. of Eligible Officers
		Fixed Compensation	Performance-based Compensation	Retirement Allowance	
Directors (excluding those acting as auditors and supervisors and external directors)	90	64	21	4	4
Audit and Supervisory Committee Members (excluding external directors)	5	4	—	0	1
Auditors (excluding external directors)	1	1	—	0	1
External Directors	10	10	—	—	7

^{*1}: Our company established the Nomination and Compensation Advisory Committee in December 2023, and future decisions will be made after consulting with said committee and with the highest regard given to the responses we receive.

^{*2}: On June 27, 2023, we transitioned from a company with board of company auditors to a company with an audit and supervisory committee.

The number of external executives shows the total number of external directors (excluding those acting as auditors and supervisors), external directors acting as auditors and supervisors and external auditors.

Regarding directors (excluding those acting as auditors and supervisors and external directors), the number of eligible executives does not include those executives receiving officer compensation from our subsidiary Tokyo Derica Co., Ltd.

Internal Controls

In June 2005, we established and implemented our Fundamental Compliance Policy and through this policy, we are working to enrich our internal controls system by ensuring thorough observance with laws, regulations and articles of association by both directors and employees and by engaging in the reinforcement of our risk management system.

State of Internal Controls System

In June 2005, we established and implemented our Fundamental Compliance Policy, and then, at a February 2024 meeting of the Board of Directors, we launched the Compliance Committee with the aim of reinforcing compliance in the Sac's Bar Group. Through this policy, we are working to enrich our internal controls system by ensuring thorough observance with laws, regulations and articles of association by both directors and employees and by engaging in the reinforcement of our risk management system. Further, we set up an internal system for the disclosure of information to stock holders and investors and are working towards increasing the transparency of our management through the timely and accurate disclosure of financial reports and other information.

Further, we decree that we will have no relationship with the antisocial forces that represent a threat to the order and safety of civic society, that we will steadfastly refuse unreasonable and illegal demands from antisocial forces, and that we will conduct no business with corporations, organizations or individuals that have any association with these antisocial forces.

Risk Management System

We established our Crisis Control Regulations in 2005 and have constructed a crisis control system under the president and representative director as a countermeasure in the event of the company facing a crisis.

Primary Initiatives

(1) Holding of the Information Committee

The Information Committee is comprised of the heads of each department and has the representative director as the highest ranking person. The committee is led by senior officer in charge of information management and meets twice a month in principle.

(2) Establishment of Internal Audit Office

We have the Internal Audit Office as a body under the direct control of the president and representative director for the purpose of internal auditing. It is a system we have constructed to allow for the rapid reporting to the Board of Directors and the Audit and Supervisory Committee of risks related to loss and the potential scale of said loss in the event that something that could pose said risk due to violations of laws, regulations, articles of association, or any other reason, is discovered in the carrying out of business.

Observance of Compliance

Our Fundamental Compliance Policy serves as a guide to reinforce compliance.

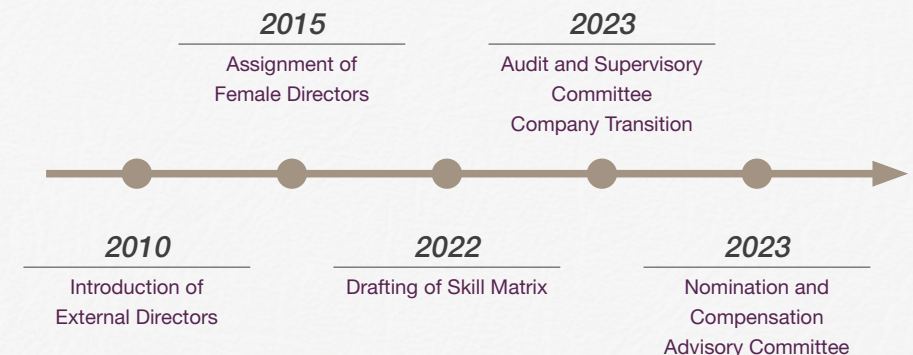
Primary Initiatives

Establishment of Compliance and Risk Management Office

We established the Compliance and Risk Management Office in February 2024. It oversees compliance initiatives and provide training in compliance to employees. It also works in coordination with the monitoring functions of the Internal Audit Office.

Development in Governance Reinforcement

We are working to strengthen corporate governance aimed at reinforcing the supervisory functions of the Board of Directors and ensuring diversity by increasing the number of external directors, appointing female directors, drafting a skill matrix and establishing a Nomination and Compensation Advisory Committee.



Our Officers

Directors (excluding those acting as auditors and supervisors)



Shigetoshi Kiyama
Chairman & Representative Director

1969	March	Joined Maruni Shokai L.P. (Sac's Bar's predecessor)
1974	August	Sac's Bar Founding President & Representative Director
2012	June	Sac's Bar Chairman & Representative Director (current position)
2014	May	Tokyo Derica Co., Ltd. Chairman & Representative Director (current position)
2015	January	Carnival Company Co., Ltd. Auditor

Reason for Assignment

He is deemed suitable for supervising the group as a whole with the abundant experience and knowledge he has garnered from many years at our company as a manager. Board of Directors Attendance (FY2023): Fifteen times out of eighteen



Takeshi Kiyama
President & Representative Director

1990	April	Joined Sac's Bar
1998	April	Sac's Bar 3rd Sales Dept. Manager
1999	June	Sac's Bar Director
2007	June	Sac's Bar Executive Director
2010	March	Sac's Bar 3rd Merchandise Dept. Manager
2012	June	Sac's Bar President & Representative Director (current position)
2012	October	Aishin Tsusho Co., Ltd. Director (current position)
2012	October	Lojel Japan Co., Ltd. Director (current position)
2014	May	Tokyo Derica Co., Ltd. President & Representative Director (current position)
2015	January	Carnival Company Co., Ltd. Director
2019	July	Sankodo Co., Ltd. Representative Director (current position)
2022	October	Gear's Jam Co., Ltd. Representative Director
2023	February	Gear's Jam Co., Ltd. President & Representative Director (current position)

Reason for Assignment

He is deemed suitable for supervising the group as a whole while working to realize strategies aimed at the growth of our business and improvement to our results as a manager of the Sac's Bar Group. Board of Directors Attendance (FY2023): Eighteen times out of eighteen



Haru Yamada
Executive Director

1983	March	Joined Sac's Bar
1988	December	Sac's Bar President's Office Manager
1992	April	Sac's Bar Management Dept. Manager (current position)
1992	June	Sac's Bar Director
2004	June	Sac's Bar Executive Director (current position)
2014	May	Tokyo Derica Co., Ltd. Director (current position)
2015	January	Carnival Company Co., Ltd. Representative Director
2019	June	Aishin Tsusho Co., Ltd. Director (current position)
2019	June	Lojel Japan Co., Ltd. Director (current position)
2019	July	Sankodo Co., Ltd. Auditor (current position)
2022	October	Gear's Jam Co., Ltd. Director (current position)

Reason for Assignment

He is deemed suitable for supervising the business he is responsible for while ensuring that it progresses smoothly with the abundant experience and knowledge he has garnered from many years at our company and being involved with overall administration and management in the Sac's Bar Group. Board of Directors Attendance (FY2023): Eighteen times out of eighteen



Sumio Tamura
Director

1980	March	Joined Sac's Bar
1991	May	Sac's Bar Personnel Dept. Manager
2009	April	Sac's Bar General Affairs Dept. Manager (current position)
2015	June	Tokyo Derica Co., Ltd. Director (current position)
2015	June	Sac's Bar Director (current position)

Reason for Assignment

He is deemed suitable for supervising the business he is responsible for while ensuring that it progresses smoothly with the abundant experience and knowledge he has garnered from many years at our company and being involved with overall human resources and general affairs in the Sac's Bar Group. Board of Directors Attendance (FY2023): Eighteen times out of eighteen

Our Officers

Directors (excluding those acting as auditors and supervisors)



Yasuhiro Kojima
Director

1995	November	Joined Sac's Bar
2012	May	Sac's Bar 3rd Sales Dept. Manager
2014	April	Sac's Bar 2nd Sales Dept Manager and 3rd Merchandise Dept. Manager
2014	May	Tokyo Derica Co., Ltd. 2nd Sales Dept Manager and 3rd Merchandise Dept. Manager
2015	May	General Sales Manager of the Metropolitan Area
2015	June	Tokyo Derica Co., Ltd. Director (current position)
2015	June	Sac's Bar Director (current position)
2019	June	Tokyo Derica Co., Ltd. Eastern Japan Supervisory Dept. Manager and Merchandise Dept. Supervisory Dept. Manager (current position)

Reason for Assignment

He is deemed suitable for supervising the business he is responsible for while ensuring that it progresses smoothly with the abundant experience and knowledge he has garnered from many years at our company and being involved with overall management in the Sac's Bar Group. Board of Directors Attendance (FY2023): Eighteen times out of eighteen



Hiroyasu Tashiro
Director

1997	July	Joined Sac's Bar
2012	May	Sac's Bar 5th Sales Dept. Manager
2014	October	Tokyo Derica Co., Ltd. 5th Sales Dept. Manager (current position)
2019	June	Tokyo Derica Co., Ltd. Director Western Japan Supervisory Dept. Manager (current position)
2019	June	Sac's Bar Director (current position)

Reason for Assignment

He is deemed suitable for supervising the business he is responsible for while ensuring that it progresses smoothly with the abundant experience and knowledge he has garnered from many years at our company and being involved with overall management in the Sac's Bar Group. Board of Directors Attendance (FY2023): Fifteen times out of eighteen



Fumio Maruyama
External Director

1977	April	Joined Amano Foods Co., Ltd.
1983	August	Joined National Taxation and Accounting Study Group
1985	May	Registered as Certified Tax Accountant
1985	November	Fumio Maruyama Certified Tax Accountant Office Director (current position)
2010	June	Sac's Bar Director (current position)

Reason for Assignment and Anticipated Role

He is deemed capable of providing us with suitable opinions from an objective perspective related to the execution of our business with the specialized knowledge and practical experience she has garnered from her many years as a consultant in the bag and pouch industry. Board of Directors Attendance (FY2023): Eighteen times out of eighteen



Setsuko Karibe
External Director

1974	January	Joined Maruni Shokai L.P. (Sac's Bar's predecessor)
1985	May	Left Tokyo Derica Co., Ltd. (now Sac's Bar)
1989	October	Setsu Planning Chair (current position)
2015	June	Sac's Bar Director (current position)

Reason for Assignment and Anticipated Role

She is deemed capable of providing us with suitable opinions from an objective perspective related to the execution of our business with the specialized knowledge and practical experience she has garnered from her many years as a consultant in the bag and pouch industry. Board of Directors Attendance (FY2023): Eighteen times out of eighteen

Our Officers

Directors (Auditors and Supervisors)



Tsuyoshi Shimamura
(Fulltime)

1979	March	Joined Sac's Bar
2011	November	Sac's Bar 1st Sales Dept. Deputy Manager
2012	May	Sac's Bar 1st Sales Dept. Manager
2021	June	Sac's Bar Fulltime Auditor
2021	June	Tokyo Derica Co., Ltd. Auditor Appointment (current position)
2021	June	Aishin Tsusho Co., Ltd. Auditor Appointment (current position)
2021	June	Lojel Japan Co., Ltd. Auditor Appointment (current position)
2023	June	Sac's Bar Director (Fulltime Auditor and Supervisor) Appointment (current position)

Reason for Assignment

He is deemed capable of suitably auditing and supervising management level decision making and carrying out of duties at our company with the abundant experience and knowledge he has garnered from many years at our company and being involved with overall management the Sac's Bar Group.
Board of Directors Attendance (FY2023): Eighteen times out of eighteen



Yasuhiko Endo
External Director

1980	April	Joined New Japan Securities Co., Ltd. (currently Mizuho Securities Co., Ltd.)
2001	May	Shinko Securities Co., Ltd. (currently Mizuho Securities Co., Ltd.) Kumamoto Branch Manager
2009	May	Mizuho Securities Co., Ltd. Executive Officer in Charge of Investment Bank Group
2011	April	Mizuho Securities Co., Ltd. Executive Officer in Charge of Investment Bank Group and Corporate Promotion Group
2012	May	Mizuho Securities Co., Ltd. Research and Consulting (currently Japan Investor Relations and Investor Support, Inc.) Director, Senior Executive Officer
2018	June	Hirata Corporation Auditor
2020	June	Estelle Holdings Co., Ltd. Auditor (current position)
2022	June	Sac's Bar Auditor
2023	June	Estelle Holdings Co., Ltd. Director (Auditor and Supervisor) Appointment (current position)
2023	June	Hirata Corporation Audit and Supervisory Director (current position)

Reason for Assignment

With his Certified Fraud Examiner (CFE) certification, specialized knowledge, and abundant experience and insight related to stocks and management, we expect him to play a role in reinforcing our management system via auditing and supervision through his objective perspective from an independent position.
Board of Directors Attendance (FY2023): Eighteen times out of eighteen



Jun Mizuno
External Director

1983	April	Joined Suzutan Co., Ltd.
1986	September	Joined Passport, Ltd.
1987	April	Passport Life Director
1988	November	Passport, Ltd. Director
2000	May	Passport, Ltd. Representative Director
2002	May	Passport, Ltd. President & Representative Director
2004	October	SPL President & Representative Director
2017	October	Passport Life Representative Director (current position)
2022	June	Sac's Bar Director
2023	June	Estelle Holdings Co., Ltd. Director (Auditor and Supervisor) Appointment (current position)

Reason for Assignment

By utilizing the abundant experience and broad insight he has garnered from many years as an enterprise manager, we expect him to make contributions to the auditing and supervision of our management system with advice and guidance related to management, and with appropriate supervision from an objective perspective.
Board of Directors Attendance (FY2023): Eighteen times out of eighteen

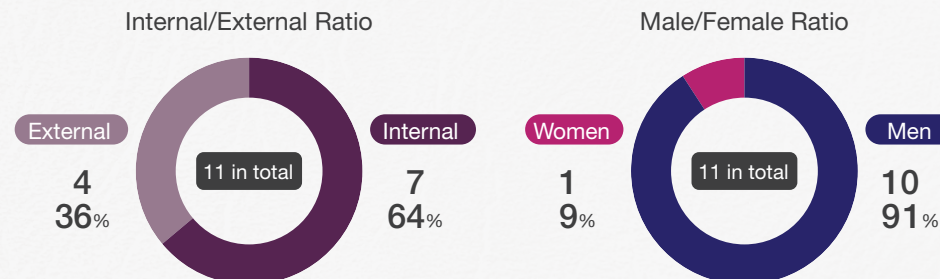
Skill Matrix/Officer Composition

The Board of Directors at the Sac's Bar Group places a great deal of importance on diversity and expertise, and is comprised of members who have a great deal of experience and knowledge in their respective fields.

Reason for Skill Selection

We held discussions and took stock of what sort of skills would be necessary towards the realization of our vision. The Board of Directors believes that, in addition to exercising supervisory functions in management, knowledge, experience and ability related to a broad range of fields is also necessary.

Composition of Directors / Auditors (as of July 1, 2024)



Skill Matrix

	Internal / External	Name	Company management	Sales Marketing	Product Strategies	Global	IT DX	HR / Labor Laws / Risk management	Finance / Accounting / Banking
Directors (excluding those acting as auditors and supervisors)	Internal	Shigetoshi Kiyama	○	○	○	-	-	-	-
		Takeshi Kiyama	○	○	○	○	○	-	-
		Haru Yamada	○	○	○	-	○	○	-
		Sumio Tamura	-	-	-	-	○	○	-
		Yasuhiro Kojima	-	○	○	-	○	-	-
		Hiroyasu Tashiro	-	○	○	-	-	-	-
	External	Fumio Maruyama	-	-	-	-	-	-	○
		Setsuko Karibe	-	○	○	-	-	-	-
Directors (Audit and Supervisory Committee Members)	Internal	Tsuyoshi Shimamura	-	○	○	-	-	-	-
	External	Yasuhiko Endo	○	-	-	-	-	○	○
		Jun Mizuno	○	○	○	-	-	-	-

*The above is not a comprehensive list of the knowledge held by our directors and auditors.

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Main Financial Data (Consolidated)

Term Fiscal year	42nd FY2014	43rd FY2015	44th FY2016	45th FY2017	46th FY2018	47th FY2019	48th FY2020	49th FY2021	50th FY2022	51st FY2023
Sales (million yen)	53,434	56,963	56,747	55,756	55,774	52,523	34,836	36,798	47,236	52,093
Operating profit (million yen)	4,700	4,765	4,465	3,800	3,723	2,670	(2,036)	(903)	2,484	3,764
Ordinary profit (million yen)	4,716	4,844	4,526	3,860	3,775	2,762	(1,839)	(776)	2,666	3,848
Net profit margin for that belonging to the parent company stockholders for the year (million yen)	2,762	2,982	2,658	2,221	2,177	1,668	(1,847)	(888)	1,291	2,487
Net profit per year for the year (Yen)	94.83	101.24	90.25	75.40	73.93	57.05	(63.57)	(30.56)	44.44	85.59
Net profit margin for owned capital for the year (%)	13.4	12.9	10.5	8.2	7.7	5.7	(6.6)	(3.4)	5.1	9.3
Gross asset ordinary profit margin (%)	14.3	13.5	11.9	9.8	9.2	6.8	(4.7)	(2.1)	6.9	9.8
Sales operating profit margin (%)	8.8	8.4	7.9	6.8	6.7	5.1	(5.8)	(2.5)	5.3	7.2
Gross assets (million yen)	34,377	37,234	38,671	40,114	41,541	40,108	37,505	38,115	39,142	39,385
Net assets (million yen)	21,915	24,209	26,235	27,634	29,070	29,240	26,514	25,098	25,918	27,826
Percentage of capital owned (%)	63.8	65.0	67.8	68.9	70.0	72.9	70.7	65.8	66.2	70.7
Net assets per share (yen)	752.42	821.83	890.60	938.13	986.88	1,000.11	912.52	863.78	892.02	957.66
Cash flow via operational activities (million yen)	2,656	2,048	3,002	2,568	3,451	2,693	(1,173)	713	3,461	4,949
Cash flow via investment activities (million yen)	(1,498)	(3,140)	(1,312)	(939)	(2,452)	(1,179)	(774)	(391)	(484)	(489)
Cash flow via financial activities (million yen)	(1,268)	(977)	(1,282)	(1,226)	(1,391)	(1,783)	(176)	998	(2,987)	(2,728)
Final balance of cash and cash equivalents (Million yen)	5,104	3,034	3,440	3,846	3,485	3,216	1,092	2,416	2,406	4,139
Employees *not incl. part-time employees	444	454	471	491	524	567	578	555	572	572

ESG Data

ESG Themes	Category	ESG Classification	Unit		FY2021	FY2022	FY2023
E (Environment)	Energy	GHG emissions (group consolidated stores)	t-CO2	Scope1	128	132	161
				Scope2	9,181	9,551	9,050
S (Society)	Employment	No. of employees (all employees / excluding officers)	People	Men	367	359	359
				Women	1,709	1,675	1,666
				Total	2,076	2,034	2,025
		No. of employees by employment status (excluding officers)	People	Full-time employees	463	460	478
				Non-regular employees	1,613	1,574	1,547
				Total	2,076	2,034	2,025
		Regular/Non-regular employee ratio	%	Full-time employees	22.3	22.6	23.6
				Non-regular employees	77.7	77.4	76.4
		Promotion of non-regular employees to regular employees	People		0	30	39
		Average no. of years worked (full-time employees)	years	Men	14.1	15.2	15.7
				Women	10.7	10.8	10.6
		Average annual salary (full-time employees)	thousand yen		4,050	4,445	5,153
		Gender pay gap	%	All employees	—	83.6	82.7
				Regular employees	—	78.7	77.4
				Non-regular employees	—	95.7	96.5
		Average age (full-time employees)	years	Men	41.4	42.5	43.2
				Women	44.3	44.8	45.2
		No. of turnovers and turnovers for personal circumstances (full-time employees)	People	No. of turnovers	18	31	22
				Personal circumstances	16	27	22
		Turnover rate (full-time employees)	%		3.8	6.7	4.5

*Excluding the GHG emissions, the values were calculated using Sac's Bar stores and the stores of our main subsidiary Tokyo Derica Co., Ltd.

ESG Data

ESG Themes	Category	ESG Classification	Unit		FY2021	FY2022	FY2023
S (Society)	Occupational safety and health	Total working hours (full-time employees)	hours	Yearly average	2,092	2,137	2,197
		Average overtime (full-time employees)	hours	Monthly average	10.8	14.3	14.3
		Ratio of those who have undergone health examinations, health screenings	%		43.4	42.3	85.8
	Diversity and Equal Opportunities	No. of female employees who used childcare leave	People		—	41	30
		Ratio of female employees who used childcare leave	%		—	100.0	100.0
		No. of male employees who used childcare leave	People		—	2	Not applicable
		Ratio of male employees who used childcare leave	%		—	33.3	Not applicable
		Ratio of female employees (Full-time employees)	%		46.0	47.5	49.6
		Ratio of female management positions	%		12.3	12.0	12.0
		Ratio of female officers	%		8.3	9.1	9.1
		No. of employees with disabilities	People		52	48	50
		Ratio of employees with disabilities	%		2.26	2.25	2.30
G (Governance)	Governance	No. of the Board of Directors meeting	time (s)		11	15	18
		Board of Directors attendance rate	%		97.5	97.7	96.9
		No. of directors	People		9	9	11
		No. of directors acting as auditors and supervisors	People		3	3	3
		No. of external directors	People		3	3	4
		Ratio of external directors	%		33.3	33.3	36.4
		Ratio of female external directors	%		33.3	33.3	25
		No. of Sustainability Committee meetings	time (s)		—	1	3
		No. of Compliance Committee meetings	time (s)		—	—	1
		No. of reports made using internal reporting system	No.		7	12	11

*The values were calculated using Sac's Bar stores and the stores of our subsidiary Tokyo Derica Co., Ltd.

Company Overview/Stock Information

Company Overview

Company name (Trade name)	Sac's Bar Holdings Inc. SAC'S BAR HOLDINGS INC.
Establishment	August 1, 1974
Capital	2.9864 billion yen
Business lines	Business and property management of Group companies
Financing banks	Sumitomo Mitsui Banking Corporation, The Bank of Mitsubishi UFJ, Ltd., The Chiba Bank, Ltd., and others
Managing underwriters	Mizuho Securities Co., Ltd. and Nomura Securities Co., Ltd.
Employees	Employees: 2,025 (including 478 full-time employees) (HD and Tokyo Derica) *As of March 31, 2024
Address	The third Derica Bldg., 1-48-14, Shin-koiwa, Katsushika-ku, Tokyo, 124-8558 Phone: 03-3654-5315 (Main) Fax: 03-3654-5061

Company Overview

Company name	Capital (stake)	Main business lines
Tokyo Derica Co., Ltd.	10 million yen (100%)	Retail sale of bags, pouches and wallets, and miscellaneous goods
Aishin Tsusho Co., Ltd.	40 million yen (100%)	Planning and manufacture of men's bags and travel bags
Lojel Japan Co., Ltd.	40 million yen (100%)	Wholesale of men's bags and travel bags
Sankodo Co., Ltd. (Hinomoto Hanpu)	3 million yen (100%)	Planning, manufacture and sale of canvas bags and small items
Gear's Jam Co., Ltd.	6 million yen (100%)	Retail sale of men's bags, wallets, and miscellaneous goods

Status of Shares (as of March 31 2024)

Listing market	Listed on Tokyo Stock Exchange Prime Market
Securities Code	9990
Total no. of authorized shares	31,200,000 shares
Total no. of issue shares	29,056,186 shares (excluding the 803,714 treasury shares)
No. of shareholders	11,258

Major shareholders (top 10 companies)

Shareholder name	No. of shares held	Shareholding ratio (%)
D&K	5,733,733	19.7
The Master Trust Bank of Japan, Ltd. (trust)	2,495,000	8.6
MK Industries	2,005,067	6.9
Custody Bank of Japan, Ltd. (trust)	1,933,600	6.7
Sumitomo Mitsui Banking Corporation	1,047,000	3.6
Sac's Bar client share ownership	898,200	3.1
Shigetoshi Kiyama	761,200	2.6
Akie Kiyama	741,700	2.6
Sac's Bar employee stock ownership	594,706	2.0
Takeshi Kiyama	550,800	1.9

