Integrated Report 2025

Securities Code: 9990

CONTENTS

Ⅰ. ABOUT US

Corporate Philosophy 3
Logo Story 4
The Sac's Bar Group at a Glance 5
Products We Sell 6
The Path of Our Value Creation 9
Overview of Our Main Shop Brands 10
Overview of Our Business Area and Store Numbers 11
Group Companies 12
The Sac's Bar Group Value Chain 13
Financial/Non-financial Highlights 14

Ⅱ. VALUE CREATION STORY

Message from Top Management 17
The Value Creation Process 22
Individual Store Stocking 23
Merchants from the Sac's Bar Group 25
Special Feature: The Challenge of an Original Brand (1) WHITEÂGE 27
Special Feature: The Challenge of an Original Brand (2) ETiAM 28
Special Feature: The Challenge of an Original Brand (3) kissora 29
Special Feature: Aiming to be a World-class Specialty Bag Shop 30
Special Feature: Sustainability Initiatives for the Environment and Society 31
Sustainability Management and Material Issues 34
Basic Policy on Sustainability/Indices and Targets 35

Ⅲ. STRATEGY (Mid-term Management Plan)

The External Environment Facing the Sac's Bar Group 37
Future Vision 38
Mid-term Management Plan: Overview of FY2024 to FY2026 39
Business Strategy (Retail Business) 40
Business Strategy (EC, Wholesale) 42
Financial Capital Strategy 43
Human Capital Strategy 45
Climate Change Action and TCFD Compliant Information Disclosure 46

Ⅳ. CORPORATE GOVERNANCE

Corporate Governance Structure 48
Officer Compensation 49
Internal Controls 50
Our Officers 51
Skill Matrix/Officer Composition 54

Ⅴ. COMPANY INFORMATION

Main Financial Data (Consolidated) 56
ESG Data 57
Company Overview and Stock Information 59

<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. 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>

FY2024 (April 1, 2024 to March 31, 2025)
*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.

I. About Us

Corporate Philosophy 3
Logo Story 4
The Sac's Bar Group at a Glance 5
Products We Sell 6
The Path of Our Value Creation 9
Overview of Our Main Shop Brands 10
Overview of Our Business Area and Store Numbers 11
Group Companies 12
The Sac's Bar Group Value Chain 13
Financial/Non-financial Highlights 14

A Collaboration with Monchhichi - a Fellow Half-Centenarian

To mark the 50th anniversary of the establishment of what is now Sac's Bar Holdings, we undertook a collaboration with the popular Monchhichi character, which has also reached the 50th anniversary of its creation. The resulting Monchhichi novelty merchandise and original collaboration items have garnered much attention.

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 Bar Sac's 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 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.

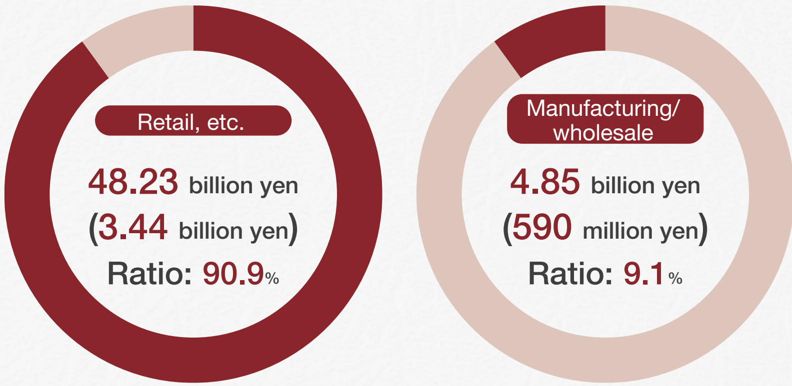
The Sac's Bar Group at a Glance

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	Consolidated operating profit (margin)	Net profit for the year	ROE
52.28 billion yen	4.04 billion yen (7.7%)	2.54 billion yen	8.9%

Business divisions*

Consolidated sales (operating profit) FY2024



	Retail, etc.	Manufacturing/wholesale
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. SKYL Inc.

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

Main non-financial indicators

Top bag specialist retailer in the Japanese bag and purse retail industry
9.9%
Source: Calculated using "Bags and Purses Market 2025" by Yano Research Institute Ltd. and Sac's Bar Group consolidated sales for FY2024

App members
1,115,000 members

Suppliers
500+

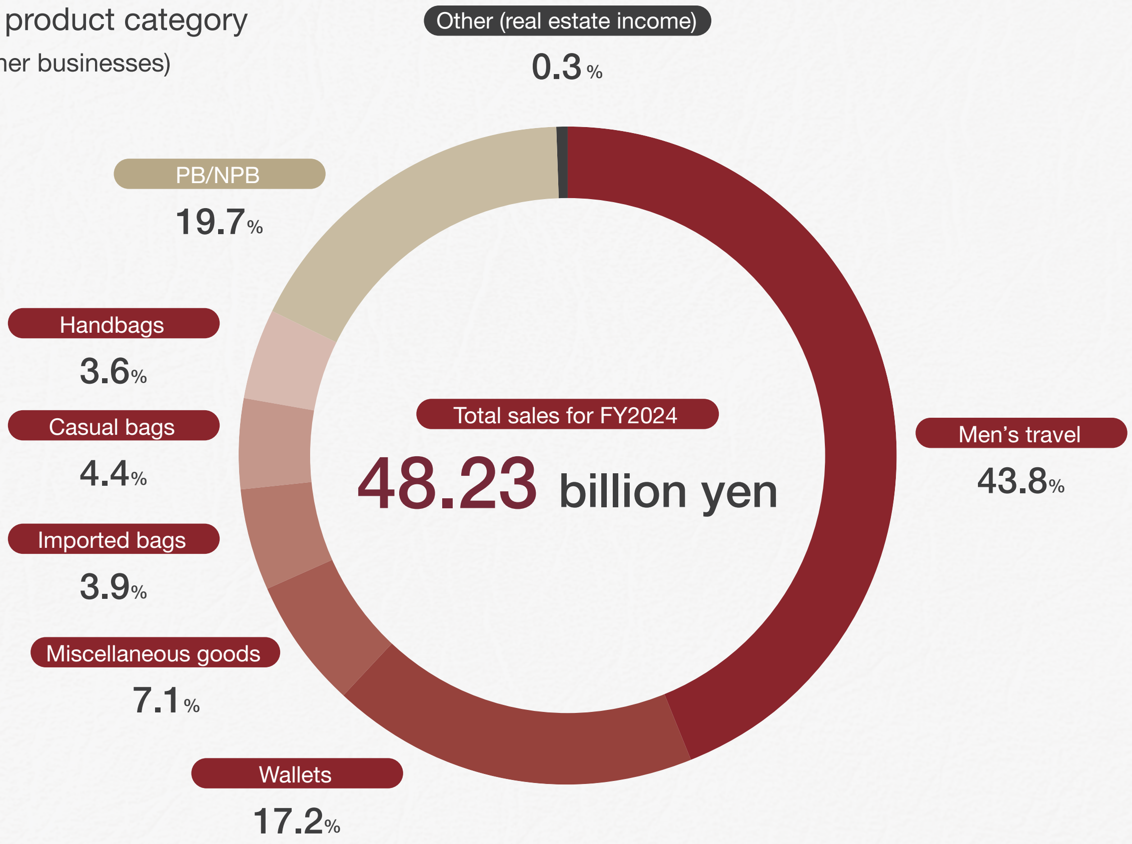
Stores (at end of year)
573
All directly managed stores

As of the end of March 2025

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* 80%

	Handbags	Casual bags	Imported bags	Wallets	Miscellaneous goods	Men's travel
Sales (growth margin)	1.74 billion yen (48.9%)	2.1 billion yen (50.7%)	1.87 billion yen (39.8%)	8.28 billion yen (48.0%)	3.44 billion yen (52.2%)	21.13 billion yen (48.7%)
Main products	Mainly ladies' bags made 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* 20%

	PB/NPB
Sales (growth margin)	9.48 billion yen (56.3%)
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.

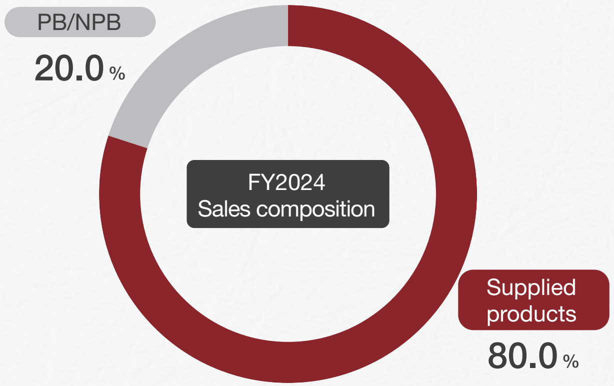
Products We Sell (Supplied)

*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)

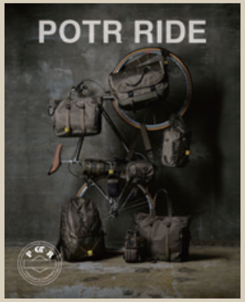
Supplied products made up 80.0% of sales in FY2024.



FY2024 sales composition

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.

BEAMS DESIGN leverages the discerning eye as well as the planning and production abilities it has cultivated over the years to add fresh ideas to everyday products, creating designs that color daily life with a sense of fulfilment.

ACE Co., Ltd.

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

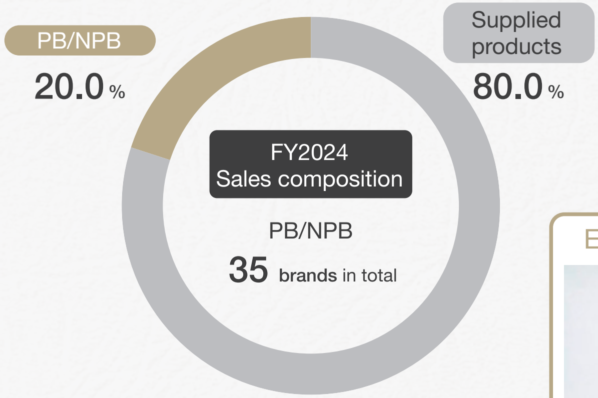
Produced by the "Master of Travel" Kanae Takeuchi, this popular series of products was developed in partnership with Ace.

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 20.0% of sales in FY2024. We are working to increase the products we offer not only in the largest market segment but also in the higher mid-range, with 35 brands as of the end of March 2025.



*As of the end of March 2025

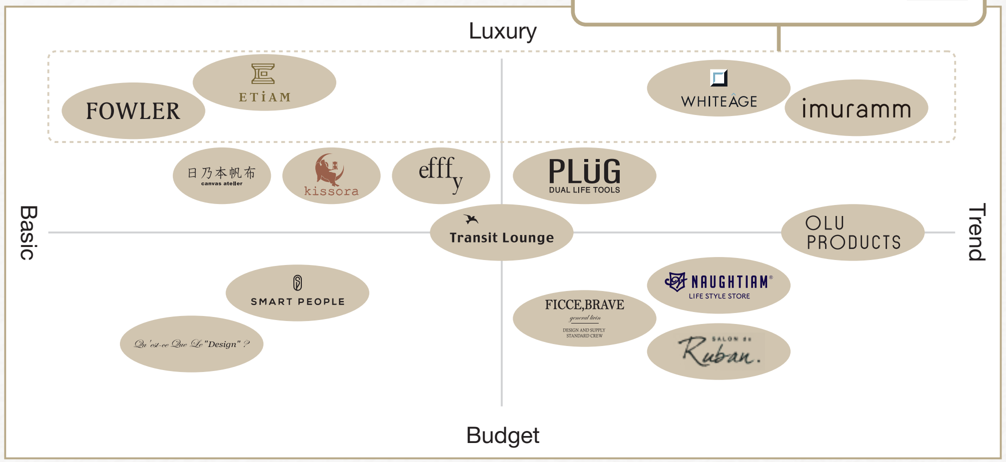
Enhancement of top-end PB

imuramm

When read backwards, the Japanese expression "marumi" (roundness) is **imuramm**. This incorporates the hope that each day will be smooth and comfortable. The genre-free lineup offers a blend of design and functionality.

▶ P41

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.

efffy

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.

1938 - 1977 Founding years	1977 - 2002 Establishment of business foundation	2002 - 2012 Business scale growth	2012 - Business area growth

1938
Foundation

The late Shikajiro Kiyama founded a general variety store.

1948
Company establishment

1969
Store specializing in handbags opened

Our first store specializing in handbags was opened as a tenant in a shopping center in Akabane in Tokyo's Kita Ward.

1973
Shift to stocking by individual stores

Shift from centralized buying, which was a common practice and theory in the chain store business at the time, to a model where each individual store stocks the goods it will sell.

1974
Sac's Bar Holdings Inc. of today established

1977
First store in a station building opened

This was an era in which only leading companies could open stores in station buildings.
The strong sales from this first store helped the company gain recognition.

1994
OTC stock sales

Data infrastructure and other infrastructure installed in preparation for OTC stock sales. Together with the introduction of POS cash registers after the start of OTC stock sales, this helped strengthen the management system and financial constitution.

2002


First Sac's Bar store opened

First store opened with a lineup of a few brands. This provided the spur for further growth of the company.

2006
Moved to TSE 2nd Section

2009
Full entry into EC business

We took over the EC business of RICHARD and strengthened our EC function.

2012
Moved to TSE 1st Section

Aishin Tsusho Co., Ltd. and Lojel Japan Co., Ltd., 〈SKYL Inc.〉 brought into the group

Start of kissora

Fully-fledged enhancement of PB after development of PB made with domestically-produced leather. Manufacturing/wholesale function enhancement.

2014
Trading name changed to Sac's Bar Holdings

We changed our trading name as part of our corporate branding. In addition, the organization was restructured to a holdings company.

2019
Sankodo Co., Ltd. acquired as a subsidiary

Acquired the Hinomoto Hanpu brand. Manufacturing function enhanced through possession of our own factory.

2022
Listed on TSE Prime Market

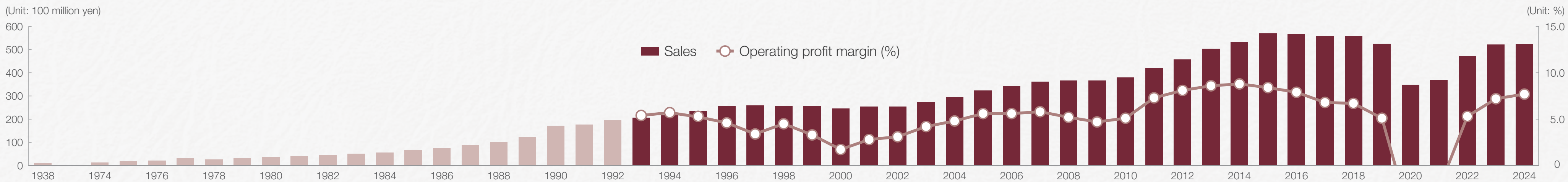
Gear's Jam Co., Ltd. acquired as a subsidiary

Sales channels expanded to reasonable price bands.

2024
Sac's Bar Holdings Inc. 50th anniversary

50th anniversary event held in collaboration with fellow half-centenarian Monchhichi.

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 Doux Sac's.

SAC'S BAR

Stores
212

A broad range of made-in-Japan bags and purses 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
126

For a comfortable, balanced, and casual lifestyle.

A concept store for bags and accessories with a theme entitled just feeling that deliver style to adults who enjoy fashion in a natural form. Customers who shop at these stores will feel their purchases are stylish and just right for them.

DOUX SAC'S

Stores
29

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
3*

Yokohama World Porters Store opened in April 2024

Brings together 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
12

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
24

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.

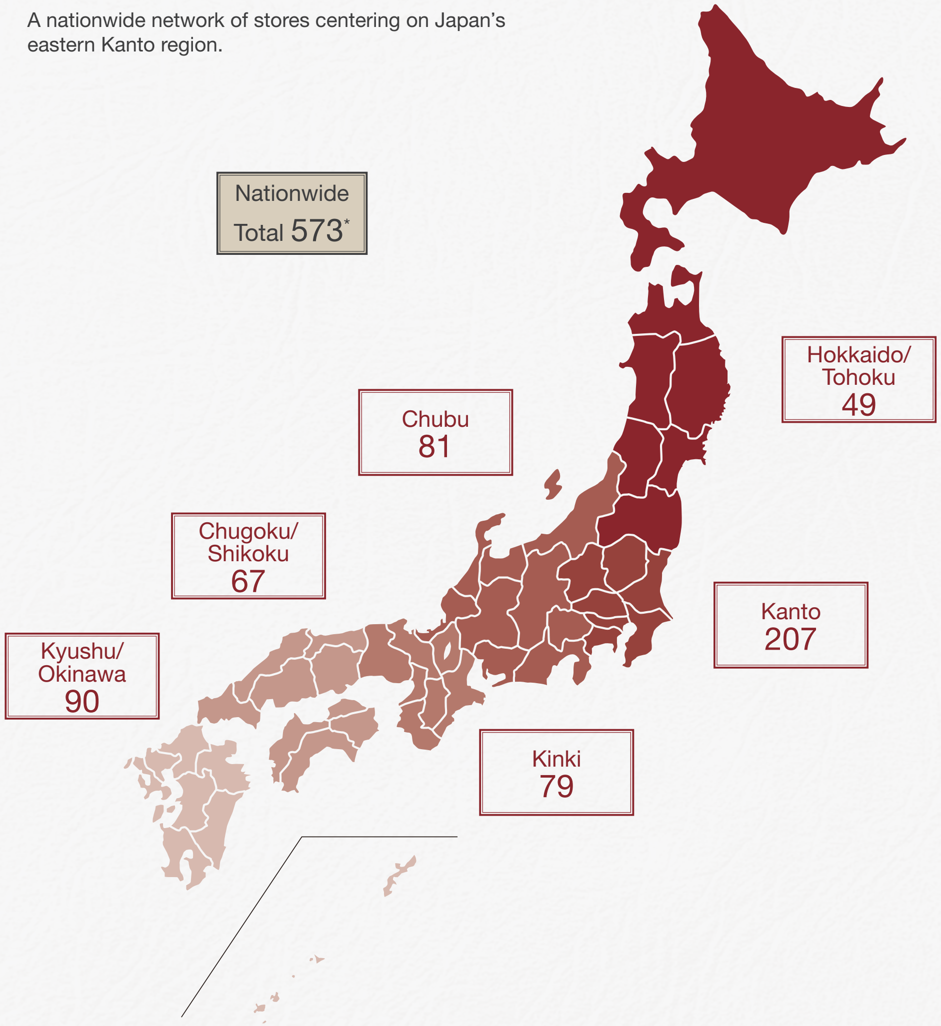
*Store numbers are current as of the end of March 2025.

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 129.3 m² (FY2020) to 146.5 m² (FY2024).

Store numbers by business area

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

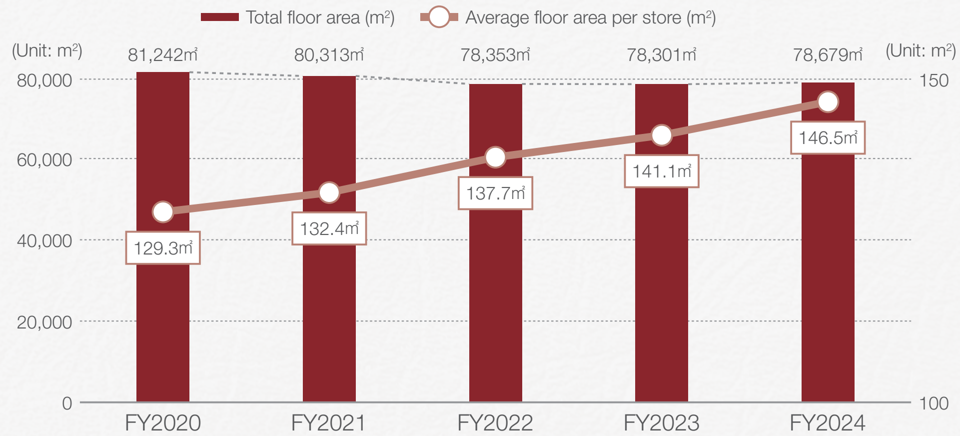


*The number of stores by area and by channel include the consolidated subsidiaries Tokyo Derica Co., Ltd., Sankodo Co., Ltd., and Gear's Jam Co., Ltd.
Store numbers are current as of the end of March 2025.

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 indicated are those of our major 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 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 573 stores around Japan.	●	●	—	●	●
	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.	●	—	●	—	—
	SKYL Inc.	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.

Sac's Bar Group

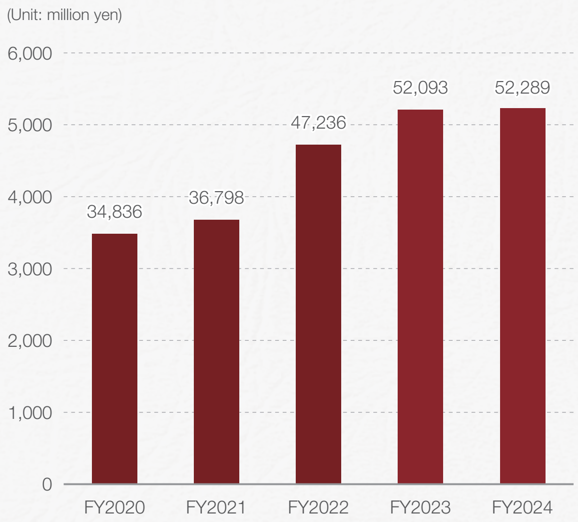
Business partners (other companies)

Distribution	Product planning	Ordering	Manufacturing*	Distribution/ wholesale	Sales
Private-label products (retail)	Tokyo Derica Co., Ltd. Sankodo Co., Ltd. Gear's Jam Co., Ltd.	Tokyo Derica Co., Ltd. Gear's Jam Co., Ltd.	Partner manufacturers Partner wholesalers Aishin Tsusho Co., Ltd. Sankodo Co., Ltd.	Tokyo Derica Co., Ltd. Sankodo Co., Ltd. SKYL Inc.	Tokyo Derica Co., Ltd. Sankodo Co., Ltd. Gear's Jam Co., Ltd. SKYL Inc.
	Coordinated at time of planning			Coordinated at time of shipment	
Supplied products (retail)	Partner manufacturers Partner wholesalers	Tokyo Derica Co., Ltd. Sankodo Co., Ltd. Gear's Jam Co., Ltd.	Partner manufacturers Partner wholesalers	Logistics company	Tokyo Derica Co., Ltd. Sankodo Co., Ltd. Gear's Jam Co., Ltd.
	Coordinated at time of planning			Coordinated at time of shipment	
Wholesale products	Tokyo Derica Co., Ltd. Aishin Tsusho Co., Ltd.	Large retailers GMS Department stores, etc.	Partner manufacturers/ wholesalers Aishin Tsusho Co., Ltd.	Tokyo Derica Co., Ltd. SKYL Inc.	Large retailers GMS Department stores, etc.
Sac's Bar Group Characteristics	Leveraging business relations with more than 500 business partners, we offer a range of products to meet customers' needs	Stores conduct stocking tailored for each store, meaning they can sell products that meet local demand	By working with partner manufacturers, we ensure manufacturing matches the features of the products	Logistics are optimized by ensuring a fit with product characteristics	Through our nationwide network of stores and EC sales, we can deliver any product to any corner of the country

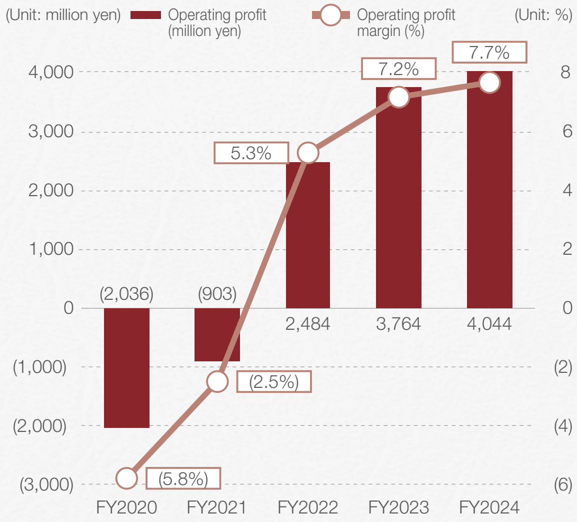
*Aishin Tsusho Co., Ltd. is a fabless company and outsources manufacturing to partner manufacturers/wholesalers according to product characteristics

Financial Highlights

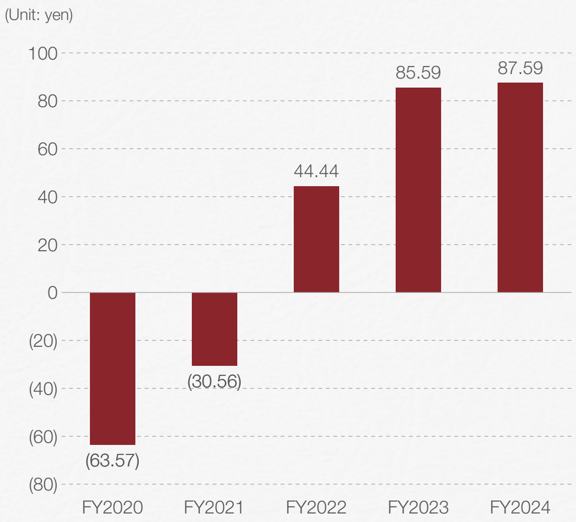
Sales (consolidated)



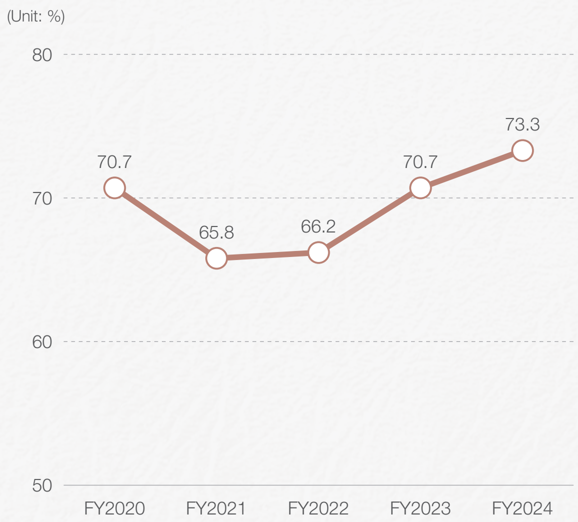
Operating profit/margin (consolidated)



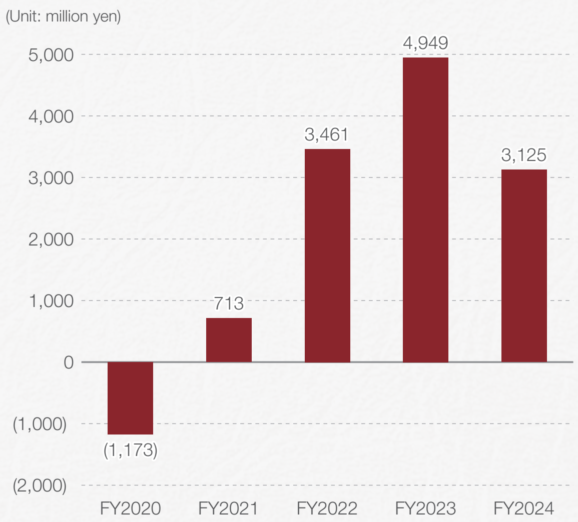
Net profit per year for the year (consolidated)



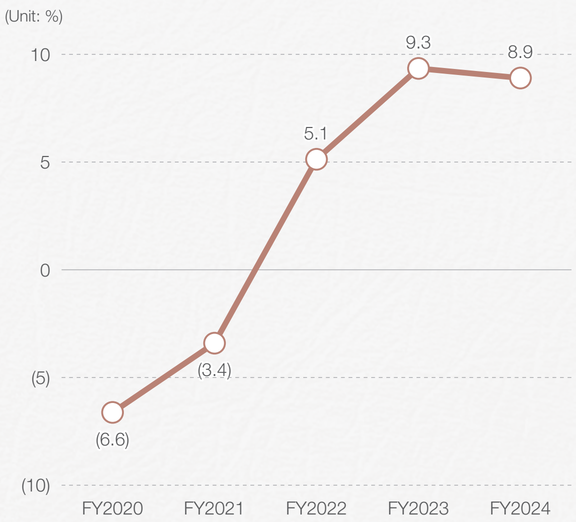
Equity ratio (consolidated)



Operating cashflow (consolidated)

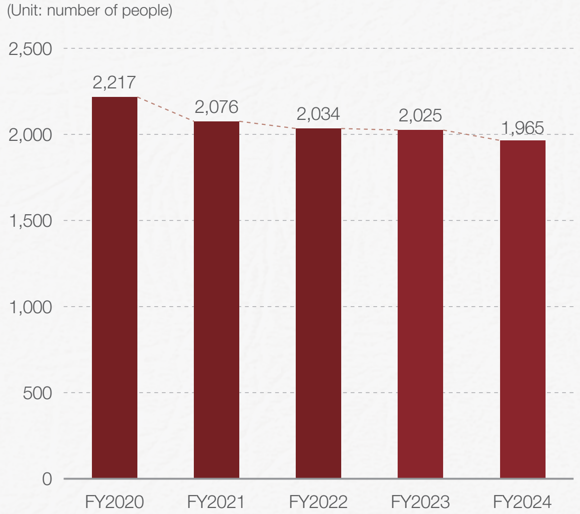


ROE (consolidated)

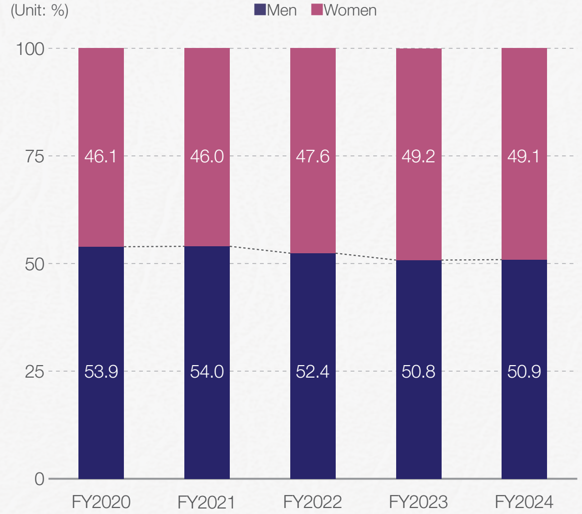


Non-financial Highlights

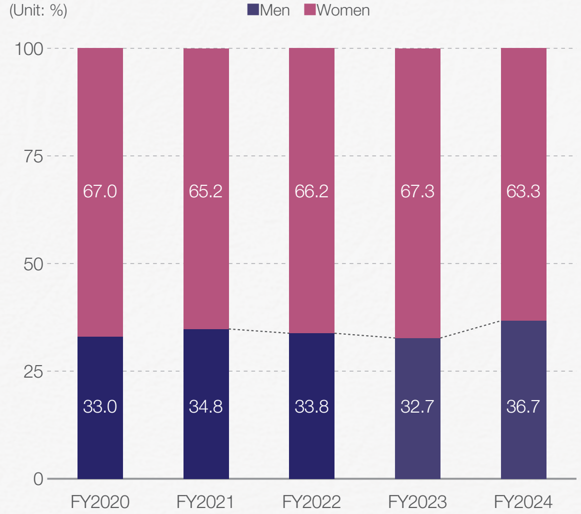
Employees (Sac's Bar Holdings + Tokyo Derica) incl. part-time employees



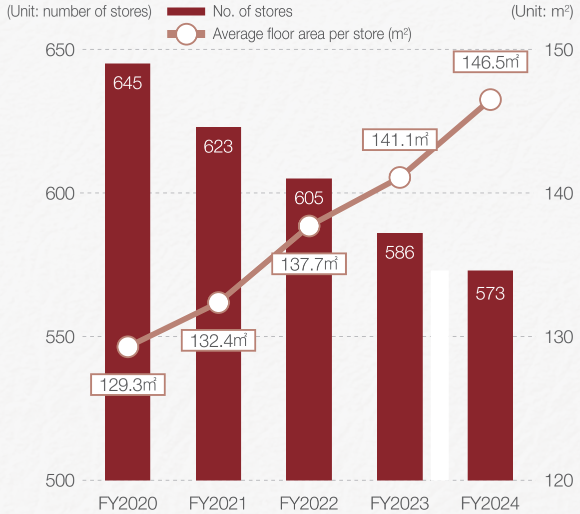
Male/female ratio for full employees (Sac's Bar Holdings + Tokyo Derica)



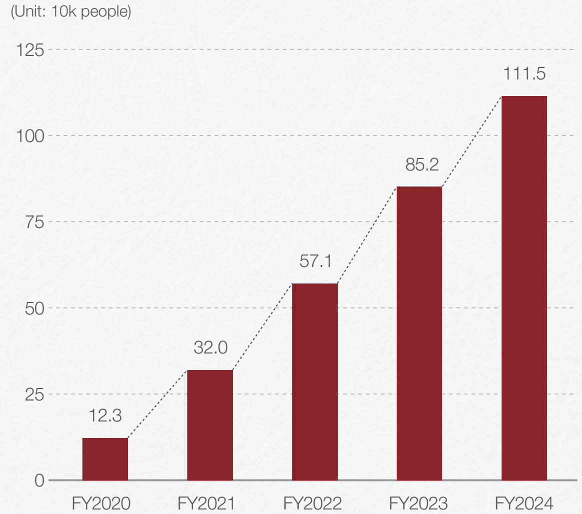
Male/female ratio store managers (Sac's Bar Holdings + Tokyo Derica)



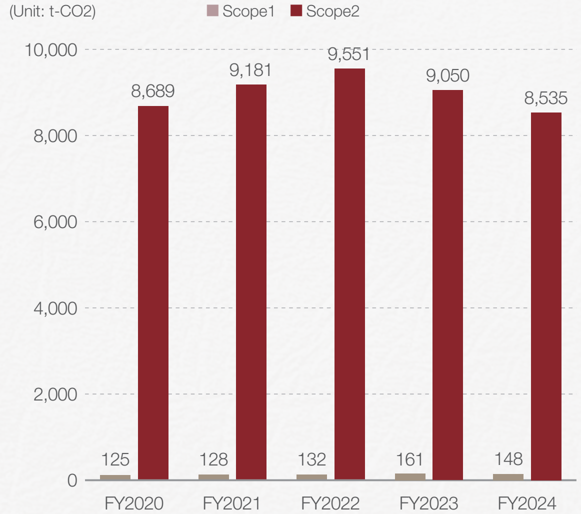
Stores (consolidated)/average floor area per store (Tokyo Derica)



App members (consolidated)



Greenhouse gas emissions (consolidated)



Ⅱ. VALUE CREATION STORY

Message from Top Management ··· 17

The Value Creation Process ··· 22

Individual Store Stocking ··· 23

Merchants from the Sac's Bar Group ··· 25

Special Feature: The Challenge of an Original Brand (1) WHITEÂGE ··· 27

Special Feature: The Challenge of an Original Brand (2) ETiAM ··· 28

Special Feature: The Challenge of an Original Brand (3) kissora ··· 29

Special Feature: Aiming to be a World-class Specialty Bag Shop ··· 30

Special Feature: Sustainability Initiatives for the Environment and Society ··· 31

Sustainability Management and Material Issues ··· 34

Basic Policy on Sustainability/Indices and Targets ··· 35

New "Character Park" In-Store Initiative Utilizing Merchandise Featuring Popular Characters

This initiative involves promoting products featuring Doraemon, Pokémon, and other popular characters in-store. The varied lineup includes both procured products and those produced in collaboration with our private brand, and aims to pique the interest of customers and increase footfall.

Message from Top Management

Bringing Fresh Ideas to the Industry

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

Chief Executive Officer and Representative Director

Takeshi Kiyama

Message from Top Management

50 Years of Growth by Staying Attuned to the Trends of the Times in the Fashion Industry

Thanks to all of our stakeholders, the Sac's Bar Group has successfully marked the 50th anniversary of the founding of its former incarnation, Tokyo Derica. I would like to take this opportunity to convey my warmest gratitude for all of the kind support we have enjoyed from our investors and all other stakeholders.

While we could still hear the echoes of the oil shock when we were founded in 1974, we were still in the midst of the rapid growth of the Japanese economy. It was an age in which the appetite for consumption was extremely strong, and in which a great many people were able to achieve a prosperous lifestyle. As fashion and culture influenced by Western music, sports, universities, leisure, and other cultural trends were being embraced and new styles continued to emerge, bags that suited these lifestyles came to be in demand, and the expectations of those visiting our bag store gradually grew.

I believe the factors behind the Sac's Bar Group's growth lie in our ability to stay attuned to the trends of the times, to move quickly beyond the conventional bag store with the support of our business partners, and to develop a nationwide network of stores in order to deliver attractive products to many customers. Having started out as a single store, The Sac's Bar Group now boasts five group companies, and we have grown into a leading company with 600 physical stores across Japan and online stores.

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

The growth engine of Tokyo Derica, which is at the core of the Sac's Bar Group, is the business model it has followed since its foundation that 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

Message from Top Management

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-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.

Creating a New Sensation to Produce New Appeal in the Industry

This fiscal year, which is the second year of our Mid-term Management Plan, we have set out the management theme of "new sensation" and started work on reforms that go further than anything in the past. We are now steadily putting the key policies outlined in the Mid-term Management Plan into action.

The Sac's Bar Group has already managed to recover to a pre-COVID 19 level of activity. Areas that we are

seeing particularly significant sales growth in are suitcases that inbound tourists purchase to take souvenirs and gifts home in, and licensed products that use Japanese anime characters. In particular, character-related products have seen very strong momentum in recent years, and we have deemed them one of our key strategies.

Japanese animation has brought excitement to children since the Showa period (which began in 1926), and has delivered many productions that have gone on to be adored. The rich content is popular across different age groups, and

Message from Top Management

is also popular among non-Japanese people thanks to the fact that it is broadcast overseas. Standing testament to this is the First Avenue underground commercial area beneath Tokyo Station. Boasting enormous sales of merchandise related to popular characters, it is known as a Mecca for those looking to purchase such merchandise. The Sac's Bar Group operates a boutique specializing in character-based products in First Avenue called Charatrastation, which is achieving steady growth. We will continue to undertake collaborations featuring popular characters, and develop this as a pillar of our business.

While performance is strong in some areas, there are also causes for concern. One such cause for concern is the serious ongoing inflation we are seeing even in Japan. We have already seen a tendency toward restrained spending, and the possibility of a further cooling in consumption cannot be ignored. Another concern is the gap between market needs brought about by a declining birthrate and aging population, and the changing values of each generation. As the market continues to undergo a generational shift, the values and mindset of customers visiting our shopping centers and fashion buildings are changing significantly. Against this backdrop, I believe that the very form the fashion goods industry takes is being reevaluated. To remain an appealing presence across different generations, we now need fundamental reforms encompassing our products, stores, and marketing strategies.

Thus far, the fashion goods industry has grown by serving the middle-class mass market through department stores and the like. However, due to the diversification of customer values and the widening income gap, it has become increasingly difficult to operate stores able to satisfy all customers. Therefore, from this fiscal year, we have organized our bricks-and-mortar stores into two groups: a premium store group for customers with a preference for luxury, and a new standard group focusing on character-based merchandise and our private brand. By taking on the challenge of creating stores that better fit each target market while implementing a strategy to fundamentally change the form our business takes, we will strive to reform the way we work.

When consumers select products, younger generations in particular are increasingly influenced by social media and other such sources of information, proactively choosing items that reflect their personal values. We see it as very important that we broaden our perspective and, when necessary, make proposals that go beyond our current business frameworks. This fiscal year, we will continue exploring new approaches, such as collaborations with social media influencers, online promotions, and DtoC (direct-to-consumer) sales, in our marketing activities aiming to attract support from younger people and other new customer groups.

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

Message from Top Management

the Sac's Bar Group, issues that must be solved are surfacing, such as our partners whose businesses support craftmanship 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 sustainability action guidelines, and 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 designated material issues for each of the ESG areas, the Sac's Bar Group will continuously strive to address these issues.

Gratitude to Our Stakeholders

Finally, I would once again like to express my gratitude to everyone who supports the Sac's Bar Group. While US trade policy remains a cause for concern among other things, we intend to take this as an opportunity and work on reforms with a focus on where we will be in five years or ten years from now. We are firmly committed to securing steady profits while sowing the seeds for future growth. I look forward to your continued support going forward.

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: 73.3%

Talented personnel who work energetically as merchants ▶P15
Employees: 1,965 (Sac's Bar Holdings + Tokyo Derica)
Store managers: 539 (Tokyo Derica)
Percentage of women: Over 80% (Sac's Bar Holdings + Tokyo Derica)

A network of stores all over Japan ▶P11
46 prefectures: 573 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*

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: 35
Private-label product plans: Over 3,500 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>

❶Enlargement of physical retail stores
❷Enhancement of private brand power
❸Increase in e-commerce sales (3 bn yen → 5 bn yen)
❹Logistics reform

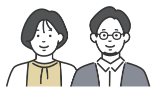
Business activities ▶P23~
BUSINESS

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

Sales/Serving customers
Exhibitions
Stocking (individual store stocking)
Creating the store's look

The store manager* has responsibility for store management as a **merchant**, and is responsible for **a wide range of** work



Stocking & creating the store look, selling goods & serving customers, gathering information at exhibitions and managing customers, training staff, etc.

Sac's Bar Group exhibitions
Exchange opinions with the merchandise dept. on private-label products of Sac's Bar

+

Business partner exhibitions
Talk in person with many business partner reps, and acquire working knowledge

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 ▶P06
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

*Data is as of March 31, 2025. The term "store manager" also encompasses group leaders and other store staff with responsibility.

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

Cooperation with Headquarters

Sales Dept.	Merchandise Dept.
Providing information Supporting cooperation between stores	Selecting suppliers Planning private-label products Holding the Sac's Bar Group exhibitions

Exhibitions ▶ P24

Sac's Bar Group exhibitions (PB and NPB) | Business partner exhibitions (NB)

Store managers visit these exhibitions as they wish.

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.
Hitomi Honda, Store Manager

Leveraging insights gained through interacting with customers

For us store managers, who are in charge of individual store stocking, the semi-annual Sac's Bar Group exhibition is a major event that carries a great deal of responsibility.

Store managers interact with a wide variety of customers every day, and in doing so gain insights and impressions. And so at the exhibitions, we strive to identify the products best suited to the needs of our individual stores.

We discover wonderful new items at each exhibition, and this naturally boosts our motivation as we excitedly imagine how they will look on display in our stores. The exhibition also serves as a valuable opportunity to exchange information with other store managers, invigorating us to offer even better products to our customers.

The importance of gathering information through communication

At Sac's Bar Group exhibitions, we exchange information with people from our Merchandise Dept. As well as the details of products, we proactively talk to the people from the Merchandise Dept. about topics including current trends and items likely to be popular going forward, and in doing so gain a wealth of ideas for creating stores. As a store manager who works on the shop floor delivering products to customers, I hope to incorporate into my interaction with customers the passion of those who plan products and everyone else involved in their creation, and so I place a great deal of importance on communication at exhibitions.

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.

Broadening my perspective at other companies' exhibitions

To enable me to propose a wide range of products to customers, I also visit exhibitions held by our business partners in addition to those held by Sac's Bar. I see exhibitions by our business partners as precious experiences to encounter products that are distinct from our own brands. I am able to get a feel for the worldview of each brand and ask questions about the fine details of products to those responsible for them, and this means I gain a thorough understanding of the key points to promote in my interaction with customers.

A major benefit of attending not only Sac's Bar Group exhibitions but also those of business partners is that you can discover the best aspects of the products of each and what makes them stand out. By coming into contact with a great many brands and products, be they from Sac's Bar or other companies, I feel my perspective when it comes to choosing products has expanded. I think that when store managers attend exhibitions and get a true first-hand experience of how interesting commerce is, this also contributes to our own personal development.

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?

3rd Merchandise Dept.
Tomoko Mizumori, Web Designer

I think the mission of digital marketers is to gain an understanding of what customers really want, and to consider how to connect this to products. It's rewarding to see the results of our initiatives reflected in the numbers, for example, when conversion rates rise as we approach customers with the right timing, through the right channels, and with the right content. Originally, I worked as a graphic designer, constantly exploring what kinds of expressions resonate with people. By adding a marketing perspective, I find reward and purpose in being able to deliver product value in a more strategic way. I especially enjoy the creative process of brainstorming ideas as a team, combining our strengths in our own respective fields to produce great content. When our efforts show positive results in the data, we share the joy as a team. When they don't, we work together to come up with improvements, changing the way we present things, planning new campaigns, and continually taking on the challenge of new forms of expression. This is what I find rewarding.

3rd Merchandise Dept.
Miku Murodate, ZOZOTOWN Supervisor

I am involved in all aspects of operations on the ZOZOTOWN store and Marui webstore. Since these stores are on a fashion website, I make an effort to showcase bags as a part of fashion. In addition to bag exhibitions, I also attend apparel exhibitions to directly check out trends, brand images, and other such things, which I then apply to product selection, planning, and photoshoots. Through these cumulative efforts, what I feel is most rewarding is when I see that my work has led directly to sales from fashion.

3rd Sales Dept.
Naofumi Aoyama, Group Leader

Something I have always taken seriously in terms of store operations is ensuring that everyone involved, including customers, business partners, and store staff, feels joy. For example, at stores where sales were struggling, I worked together with the staff to restore performance, allowing everyone to share in the joy and sense of accomplishment. And one of our partners also experienced joy when, for its products, I achieved the best performance in the company. In stores with many overseas customers, I also took on the challenge of serving customers in a foreign language, and seeing the joy they displayed is one of my most valuable experiences.

3rd Merchandise Dept.
Wen Zhenbing, Brand/Overseas Business Supervisor

I feel a strong sense of reward when the products I have been involved in planning and developing take shape and I can directly feel customers' reactions. In particular, when we receive positive reviews or repeat orders from overseas customers through cross-border e-commerce, I truly feel that our ideas have been communicated across language and cultural barriers, which brings a great sense of achievement. Currently, the overseas expansion of our private brands has entered a new phase, and we are developing local markets through wholesale and exhibitions. The very process of thinking about how to convey a brand's worldview and build trust with local customers and partners is both a significant challenge and a source of reward. While opening up new markets from scratch comes with its difficulties, it also brings immense excitement and is a valuable experience that allows me to feel my own growth.

7th Sales Dept.
Takayuki Takanashi, Assistant Area Manager

When a casual remark during a conversation with a customer gives me a hint that helps me propose the perfect product for them, I feel this is very rewarding. Especially at the moment a customer smiles and says, "I'm glad I asked for your help" or "I'll come again," I truly feel grateful to be doing the work I do. As an Assistant Area Manager, I also share the insights I gain from customer interactions with staff, applying them to improve customer service for the store overall and to enhance our sales floor, and in doing so I feel a strong sense of unity and accomplishment as a team.

Special Feature: The Challenge of an Original Brand (1) - WHITEÂGE: Making the Ideal Business Bag a Reality -

WHITEÂGE

This original premium bag brand was launched with the aim of developing the ideal bag for business. Sales of its products are not limited to Sac's Bar stores; in addition to online sales, it is run as an independent brand with a focus on sales channels including boutiques belonging to other companies and department stores.

1 A desire to create the ultimate bag

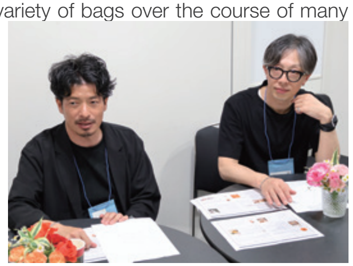
A new style combining simplicity with sophisticated functional beauty

Pursuing the ideal as a bag professional

Casual style has become increasingly common in offices of late. The main trend in bags for business is no longer for heavy leather briefcases, but for lighter backpacks made from nylon. However, there are many products that do not go beyond the realm of business bags based on briefcases, so some people who did not like the design would go to the effort of using a separate carrying case for their PC while sticking with their preferred bag. Furthermore, some were also of the opinion that while backpacks left both hands free, they placed a load on the shoulders and had too many pockets. And this formed the starting point of our challenge to produce the ideal bag leveraging the know-how of the Sac's Bar Group as a professional in the field of bags.

Teaming up with Keiji Ogawa formerly of Comme des Garçons

The Sac's Bar Group, which has come into contact with a wide variety of bags over the course of many years, has a vast wealth of knowledge and know-how. However, in order to build a brand to compete with other companies, the capabilities of a professional with a thorough knowledge of branding and fashion were also required. As such, welcomed into the fold at this point was Keiji Ogawa, formerly of Comme des Garçons, who now leverages his skills and abilities on an independent basis. His profound knowledge of fashion synergized with the knowledge of bags that Sac's Bar's directors possess, leading to the conception of a new original brand called WHITEÂGE.



An unprecedented concept was born through an exchange of ideas between professionals.

2 A design for natural, intuitive use

Aiming for a smartphone-esque design

The most appealing aspect of WHITEÂGE is the fact that it offers both functionality and great design. In Mr. Ogawa's words, what he envisaged for the brand was "the design qualities and ease-of-use of a smartphone." Despite the complete absence of any superfluous decoration the brand exhibits fashionable qualities, and it enables users to do what they want to do in a stressless and intuitive way. I could be argued that a design enabling the carrier use the product as if it were part of themselves is an aspect in which the sensibilities of Mr. Ogawa, who is also a web designer, are on display.

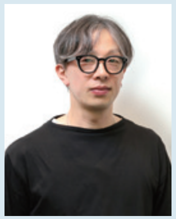
Incorporating the new MIYAVIE material

To ensure a stressless experience, using the new MIYAVIE material found in other products such as medical-use mattresses was non-negotiable. MIYAVIE offers excellent pressure distribution over the body thanks to its high-level 3D mesh spring structure, and so incorporating this into harnesses resulted in a reduction in the perceived load when carrying a notebook PC or other heavy object.

In addition to backpacks, the lineup currently offers a range of other styles including shoulder bags and messenger bags. Customers can expect a superb experience with products from WHITEÂGE as the brand breaks new ground in the field of business bags.

The high-tech functional material MIYAVIE, with its excellent pressure distribution, is used for harnesses and shoulder pads

A message from a person "behind" the brand.



Designer
Keiji Ogawa

As with Comme des Garçons, we created not only products but the overall image of the brand. I believe this brand contains within it the potential to be a game changer.

Profile

Mr. Ogawa gained sales, marketing, and MD experience over 15 years at Comme des Garçons. Since setting out on his own, he has been involved in the design of multiple brands with a main focus on fashion.

Director
Yuzo Shiokawa

WHITEÂGE is the cumulation of my experience of selling on the shop floor and planning products. I firmly believe that it is packed with the functionality to compete with any other brand, and the specifications it offers will ensure its popularity outside of Japan as well.

Special Feature: The Challenge of an Original Brand (2)
- From Kuramae to the World, ETiAM Nurtures the Future of Craftsmanship -

ETiAM

ETiAM is a bag brand that fuses fashion with artisanal skills. The name of the brand incorporates the meanings of eternality and the sparkle in eyes upon first encounter. We aim to build a timeless brand that is loved and empowers anyone to shine in their own unique way, regardless of gender or generation.

1 Aesthetics emerging from changing in workstyles, and their growing impact

A bag with a beautiful flowing, three-dimensional design

A bag with an air of effortless beauty

ETiAM was born in transition period that was the COVID-19 pandemic in 2020. Workstyles changed drastically due to the pandemic, and the required clothes and bags have also changed. ETiAM bags pursue effortless beauty freed from stifling formality, indicating our desire to make products that fit with new post-COVID lifestyles. Characterized by their flowing, three-dimensional designs unrestrained by business formality, they showcase Japanese artisanship. We also focus firmly on creating bags that take outfit coordination into account and look beautiful from any angle.

The spirit of craftsmanship and brand worldview on display in Kuramae

ETiAM's flagship store is located in Kuramae in Tokyo. Behind the decision to set up a base in Kuramae, a neighborhood known as a hub of craftsmanship with an abundance of workshops specializing in shoes, leather goods, and metal fittings, was a desire to communicate the essence of Japanese craftsmanship through our store. The shop features a spacious layout showcasing the entire brand collection, allowing customers to take their time when selecting items. An adjoining workshop, equipped with specialized sewing and cutting machines, enables visitors to experience the atmosphere of handcrafting firsthand from within the store. In addition, the space includes a café that customers are free to stop by and talk to staff members about product maintenance or explore new items, and this leads to the building of long-term relationships with customers.

The Kuramae flagship store has a cafe and workshop, and visitors can enjoy the appeal of craftsmanship in spacious surroundings.

2 The globally-recognized Made in Japan label

ETiAM's challenge, going forward with Japanese craftsmanship

In addition to its flagship store in Kuramae, ETiAM also sells products in department stores, boutique stores of other companies, and on the brand's own website. By selecting sales channels that fit with the brand's worldview and targets, we have built up a clear and dependable brand image. Sales have progressed smoothly, and our idea for a new wallet fit for the cashless age has been particularly well received. The linking between the online store and bricks-and-mortar stores has also produced a virtuous cycle.
We have also begun expanding overseas, making our debut at the world's largest trade fair for men's fashion; Pitti Immagine Uomo in Italy. With its highly acclaimed Japanese craftsmanship, and ETiAM is steadily advancing on its path toward becoming a global brand.
Being made in Japan is an important matter for ETiAM. Even among leading luxury brands, Japan's production creation boasts world-class quality and skill, but the number of artisans who sustain this is unfortunately in a downward trend. Through ETiAM, we hope to see more people aiming to become an artisan that strives for create uncompromising quality with their own hands. ETiAM will continue to deliver bags that are cherished for years to come, taking on the challenge of co-creating the future of Japanese craftsmanship.

ETiAM making its debut at the Pitti Immagine Uomo trade fair for men's fashion in Italy.

A message from a person "behind" the brand.

We are taking on the challenge of creating high-end products that pursue both quality and design excellence, while also striving to open up entirely new sales channels. Unbound by the conventional notion that a bag must be square, we design with a free and creative mindset, cultivating a unique aesthetic. With meticulous attention to every detail from stitching to metal fittings, we are dedicated to sharing the true essence of "Made in Japan" with the world.

Designer Atsuko Fujino

Special Feature: The Challenge of an Original Brand (3)
- kissora Conveys the appeal of Japanese-made Leather Products -

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 13 brand-operated stores, as well as in approximately 140 Sac's Bar Group stores.

1 Taking Japanese leather product-making skills into the future

A brand that has developed alongside artisans

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. This area has witnessed the production of world-class leather products over the years. However, over recent years, the leather industry has been facing various challenges, such as the aging of craftspeople and a lack of successors to carry on the crafts. 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 kissora. The memorable first store opened in 2012 at Tokyo Solamachi, the same year the Tokyo Skytree was completed. Along with the artisans, it continues to possess an unchanging focus to this day.

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

Each member of staff is a leather expert

To make artisans a more familiar presence, stores directly run by kissora incorporate a workshop. Artisan store managers, who have a deep knowledge of leather and skills in operating leather sewing machines, are also able to deal with semi-custom orders and requests for repairs. This also leads to the younger generation of staff having opportunities to come into contact with craftsmanship. They also study hard each day, with efforts including working toward the leather care-meister qualification*. Also on offer are in-store workshop sessions that let participants gain experience of making leather items by hand, and these provide opportunities for exchange with customers. We are working hard to ensure these stores are adored for many years.

*Leather care-meister qualification: This qualification is administered by the Japan Leather Products and Maintenance Association. Candidates are certified after being examined theoretically and practically in skills and knowledge concerning the maintenance of leather goods.

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

2 Embracing tradition and innovation to promote the appeal of leather

Leather is inherently sustainable

Do you think that leather products are not environmentally friendly? While making a single bag requires a lot of leather, all of it is a byproduct of the production of meat processing. It is referred to as the world's oldest form of recycling as it uses animal-based materials without any waste. Furthermore, kissora actively uses leather with natural marks, that is to say, scars formed while the animal was alive, which was traditionally avoided in the industry. The brand makes full use of the leather while allowing customers to enjoy these natural marks as part of the product's unique character.

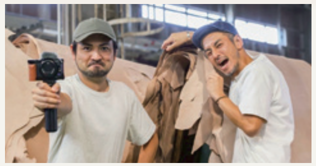
The Festa is a product in the spotlight, and uses shrink-processed cowhide finished with a calm sheen and a supple texture. We take pride in the storage design, thoughtfully crafted for women's ease of use.

Taking enduring charm to young people overseas

Today, affordable fast fashion is widespread, making it easy to purchase new items without a second thought. At the same time, across generations, there is a growing demand for a "thoughtful lifestyle" whereby people cherish and use items they truly love for many years. Leather products that stay by their owner's side for 10 or even 20 years with proper care fit perfectly with such a lifestyle. At kissora, we also focus on fashion appeal that resonates with younger generations, aiming to pass on the charm of leather to the next era. With pride in our Made in Japan quality, we are also working with a view to expanding into overseas markets.

A message from a person "behind" the brand.

At kissora, we mainly use materials that can be enjoyed as they age, and the best way to enjoy this transformation is simply to use them often. We will continue to share information that helps people experience the true charm of leather and the joy of craftsmanship.



kissora
Chief Editor
Satoshi Kuramochi

kissora
Chief Director
Kiichiro Akizuki

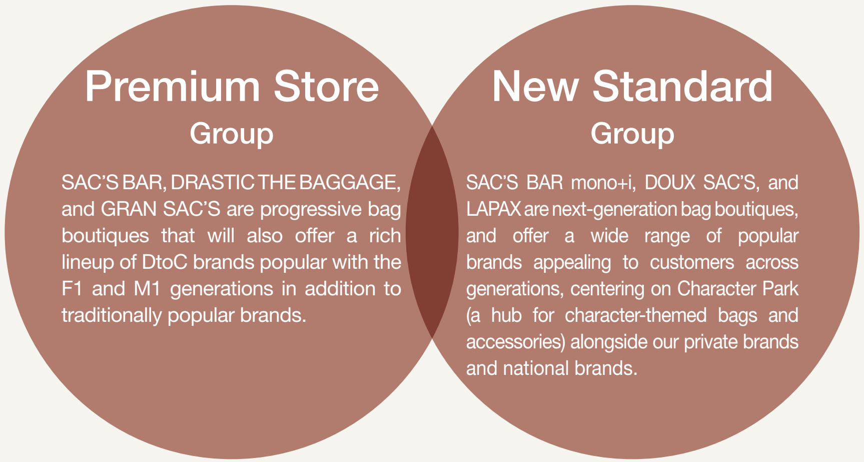
It has been 13 years since kissora was founded, and the many encounters I've had have helped me grow. When you live with leather, it stays close to its owner, grows together, and leads to the development of affection. In the midst of busy daily life, I believe our role is to help create moments of calm and comfort through living alongside leather products.

Special Feature: Premium Stores Aiming to be a World-class Specialty Bag Shop

To ensure the satisfaction of customers who value attention to detail, from this fiscal year we have designated some of our stores as Premium Stores.
With high-sensibility, high-quality products and highly skilled sales staff, we aim to meet the needs of those seeking a more refined shopping experience.

Splitting the brand in two and creating more focused stores

Thus far, the fashion goods industry has grown by serving the middle-class mass market through department stores and the like. However, due to the diversification of customer values and the widening income gap, it has become increasingly difficult to operate stores able to satisfy all customers.
Therefore, from this fiscal year, we have organized our bricks-and-mortar stores into two groups: a premium store group for customers with a preference for luxury, and a new standard group focusing on character-based merchandise and our private brand. We will continue to work to undertake initiatives and create stores that better fit each target market.
The Sac's Bar Group has long operated a diverse range of shop brands to meet various needs and lifestyles. And by refining these into two distinct directions, we aim to bring bold innovation to our stores and deliver new inspiration to our customers.



A store strategy to meet the expectations of customers with a preference for high quality

Sac's Bar LaLaport ANJO Store

Locations where customers highly attuned to quality and trends can be expected, such as shopping malls in areas with many high-rise condominiums and fashion buildings at major terminal train stations, serve as ideal locations for our premium stores. These stores offer a lineup of high-value, highly satisfying products, ranging from imported brands to Made-in-Japan products in addition to DtoC brands at the cutting edge of fashion, along with a shop floor and customer services that makes purchasing a joy. Going forward, our premium stores will ensure they meet the growing expectations of customers seeking high quality.

Emphasizing a high-quality in-store ambiance, we seek to provide service that fits each individual customer. We aim to be a model premium store.

Sac's Bar
LaLaport ANJO Store Manager
Motoki Toyoda

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.

E Eco-friendly initiatives

efffy

Product creation using recycled materials

We knit material made from recycled plastic bottle tops collected from Mexico into products in the form of mercado bags. In addition, we have also created tote bags that use recycled nylon made from waste (nylon thread) material produced by factories. This brand practices environmentally-friendly craftsmanship.

Mercado bags

Tote bags made of recycled nylon

Tokyo Derica

Resource recycling service PASSTO collection campaign

Tokyo Derica implemented a service called PASSTO at 30 stores from January 15 to 31, 2025. This service involved collecting unwanted goods via collection boxes placed in familiar locations, before recycling and reusing them. A total of 88.4kg, mainly bags, was recovered.

A second campaign was run from May 21 to June 8, 2025 at 100 stores, and resulted in 204.9kg being collected.

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. ▶ P46

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.

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

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.

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 four 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.

Support for areas afflicted by the 2024 Noto Peninsula Earthquake and the Oku-Noto heavy rains

To support those affected by the 2024 Noto Peninsula Earthquake and the Oku-Noto heavy rains, as well as to contribute to the recovery of the affected areas, kissora has donated a portion of its sales as relief funds to the Ishikawa Prefectural Disaster Response Headquarters through the Hokkoku Shimbun. In addition to relief funds, we also worked to raise awareness and support for the affected areas by creating and selling handmade leather origami cranes crafted by our staff with heartfelt wishes for the disaster victims, as well as original products featuring the message "PRAY FOR NOTO."


能登半島復興 義援金

キソラ 100万円

皮革小物の「キソラ」（東京）は、能登半島地震と奥能登豪雨の復興を支援したいと、100万円を寄託した。秋月樹二郎ディレクターは「少しでも被災者の皆さんの役に立ちたい」と話した。

※2024年10/25北國新聞記事

A portion of sales donated to ASHINAGA

With the goal of enabling children to fulfill their dreams of furthering their education, Sac's Bar mono+i donates a portion of its sales to the Ashinaga Scholarship Foundation non-profit organization. By doing so, we contribute to the scholarship system for Japanese children. Ashinaga is a private NPO that provides scholarship funding, emotional care, and a range of other support to children who have lost parents or whose families are affected by disability or other difficult circumstances.

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.

E & S

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.

Third store opened at Emi Terrace Tokorozawa (Saitama Prefecture) in October 2024.

We exhibited at the SC Business Fair in January 2025, aiming for multistore expansion.

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.

Sustainable long-term use of products to protect finite natural resources

52 people at the Sac's Bar Group become qualified Leather Care Meisters under a program run by the Japan Leather Products Maintenance Association.

Leather products can last a very long time when properly cared for and used over time, which ultimately leads to sustainability.

We aim to further strengthen our efforts to contribute to sustainability by using leather, which is a byproduct of the meat industry, with even greater care and for longer.

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.
As part of our management strategy, we have defined five priority fields (material issues) in our sustainability activities. In FY2024, we set new indices and targets for each material issue, and are tracking our progress toward these targets.

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.

Approach and initiatives toward sustainability

In FY2024, the sustainability committee discussed the following agenda items and reported the results of their discussion to the Board of Directors, which then undertook deliberations and gave its approval.

<Overview of Sustainability Committee and Sustainability Working Group meetings in FY2024>

	Sustainability Committee	Sustainability Working Group
Main agenda items	(Report to Board of Directors) • Report on new personnel evaluation system • Report on Integrated Report • Discussion on strategic capital cost management and increasing corporate value	(In addition to information sharing on matters on the left) • Status of progress and redefining of material issues and KPIs • Sharing on specific initiative policy for CSR activities • Information sharing on harassment survey • Consideration of Code of Conduct review • Information sharing on universal standard for SSBJ sustainability disclosure • Update of Integrated Report • Consideration on introduction of executive officer system

Material issue designation process

Deliberation and decisions by the Sustainability Committee

Awareness of sustainability issue in society ⇄ Impacts on the sustainable growth of the Sac's Bar Group

↓

Draft basic policy on sustainability and material issues

›

Report to Board of Directors

›

Designation of basic policy on sustainability and material issues

Basic policy on sustainability + Material Issues

- 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

Basic Policy on Sustainability/ Indices and Targets

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.
The Sac's Bar Group has set the following indices and targets regarding material issues.

E Environment

		Main indices and targets	Main progress and results
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.	CO2 emission reduction	Scope 1 and 2 emission volume results, reduction targets, disclosure of reduction measures based on TCFD recommendations
		Making products using sustainable materials and by-product dyes	As of the end of March 2025, we have 581 original products made from sustainable materials in 104 series
		Switching raw materials and processing for paper shopping bags to sustainable options	Switching to paper shopping bags to reduce plastic waste
		Zero residual inventory incineration	Continuation of zero residual inventory incineration
		Collection of unneeded bags at stores, then reuse/recycle	After collecting at 30 stores around the Kanto area, collection expanded to 100 stores nationwide

As an initiative to reduce our environmental burden, from this year 30 stores around the Kanto area began collecting unneeded bags, which are then reused/recycled. This initiative was then expanded to 100 stores nationwide.

S Society

		Main indices and targets	Main progress and results
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.	Percentage of female employees in management positions ▶15% by March 2027	This fiscal year: 12.8%
		Rate of male employees taking childcare leave ▶50% by March 2027	This fiscal year: 62.5%
		Gender pay gap among employees ▶85% by March 2027	This fiscal year: 77.5%
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.	Product creation to pass on Japanese craftsmanship	As of the end of March 2025, we have 41 original products made using traditional Japanese craft skills and techniques in 7 series
			More offerings of Made-in-Japan products also highly popular with inbound customers by kissora and other companies
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 are 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.	Donations to various support groups	Eight donation recipients

G Governance

		Main indices and targets	Main progress and results
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.	Promotion of health management	Acquired Healthy Company Declaration Certificate from the Tokyo Federation of Health Insurance Societies
		Thorough compliance	Violations of the Competition Act, Delayed Payment of Subcontractors Act, Intellectual Property Act, etc.: 0
		Risk management strengthening	Serious incidents: 0

Ⅲ. STRATEGY
Mid-term Management Plan

The External Environment Facing the Sac's Bar Group ······· 37
Future Vision ······· 38
Mid-term Management Plan Overview of FY2024 to FY2026 ··· 39
Business Strategy (Retail Business) ······· 40
Business Strategy (EC, Wholesale) ······· 42
Financial Capital Strategy ······· 43
Human Capital Strategy ······· 45
Climate Change Action and TCFD Compliant Information Disclosure ······· 46

Lojel Japan renamed and embarks on proactive development of new brand

We have commenced sales of RAWROW suitcases, which are highly popular overseas for their fresh design. The easy-to-grip handle also allows users to change its color like a customizable accessory. These products are supported by travelers who want to enjoy their individuality.

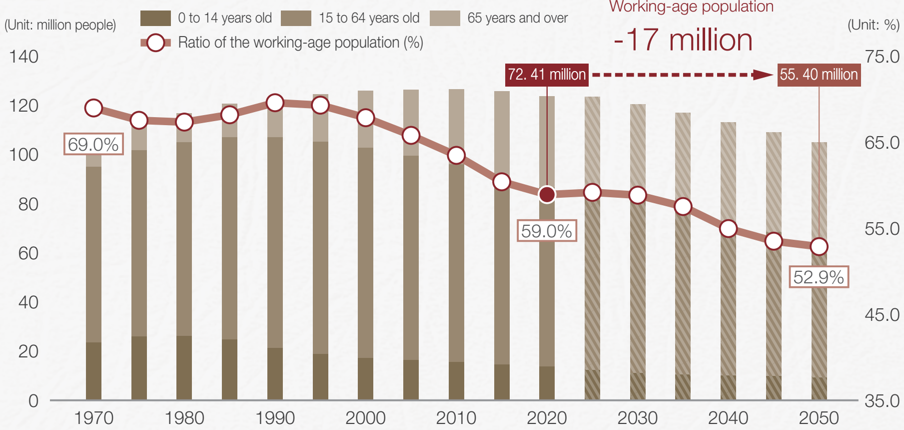
The External Environment Facing the Sac's Bar Group

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

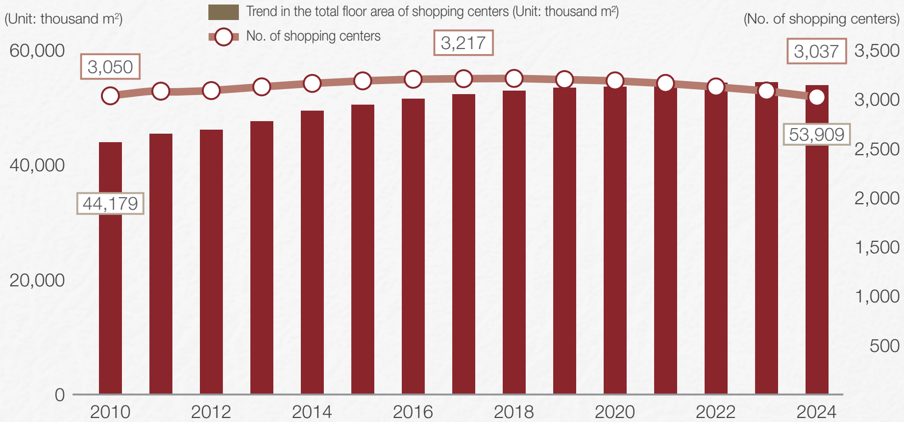
■ Trend in the size of the working-age population



Source: Vital Statistics of Japan, the Ministry of Health, Labour and Welfare; Population Projections for Japan: 2021 to 2070 (2023), the National Institute of Population and Social Security Research

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

■ Trend in the number of shopping centers and their total floor area

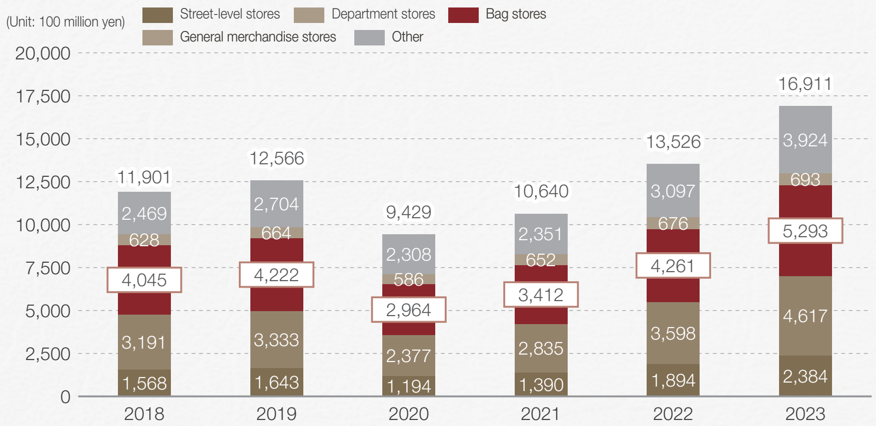


Source: 2025 SC White Paper, Japan Council of Shopping Centers

Opportunities

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

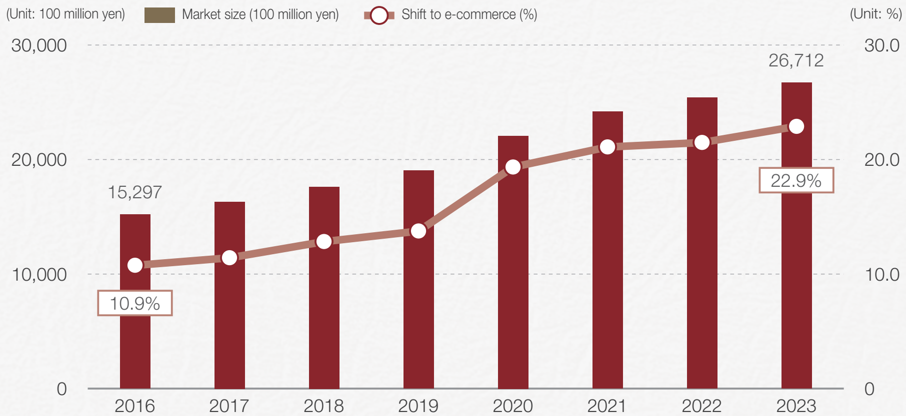
■ Trend in the domestic bag and purse market by distribution channel



Source: Bags and Purses Market 2025, Yano Research Institute Ltd.

E-commerce market for clothing and accessories is on an expansion trend and reached approximately 2.6 trillion yen in 2023

■ Trend in the size and proportion of the e-commerce market for clothing and accessories



Source: Survey of Business-to-Consumer Electronic Commerce, the Ministry of Economy, Trade and Industry

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 results	FY2026 plan
Sales (Million yen)	36,798	47,236	52,093	52,289	58,749
(E-commerce sales)	2,449	2,774	2,944	2,835	5,048
Gross margin (%)	48.2	49.2	49.6	49.7	50.4
Ordinary profit (Million yen)	(776)	2,666	3,848	4,130	4,959
Net profit (Million yen)	(888)	1,291	2,487	2,545	3,029
Net assets (Million yen)	25,098	25,918	27,829	29,541	33,339
ROE (%)	(3.4)	5.1	9.3	8.9	9.4
ROIC (%)	(1.9)	5.4	8.3	8.7	8.8

Key policies

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

Ⅰ 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.

Ⅱ 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.

Ⅲ 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.

Ⅳ Manufacturing/wholesale
Logistics reform

At SKYL Inc., 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 Ayagawa Store
≫The store's floor area was expanded from 127 m² to 254 m² in conjunction with the facility's renovation.
≫Revised product lineup to offer a higher-quality product lineup
≫ Sales increased to 162% (of the same month last year) after the renovation

Division of brand in two, based on store location and customer needs

[Premium store group]
- In addition to traditionally popular brands, these progressive bag boutiques will also offer a rich lineup of DtoC brands popular with the F1 and M1 generations.

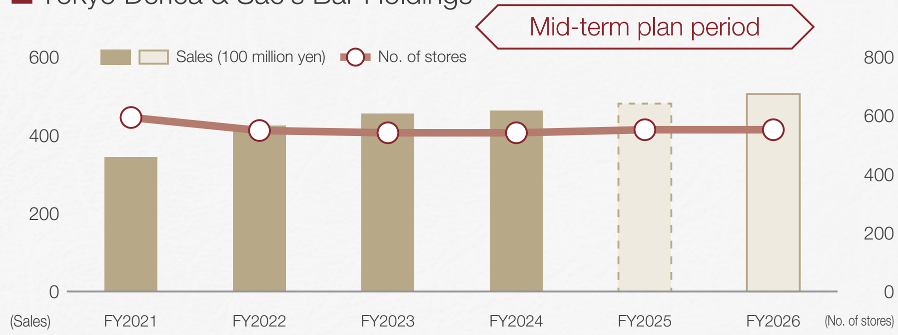
[New standard group]
- These are next-generation bag boutiques that will offer a wide range of popular brands appealing to customers across generations, centering on Character Park alongside our private brands and national brands.

Multi-store expansion of Character Park (in-store promotion and sale of character-based merchandise)

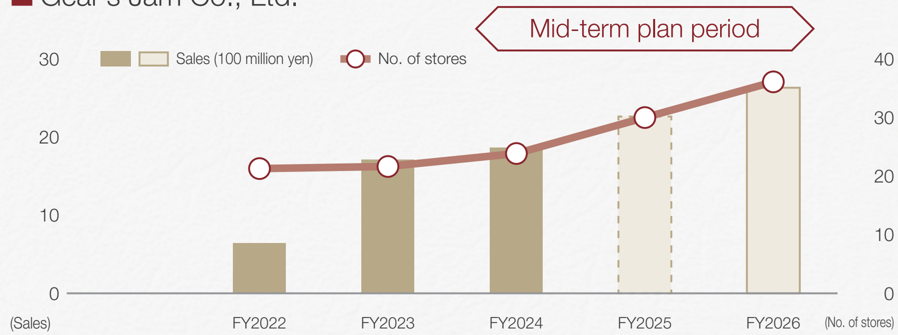
- New in-store initiative whereby a section of the store is used to promote and sell merchandise featuring popular characters
- Strengthening store openings and e-commerce sales for Charatrastation

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

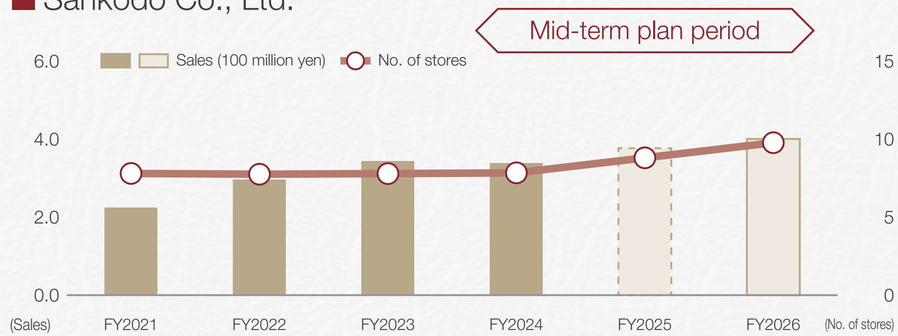
Tokyo Derica & Sac's Bar Holdings



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.

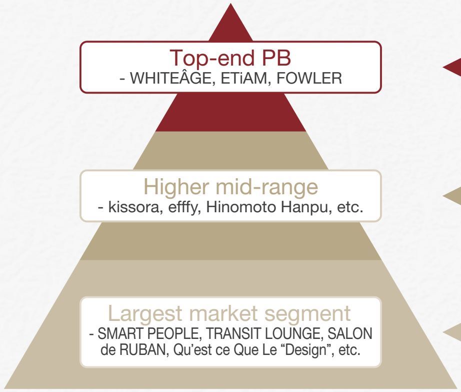
Key product strategies in retail business

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



Strategies for top-end PBs
- ▶ Launch top-end PBs
- ▶ Open domestic flagship stores
- ▶ Start overseas wholesale business

Strategies for the higher mid-range
- ▶ Further shift to sustainable materials and enhanced communication
- ▶ Launch of overseas e-commerce platforms

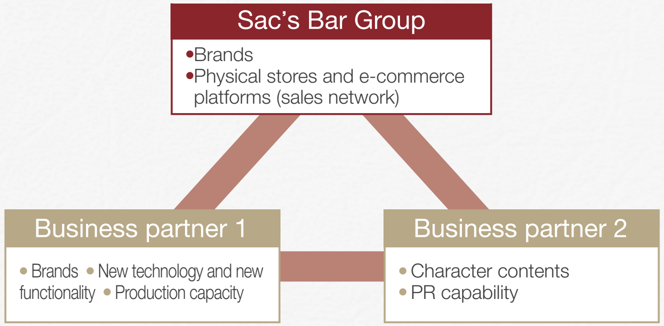
Strategies for the largest market segment
- ▶ Enhanced promotion for the HIGI series*
- ▶ Active promotion of character collaborations

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 2.8 bn yen (FY2024) to 5.0 bn yen (FY2026)

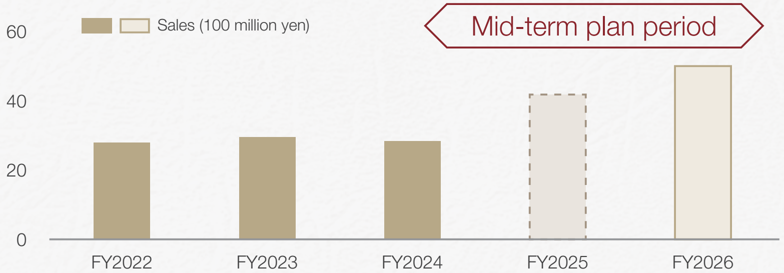
Actively acquire younger users through marketing using popular vloggers among Gen Z

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 MA tool measures by utilizing purchase data from online store and 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

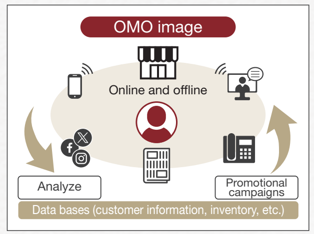
FY2021	FY2022	FY2023	FY2024		FY2026 (target)
320,000 members	571,000 members	852,000 members	1,115,000 members	...	1.8 million members

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



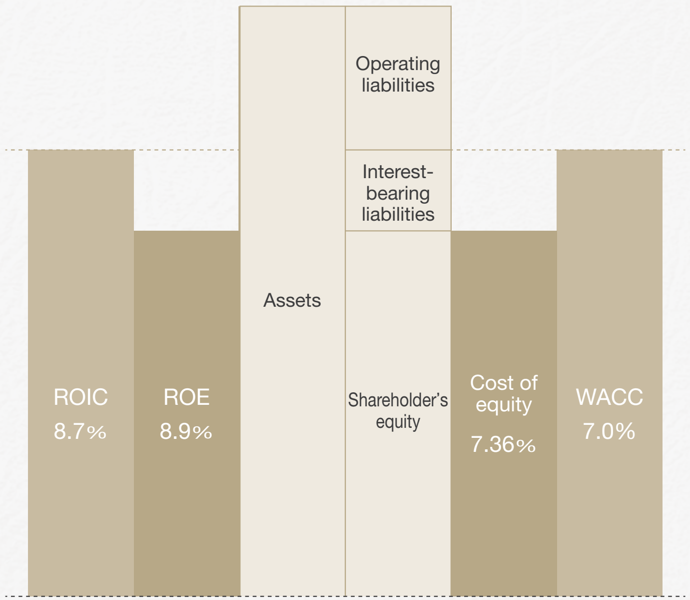
Financial Capital Strategy

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 marginally below 1x at 0.84x at the end of FY2024 due to factors including a falling stock market, 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 FY2024

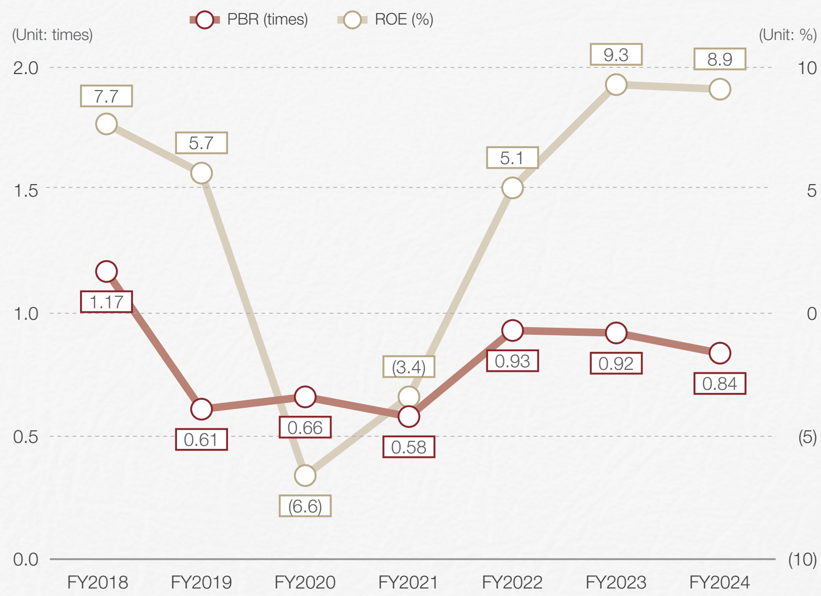
- Medium to long-term cost of shareholders' equity is 6.0 to 7.0%, and 6.0 to 6.5% for WACC.
- We aim to continuously maintain ROE above the cost of shareholders' equity and ROIC level above WACC, with the medium to long-term goal of achieving a stable ROE of at least 10%.



ROIC calculation uses post-tax operating profit, and 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, which had fallen along with deterioration in performance, has begun to rise along with the recovery in earnings, the PBR was slightly below 1x at 0.84x at the end of FY2024 due to factors including a falling stock market. 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 5.7 to 6.2 billion yen in growth areas such as store openings and the opening of new logistics warehouses and expansion of existing ones. The payout ratio for returns to shareholders is to be changed to 35% or more as a general guide, and we expect the dividend paid in June 2026 to be increased to 35 yen per share.
Over the course of three years, we plan to disburse a cumulative total of 2.8 billion yen in dividends.

Progress of capital allocation disclosed in the mid-term business plan

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

Operating cash flow
Three-year total
8.5 to 9.5 billion yen

Investment cash flow
Growth investments (including M&As, land and building acquisition investments)
5.7 to 6.2 billion yen

Returns to shareholders
Three-year total
2.8 billion yen

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

Capital allocation breakdown	
Operating cash flow	8.5 to 9.5 billion yen
Investment cash flow	5.7 to 6.2 billion yen
Investment in store openings	1.34 billion yen
System investment and OMO-related investment	180 million yen
New and expanded logistics warehouses	1.5 billion yen
Office building-related (land and building acquisition*)	1.7 billion yen
M&A investment, etc.	1.0 to 1.5 billion yen
Returns to shareholders (dividends)	2.8 billion yen

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

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. In the next fiscal year, in order to enhance the return of profit to shareholders, we will change the previous guide for consolidated dividend payout ratio of 30% or more to 35% or more, and accordingly, we plan to provide a year-end dividend of 35 yen per share.

Dividend trends*

Fiscal year (consolidated)		FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Dividend per share	(yen)	30.00	15.00	15.00	22.50	30.00	30.00	35.00
Dividend payout ratio	(%)	52.6	—	—	50.6	35.1	34.3	38.3

*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)

Human Capital Strategy

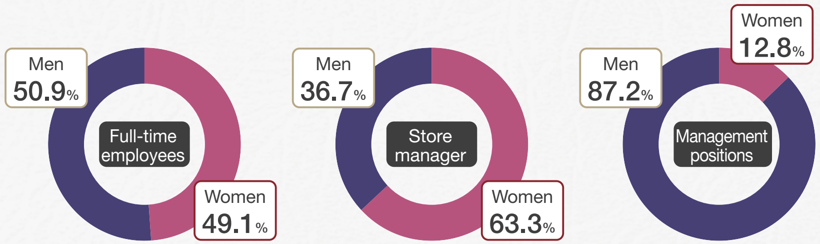
We believe that the source of the Sac's Bar Group's strength lies in its people (employees). At each store, we have provided opportunities for growth and fulfillment through stocking, and moving forward, we will continue to address human capital-related challenges and aim to achieve a balance between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



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 meisters

Merchant growth cycle

①Learning and trial and error
②Fostering responsibility and passion
③Expanding horizons and learning

Organizational growth cycle

①Growth of merchants and stores
②Growth of stores and organization
③Expansion of opportunities for participation and challenges

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.

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 (FY2024: 13 sessions, 213 participants)
▶Regularly held Compliance Committee meetings to promote awareness of legal compliance

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.

- Clarification of targets
- Fair and transparent evaluation criteria
- Feedback from performance evaluation processes
- Compensation reflecting careers

Etc.

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

	Now	FY2026
Percentage of female employees in management positions	12.8%	15.0%
Rate of male employees taking childcare leave	62.5%	50.0%
Gender pay gap among employees	77.5%	85.0%

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	FY2024
Scope1	Emissions from fuel consumption	137	125	128	132	161	148
Scope2	Emissions from use of electricity	7,024	5,996	5,969	6,257	5,774	5,342
	Emissions from use of air conditioning	2,208	2,693	3,212	3,293	3,276	3,193
	Subtotal	9,232	8,689	9,181	9,551	9,050	8,535
Total*1		9,370	8,814*2	9,309	9,683*3	9,211	8,682

*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

Corporate Governance Structure 48
Officer Compensation 49
Internal Controls 50
Our Officers 51
Skill Matrix/Officer Composition 54

Products for Avid Fans

With a view to developing the market for products aimed at avid fans, we have signed a personal sponsorship agreement to support Takuto Iguchi and Hideki Yamauchi who drive for Subaru BRZ R&D Sport in the Super GT motorsport.

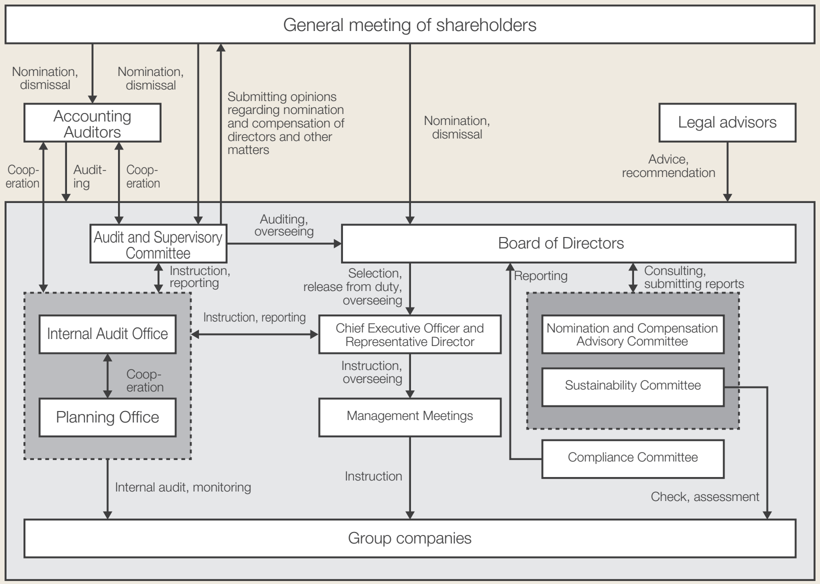
Corporate Governance Structure

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



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 10 people, with seven (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 chief executive officer 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 fulfilment 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 Committee is a three-member committee comprised of the chief executive officer 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 2025, they reported on the advice of the Board of Directors with regard to the selection and compensation 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	A Compliance Committee chaired by the chief executive officer 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 Chief Executive Officer 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 ensures that the Chief Executive Officer and Representative Director exercises the relevant powers appropriately in the process for setting the amount of compensation for directors, including consulting and obtaining a response from the Nomination and Compensation Committee and respecting the right of the Audit and Supervisory Committee to state its opinion regarding compensation, and on the basis of this has determined that the compensation is set in line with the relevant policy.

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 (FY2024)[*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)	93	66	22	4	4
Audit and Supervisory Committee Members (excluding external directors)	7	6	—	0	1
External Directors	11	11	—	—	4

*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're working to enrich our internal controls system by ensuring thorough observance
with laws, regulations and articles of association by both directors and employees and engaging in the reinforcement of our risk management system.

Maintenance 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.

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.

Risk Management System

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

Primary Initiatives

(1) Holding of the Information Committee

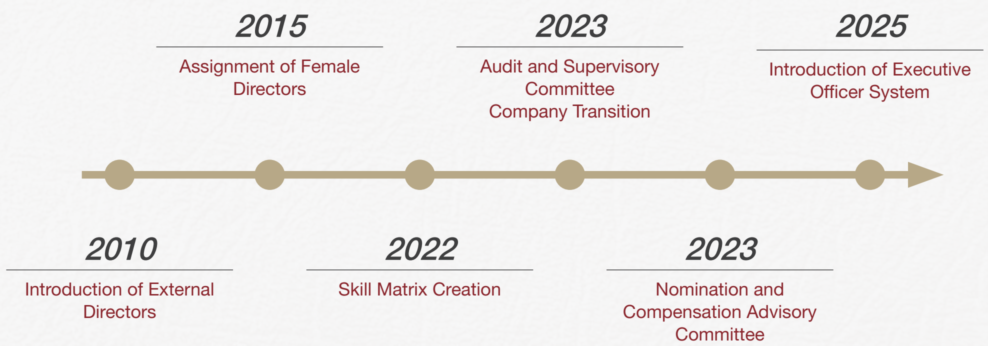
The Information Committee is comprised of the heads of each department and has the representative director as the highest ranking person. The committee is led by senior officer in charge of information management and meets twice a month in principle.

(2) Establishment of Internal Audit Office

With have the Internal Audit Office as a body under the direct control of the chief executive officer 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.

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

1964	April	Joined Mitsui Shipbuilding & Engineering Co., Ltd.
1969	March	Joined Maruni Shokai L.P. (Sac's Bar's predecessor)
1974	August	Sac's Bar Establishment Representative Director
1980	April	Derica Sogyo Co., Ltd.〈now D&K〉 Establishment Representative Director
1992	October	Derica Sogyo Co., Ltd.〈now D&K〉 Director (current position)
1999	September	MK Industries Establishment Director (current position)
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 (FY2024): Seventeen times out of eighteen

Takeshi Kiyama
Chief Executive Officer and Representative Director

1990	April	Joined Sac's Bar
1992	April	Sac's Bar General Affairs Dept. Assistant Manager
1993	September	Derica Sogyo Co., Ltd.〈now D&K〉 Representative Director (current position)
1998	April	Sac's Bar 3rd Sales Dept. Manager
1999	June	Sac's Bar Director
1999	September	MK Industries Establishment Representative Director (current position)
2001	October	Directors Co., Ltd. Establishment, Representative 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
2012	October	Aishin Tsusho Co., Ltd. Director (current position) Lojel Japan Co., Ltd.〈now SKYL Inc.〉 Director (current position)
2014	May	Tokyo Derica Co., Ltd. President & Representative Director
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 (current position)
2025	June	Sac's Bar Chief Executive Officer and Representative Director Appointment (current position) Tokyo Derica Co., Ltd. Chief Executive Officer and Representative Director Appointment (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 (FY2024): Eighteen times out of eighteen

Yoh Yamada
Director, Senior Executive Officer

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
2014	May	Tokyo Derica Co., Ltd. Director
2015	January	Carnival Company Co., Ltd. Representative Director
2019	June	Aishin Tsusho Co., Ltd. Director (current position) Lojel Japan Co., Ltd.〈now SKYL Inc.〉 Director (current position)
2019	July	Sankodo Co., Ltd. Auditor (current position)
2022	October	Gear's Jam Co., Ltd. Director (current position)
2025	June	Sac's Bar Director, Senior Executive Officer Appointment (current position) Tokyo Derica Co., Ltd. Director, Senior Executive Officer Appointment (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 (FY2024): Eighteen times out of eighteen

Yasuhiro Kojima
Director, Executive Officer

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	Tokyo Derica Co., Ltd. Tokyo Metropolitan Area Supervisory Dept. Manager
2015	June	Sac's Bar Director Tokyo Derica Co., Ltd. Director
2019	June	Tokyo Derica Co., Ltd. Eastern Japan Supervisory Dept. Manager and Merchandise Dept. Supervisory Dept. Manager
2025	June	Sac's Bar Director, Executive Officer Appointment (current position) Tokyo Derica Co., Ltd. Director, Executive Officer Eastern Japan Supervisory Dept. Manager and Merchandise Dept. Supervisory Dept. Manager Appointment (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 (FY2024): Eighteen times out of eighteen

Our Officers

Directors (excluding those acting as auditors and supervisors)

Hiroyasu Tashiro
Executive 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
2019	June	Sac's Bar Director Tokyo Derica Co., Ltd. Director Western Japan Supervisory Dept. Manager Sac's Bar 5th Sales Dept. Manager
2025	June	Sac's Bar Executive Director Appointment (current position) Tokyo Derica Co., Ltd. Executive Director, Western Japan Supervisory Dept. Manager, and 5th Sales Dept. Manager Appointment (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 (FY2024): Seventeen 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 a licensed tax accountant with specialized knowledge and practical experience in taxation, and is deemed capable of providing us with suitable opinions from an objective perspective related to the execution of our business.

Board of Directors Attendance (FY2024): Eighteen times out of eighteen

Setsuko Karibe
External Director

1974	January	Joined Maruni Shokai L.P. (Sac's Bar's predecessor)
1985	May	Left 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 (FY2024): Eighteen times out of eighteen

Our Officers

Directors (Auditors and Supervisors)

New

Nobuyuki Kawabe

(fulltime)

1988	April	Joined Sac's Bar
2018	May	Tokyo Derica Co., Ltd. 1st Merchandise Dept. Manager
2019	May	Sac's Bar 1st Merchandise Dept. Deputy Manager
2025	June	Sac's Bar Director (Fulltime Auditor and Supervisor) Appointment (current position) Tokyo Derica Co., Ltd. Auditor Appointment (current position) Aishin Tsusho Co., Ltd. Auditor Appointment (current position) SKYL Inc. Auditor 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 in the Sac's Bar Group.

Yasuhiko Endo

External Director

1980	April	Joined New Japan Securities Co., Ltd. 〈currently Mizuho Securities Co., Ltd.〉
2001	May	Shinko Securities Co., Ltd. 〈now 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 《(now Japan Investor Relations and Investor Support, Inc.)》 Director, Senior Executive Officer
2018	June	Hirata Corporation Auditor
2020	June	Estelle Holdings Co., Ltd. Auditor
2022	June	Sac's Bar Auditor
2023	June	Estelle Holdings Co., Ltd. Director (Auditor and Supervisor) (current position) Hirata Corporation Audit and Supervisory Director (current position)

Reason for Assignment and Anticipated Role

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 (FY2024): 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 and Anticipated Role

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 (FY2024): Eighteen times out of eighteen

Skill Matrix/Officer Composition

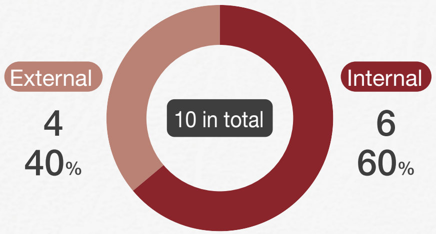
The Board of Directors at the Sac's Bar Group places a great deal of importance on diversity and expertise, and is comprised of members who have a great deal of experience and knowledge in their respective fields.

Reason for Skill Selection

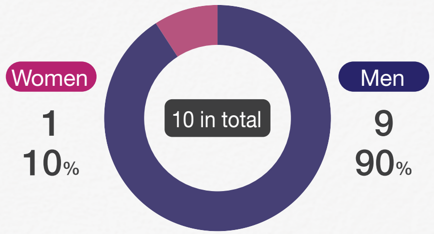
We held discussions and took stock of what sort of skills would be necessary towards the realization of our vision. The Board of Directors believes that, in addition to exercising supervisory functions in management, knowledge, experience and ability related to a broad range of fields is also necessary.

Composition of Directors / Auditors (as of July 1, 2025)

Internal/External Ratio



Male/Female Ratio



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	○	○	○	○	○	—	—
		Yoh Yamada	○	○	○	—	○	○	—
		Yasuhiro Kojima	—	○	○	—	○	—	—
		Hiroyasu Tashiro	—	○	○	—	—	—	—
	External	Fumio Maruyama	—	—	—	—	—	—	○
		Setsuko Karibe	—	○	○	—	—	—	—
Directors (Audit and Supervisory Committee Members)	Internal	Nobuyuki Kawabe	—	○	○	—	—	—	—
	External	Yasuhiko Endo	○	—	—	—	—	○	○
		Jun Mizuno	○	○	○	—	—	—	—

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

Ⅴ. COMPANY INFORMATION

Main Financial Data (Consolidated) 56

ESG Data 57

Company Overview and Stock Information 59

Sac's Bar 50th Anniversary Limited Edition Color Collection

We launched a very well-received limited edition collection of the classic and highly-popular Sac's Bar products in the Sac's Bar signature color of brown.

Main Financial Data (Consolidated)

Term Fiscal year	43rd FY2015	44th FY2016	45th FY2017	46th FY2018	47th FY2019	48th FY2020	49th FY2021	50th FY2022	51st FY2023	52nd FY2024
Sales (million yen)	56,963	56,747	55,756	55,774	52,523	34,836	36,798	47,236	52,093	52,289
Operating profit (million yen)	4,765	4,465	3,800	3,723	2,670	(2,036)	(903)	2,484	3,764	4,044
Ordinary profit (million yen)	4,844	4,526	3,860	3,775	2,762	(1,839)	(776)	2,666	3,848	4,130
Net profit margin for that belonging to the parent company stockholders for the year (million yen)	2,982	2,658	2,221	2,177	1,668	(1,847)	(888)	1,291	2,487	2,545
Net profit per year for the year (Yen)	101.24	90.25	75.40	73.93	57.05	(63.57)	(30.56)	44.44	85.59	87.59
Net profit margin for owned capital for the year (%)	12.9	10.5	8.2	7.7	5.7	(6.6)	(3.4)	5.1	9.3	8.9
Gross asset ordinary profit margin (%)	13.5	11.9	9.8	9.2	6.8	(4.7)	(2.1)	6.9	9.8	10.4
Sales operating profit margin (%)	8.4	7.9	6.8	6.7	5.1	(5.8)	(2.5)	5.3	7.2	7.7
Gross assets (million yen)	37,234	38,671	40,114	41,541	40,108	37,505	38,115	39,142	39,385	40,313
Net assets (million yen)	24,209	26,235	27,634	29,070	29,240	26,514	25,098	25,918	27,826	29,541
Percentage of capital owned (%)	65.0	67.8	68.9	70.0	72.9	70.7	65.8	66.2	70.7	73.3
Net assets per share (yen)	821.83	890.60	938.13	986.88	1,000.11	912.52	863.78	892.02	957.66	1,016.71
Cash flow via operational activities (million yen)	2,048	3,002	2,568	3,451	2,693	(1,173)	713	3,461	4,949	3,125
Cash flow via investment activities (million yen)	(3,140)	(1,312)	(939)	(2,452)	(1,179)	(774)	(391)	(484)	(489)	(437)
Cash flow via financial activities (million yen)	(977)	(1,282)	(1,226)	(1,391)	(1,783)	(176)	998	(2,987)	(2,728)	(1,095)
Final balance of cash and cash equivalents (Million yen)	3,034	3,440	3,846	3,485	3,216	1,092	2,416	2,406	4,139	5,733
Employees *not incl. part-time employees	454	471	491	524	567	578	555	572	572	582

ESG Data

ESG Themes	Category	ESG Classification	Unit		FY2022	FY2023	FY2024
E (Environment)	Energy	GHG emissions (group consolidated stores)	t-CO_2	Scope1	132	161	148
				Scope2	9,551	9,050	8,535
S (Society)	Employment	No. of employees (all employees / excluding officers)	People	Men	359	359	355
				Women	1,675	1,666	1,610
				Total	2,034	2,025	1,965
		No. of employees by employment status (excluding officers)	People	Full-time employees	460	478	484
				Non-regular employees	1,574	1,547	1,481
				Total	2,034	2,025	1,965
		Regular/Non-regular employee ratio	%	Full-time employees	22.6	23.6	24.1
				Non-regular employees	77.4	76.4	75.9
		Promotion of non-regular employees to regular employees	People		30	39	24
		Average no. of years worked (full-time employees)	years	Men	15.2	15.7	16.1
				Women	10.8	10.6	11.0
		Average annual salary (full-time employees)	thousand yen		4,445	5,153	4,993
		Gender pay gap	%	All employees	83.6	82.7	83.6
				Full-time employees	78.7	77.4	77.5
				Non-regular employees	95.7	96.5	99.8
		Average age (full-time employees)	years	Men	42.5	43.2	43.9
				Women	44.8	45.2	45.9
		No. of turnovers and turnovers for personal circumstances (full-time employees)	People	No. of turnovers	31	22	13
				Personal circumstances	27	22	11
		Turnover rate (full-time employees)	%		6.7	4.5	2.3

*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		FY2022	FY2023	FY2024
S (Society)	Occupational safety and health	Total working hours (full-time employees)	hours	Yearly average	2,137	2,197	2,134
		Average overtime (full-time employees)	hours	Monthly average	14.3	14.3	12.1
		Ratio of those who have undergone health examinations, health screenings	%		42.3	85.8	82.6
	Diversity and Equal Opportunities	No. of female employees who used childcare leave	People		41	30	22
		Ratio of female employees who used childcare leave	%		100.0	100.0	100.0
		No. of male employees who used childcare leave	People		2	Not applicable	5
		Ratio of male employees who used childcare leave	%		33.3	Not applicable	62.5
		Ratio of female employees (Full-time employees)	%		47.5	49.6	49.1
		Ratio of female management positions	%		12.0	12.0	12.8
		Ratio of female officers	%		9.1	9.1	9.1
		No. of employees with disabilities	People		48	50	52
		Ratio of employees with disabilities	%		2.25	2.30	2.25
G (Governance)	Governance	No. of the Board of Directors meeting	time (s)		15	18	18
		Board of Directors attendance rate	%		97.7	96.9	99.0
		No. of directors	People		9	11	11
		No. of directors acting as auditors and supervisors	People		3	3	3
		No. of external directors	People		3	4	4
		Ratio of external directors	%		33.3	36.4	36.4
		Ratio of female external directors	%		33.3	25	25
		No. of Sustainability Committee meetings	time (s)		1	3	4
		No. of Compliance Committee meetings	time (s)		—	1	2
		No. of reports made using internal reporting system	No.		12	11	12

*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: 2,174 (including 582 full-time employees) *As of March 31, 2025
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
SKYL Inc.	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 2025)

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	29,859,900 shares (including the 803,764 treasury shares)
No. of shareholders	11,120

Major shareholders (top 10 companies)

Shareholder name	No. of shares held (thousand)	Shareholding ratio (%)
D&K	5,733	19.73
The Master Trust Bank of Japan, Ltd. (trust)	2,643	9.10
Custody Bank of Japan, Ltd. (trust)	2,029	6.99
MK Industries	2,005	6.90
Sumitomo Mitsui Banking Corporation	1,047	3.60
Sac's Bar client share ownership	943	3.25
Shigetoshi Kiyama	761	2.62
Akie Kiyama	741	2.55
Takeshi Kiyama	550	1.90
Sac's Bar employee stock ownership	532	1.83

SAC'S BAR
HOLDINGS