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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

November 1, 2024

Company name: SAC'S BAR HOLDINGS INC.

Listing: Tokyo

Securities code: 9990

URL: <http://www.sacs-bar.co.jp>

Representative: Takeshi Kiyama, President and Representative Director

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Scheduled date to file semi-annual securities report: November 12, 2024

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	25,514	1.3	1,911	9.9	1,949	9.4	1,231	7.1
September 30, 2023	25,191	19.8	1,739	229.4	1,781	186.1	1,150	235.3

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 1,231 million [7.0%]
Six months ended September 30, 2023: ¥ 1,150 million [258.1%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	42.40	-
September 30, 2023	39.60	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	38,833	28,185	72.6
March 31, 2024	39,385	27,826	70.7

(Reference) Equity: As of September 30, 2024: ¥ 28,185 million
As of March 31, 2024: ¥ 27,826 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	0.00	-	30.00	30.00
Fiscal year ending March 31, 2025	-	0.00			
Fiscal year ending March 31, 2025 (Forecast)			-	30.00	30.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	53,654	3.0	4,056	7.8	4,128	7.3	2,455	(1.3)	84.52

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2024: 29,859,900 shares

March 31, 2024: 29,859,900 shares

2) Number of treasury shares at the end of the period:

September 30, 2024: 803,764 shares

March 31, 2024: 803,714 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024: 29,056,143 shares

Six months ended September 30, 2023: 29,056,326 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Explanations concerning the appropriate usage of the earnings forecast and other notes

(Notes to statements concerning future events)

The earnings forecast and other statements concerning future events contained in this document are estimates based on information and data currently available to us and assumptions considered to be reasonable. We, however, cannot assure that such forecast and statements will be achieved. The actual earnings and other results may differ significantly due to several reasons. For more information concerning the assumptions on which the earnings forecast was based, as well as appropriate usage of the earnings forecast, please see “1. Outline of Business Performance, (3) Forward-Looking Statements Including Forecasts of Future Consolidated Results” on Page 3 of the accompanying document.

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

We will hold a results briefing meeting for institutional investors and analysts on Wednesday, November 20, 2024. Any documents distributed at this meeting will become available on our website immediately after the meeting.

1. Outline of Business Performance

(1) Outline of operating results for the interim period

During the current interim consolidated accounting period, the Japanese economy continued a trend of gradual recovery with the recovery in corporate profits as well as employment and income. The recovery of demand from inbound tourists was another factor contributing to the economic recovery. Yet, due to the continued price increases, including increases in material prices and energy costs that resulted from the weak yen, the prolonged Ukraine and Middle East situations, the deceleration of the Chinese economy and other such factors, the future economy continued to be uncertain.

As for the retail industry, some expensive goods sold well, and the demand from inbound tourists was high. The rapid price increases, however, surpassed wage increases, and real wages decreased. Consumers were more careful in spending money, being more budget-minded and seeking lower-priced goods. In addition, labor and physical distribution costs increased. The business environment continued to be harsh.

Our net sales during the current consolidated cumulative second quarter were JPY 25,514 million, an increase of 1.3 percent from the same period in the previous fiscal year. Our operating income was JPY 1,911 million, an increase of 9.9 percent from the same period in the previous fiscal year. Our ordinary income was JPY 1,949 million, an increase of 9.4 percent from the same period in the previous fiscal year. Our quarterly net income attributable to owners of the parent company was JPY 1,231 million, an increase of 7.1 percent from the same period in the previous fiscal year.

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

Our performance with respect to each business division is stated below. Figures after deleting transactions within each division, but before deleting transactions between divisions, are stated.

<Retail and Other Businesses>

For our retail business, we opened nine new stores and closed fifteen stores. Therefore, as of the end of the current consolidated second quarter, we had 580 stores in total.

By the end of the current consolidated cumulative first quarter, the number of our stores decreased by 16 compared to the end of the same period in the previous fiscal year. Our same-store sales, however, showed a steady increase of 3.3 percent compared to the previous period. The sales of stores newly opened since the consolidated cumulative third quarter in the previous fiscal year are now included in our sales, and our net sales from the retail business were JPY 23,504 million, an increase of 1.3 percent from the same period in the previous fiscal year. We have expanded our private brand (PB) and national private brand (NPB) product lines for both men's and women's products and also strengthened our sales work for such products. With these, the sales of these products increased by 17.4 percent compared to the same period in the previous fiscal year. For casual bags, the prices of products sold increased, and the sales increased by 4.7 percent compared to the same period in the previous fiscal year. For miscellaneous goods, the sales of accessories were slightly lower. We have, however, strengthened our sales work for

umbrellas and products collaborating with popular characters, and the sales of miscellaneous goods increased by 7.1 percent compared to the same period in the previous fiscal year. For wallets, the number of products sold decreased, and the sales of wallets decreased by 2.9 percent compared to the same period in the previous fiscal year. The sales of men's bags, the prices of products sold increased, and the sales increased by 2.5 percent compared to the same period in the previous fiscal year. The sales of travel bags decreased by 6.2 percent compared to the same period in the previous fiscal year due to the significant increase of travel bag sales in the same period in the previous fiscal year, when the impact of the COVID-19 pandemic decreased and the demand for travel-related goods increased significantly. For handbags, the number of products sold decreased significantly, and the sales of handbags decreased by 15.9 percent compared to the same period in the previous fiscal year. For imported bags, we imported significantly fewer products due to the weak yen, and the sales decreased by 19.8 percent compared to the same period in the previous fiscal year.

The ratio of gross profit to net sales for the current interim consolidated accounting period increased by 0.1 percent to 50.4 percent. In the same period in the previous fiscal year, the prices of men's bags, wallets and other inventory goods were revised and raised, resulting in the increase of the ratio of gross profit to net sales. Even compared to this increased ratio, the ratio for the current period was higher because we worked to increase the sales of high-margin PB and NPB products in the current period. With the impact of aggressively closing unprofitable stores and other factors, the ratio of selling, general and administrative expenses decreased by 0.5 percent to 43.4 percent compared to the same period in the previous fiscal year.

<Manufacturing, Wholesaling Businesses>

For our manufacturing and wholesale business, the sales growth in the consolidated cumulative first quarter was sluggish because the sales of suitcases, which are our main product, increased significantly in the same period in the previous year, when the COVID-19 pandemic came to an end. During the current interim consolidated accounting period, however, brand suitcases, including our original brands, that are popular with inbound tourists sold well.

As the result, our net sales from manufacturing and wholesale business was JPY 2,447 million, an increase of 1.8 percent from the same period in the previous fiscal year.

(2) Outline of financial position for the interim period

(Total Assets)

Our total assets as of the end of the current consolidated second quarter were JPY 38,833 million, a decrease of JPY 551 million compared to the end of the previous consolidated fiscal year. *Cash and deposits* increased by JPY 781 million, but *Notes and accounts receivable-trade* decreased by JPY 1,229 million, and *Deferred tax assets* decreased by JPY 251 million.

(Liabilities)

Our liabilities as of the end of the current consolidated second quarter were JPY 10,648 million, a decrease of JPY 910 million compared to the end of the previous consolidated fiscal year. *Notes and accounts payable-trade* increased by JPY 80 million, but *Accrued income taxes* decreased by JPY 70 million and *other current liabilities* decreased by JPY 871 million.

(Net Assets)

Our net assets as of the end of the current consolidated second quarter were JPY 28,185 million, an increase of JPY 359 million compared to the end of the previous consolidated fiscal year. This includes decreases due to JPY 871 million of *dividends from surplus* and JPY 1,231 million of *quarterly net income attributable to owners of the parent company*.

(Capital adequacy ratio)

Our capital adequacy ratio as of the end of the current consolidated second quarter increase by 1.9 percent to 72.6 percent from the end of the previous consolidated fiscal year.

(Cash flows during the current fiscal year)

Our cash and cash equivalents as of the end of the current consolidated second quarter were JPY 4,911 million, an increase of JPY 772 million compared to the previous consolidated fiscal year. Cash flows during the current consolidated second quarter were as follows.

(Cash flows from operating activities)

As for cash flows from operating activities, our net cash increased by JPY 1,987 million, with inflows decreased by JPY 355 million compared to the same period in the previous consolidated fiscal year. Major inflows included JPY 1,927 million of *Quarterly income before income taxes*, JPY 1,229 million of decrease in *Notes and accounts receivable-trade* and JPY 80 million of increase in *Notes and accounts payable-trade*. Major outflows included JPY 351 million of decrease in *Accrued consumption tax* and JPY 506 million of *income tax paid*.

(Cash flows from investment activities)

As for cash flows from investment activities, our net cash decreased by JPY 243 million, with outflows decrease by JPY 53 million, compared to the same period in the previous fiscal year.

Major outflows included JPY 189 million of business investment for opening new stores and redecorating existing stores.

(Cash flows from financing activities)

As for cash flows from financing activities, our net cash decreased by JPY 971 million, with outflows decreased by JPY 819 million, compared to the same period in the previous fiscal year. Major outflows include JPY 107 million of *Repayments of*

lease obligations and JPY 869 million of Cash dividends paid.

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

As for the Consolidated Earnings Forecast for the consolidated second quarter and full business year, there have been no revisions in the earning forecast stated on August 1, 2024.

Semi-annual Consolidated Financial Statements
Semi-annual Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	4,169,546	4,950,640
Notes and accounts receivable - trade	4,761,803	3,532,092
Merchandise and finished goods	11,993,362	12,168,553
Raw materials and supplies	22,842	24,590
Other	147,000	254,181
Total current assets	21,094,554	20,930,058
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,976,206	2,792,832
Land	2,112,068	1,570,381
Leased assets, net	327,493	346,351
Other, net	305,369	1,007,172
Total property, plant and equipment	5,721,139	5,716,737
Intangible assets	203,889	174,112
Investments and other assets		
Investment securities	4,407,873	4,404,107
Retirement benefit asset	79,005	69,542
Deferred tax assets	1,685,695	1,434,298
Leasehold and guarantee deposits	5,724,408	5,634,927
Other	468,561	476,575
Allowance for doubtful accounts	-	(6,453)
Total investments and other assets	12,365,544	12,012,997
Total non-current assets	18,290,572	17,903,848
Total assets	39,385,127	38,833,906

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,191,187	3,271,409
Current portion of long-term borrowings	-	100,000
Lease liabilities	181,754	166,254
Income taxes payable	540,144	469,358
Provision for bonuses	391,625	401,156
Provision for bonuses for directors (and other officers)	48,600	25,650
Provision for shareholder benefit program	39,660	-
Other	2,644,358	1,772,515
Total current liabilities	7,037,330	6,206,344
Non-current liabilities		
Long-term borrowings	1,000,000	900,000
Lease liabilities	241,643	252,633
Provision for retirement benefits for directors (and other officers)	178,986	169,723
Retirement benefit liability	1,424,178	1,441,925
Deferred tax liabilities	15,812	16,983
Asset retirement obligations	1,355,883	1,343,168
Other	305,150	317,622
Total non-current liabilities	4,521,654	4,442,056
Total liabilities	11,558,984	10,648,401
Net assets		
Shareholders' equity		
Share capital	2,986,400	2,986,400
Capital surplus	4,569,597	4,569,597
Retained earnings	20,732,074	21,092,237
Treasury shares	(483,405)	(483,447)
Total shareholders' equity	27,804,666	28,164,787
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(172)	(2,856)
Remeasurements of defined benefit plans	21,648	23,574
Total accumulated other comprehensive income	21,475	20,718
Total net assets	27,826,142	28,185,505
Total liabilities and net assets	39,385,127	38,833,906

Semi-annual Consolidated Statements of Income and Comprehensive Income

(Thousands of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	25,191,336	25,514,494
Cost of sales	12,653,086	12,831,949
Gross profit	12,538,249	12,682,544
Selling, general and administrative expenses	10,798,334	10,770,562
Operating profit	1,739,915	1,911,982
Non-operating income		
Interest income	41,189	41,347
Dividend income	1,625	1,633
Commission income	2,970	2,928
Other	16,154	13,525
Total non-operating income	61,940	59,434
Non-operating expenses		
Interest expenses	12,997	11,454
Provision of allowance for doubtful accounts	-	6,453
Other	7,309	3,843
Total non-operating expenses	20,306	21,751
Ordinary profit	1,781,549	1,949,664
Extraordinary losses		
Loss on retirement of non-current assets	30,100	14,407
Loss on store closings	3,009	1,286
Impairment losses	23,837	6,258
Loss on disaster	28,784	-
Total extraordinary losses	85,732	21,952
Profit before income taxes	1,695,817	1,927,712
Income taxes - current	370,483	443,063
Income taxes - deferred	174,817	252,800
Total income taxes	545,300	695,864
Profit	1,150,516	1,231,848
Profit attributable to owners of parent	1,150,516	1,231,848

(Thousands of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	1,150,516	1,231,848
Other comprehensive income		
Valuation difference on available-for-sale securities	(11,290)	(2,684)
Remeasurements of defined benefit plans, net of tax	11,770	1,926
Total other comprehensive income	480	(757)
Comprehensive income	1,150,996	1,231,090
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,150,996	1,231,090
Comprehensive income attributable to non-controlling interests	-	-

Semi-annual Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,695,817	1,927,712
Depreciation	323,028	293,257
Impairment losses	23,837	6,258
Loss on disaster	28,784	-
Amortization of goodwill	21,384	18,917
Increase (decrease) in allowance for doubtful accounts	-	6,453
Increase (decrease) in provision for bonuses	50,945	9,531
Increase (decrease) in provision for bonuses for directors (and other officers)	(8,160)	(22,950)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(9,431)	(9,262)
Increase (decrease) in retirement benefit liability	27,155	17,747
Interest and dividend income	(42,815)	(42,980)
Interest expenses	12,997	11,454
Loss on retirement of non-current assets	30,100	14,407
Decrease (increase) in trade receivables	438,011	1,229,711
Decrease (increase) in inventories	517,848	(175,294)
Increase (decrease) in trade payables	(364,322)	80,221
Increase (decrease) in accrued consumption taxes	(41,242)	(351,488)
Increase (decrease) in accounts payable - other	(252,693)	(244,106)
Increase (decrease) in accrued expenses	156,069	(287,613)
Other, net	292,496	(19,575)
Subtotal	2,899,811	2,462,401
Interest and dividends received	42,406	42,980
Interest paid	(12,981)	(11,454)
Income taxes paid	(586,256)	(506,536)
Income taxes refund	-	215
Net cash provided by (used in) operating activities	2,342,979	1,987,606
Cash flows from investing activities		
Payments into time deposits	(11,100)	(9,000)
Purchase of property, plant and equipment and intangible assets	(221,447)	(189,721)
Proceeds from sale of property, plant and equipment and intangible assets	2,841	-
Payments for retirement of property, plant and equipment	(67,276)	(45,212)
Net cash provided by (used in) investing activities	(296,982)	(243,934)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,000,000)	-
Increase in accounts payable installment purchase	83,355	96,251
Decrease in accounts payable installment purchase	(97,574)	(90,668)
Repayments of lease liabilities	(123,550)	(107,192)
Dividends paid	(653,346)	(869,892)
Purchase of treasury shares	(147)	(42)
Net cash provided by (used in) financing activities	(1,791,263)	(971,544)
Effect of exchange rate change on cash and cash equivalents	968	(33)
Net increase (decrease) in cash and cash equivalents	255,701	772,094
Cash and cash equivalents at beginning of period	2,406,694	4,139,545
Cash and cash equivalents at end of period	2,662,396	4,911,640

(4) Notes on Consolidated Quarterly Financial Statements

(Notes on going-concern assumption)

Not applicable

(Notes on significant changes in amount of shareholders' equity)

Not applicable

(Segment information, etc.)

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