



JASDAQ (7564)

WORKMAN CO., LTD.

Materials for Briefing Session on the Financial Results for
the Fiscal Year Ended March 31, 2021



『New Standards
for Functions and Prices』

May 11, 2021

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- Financial Results for the Fiscal Year Ended March 31,2021

Cumulative income statement

(Millions of yen)	FY3/20 Amount	FY3/21 Amount	YoY	Factors of increase/decrease
Sales at all chain stores	122,044	146,653	+20.2	
Sales to directly managed stores	8,681	9,566	+10.2	
Sales to franchise stores	113,363	137,086	+20.9	
Same store sales	—	—	+14.2	
Total operating revenue	92,307	105,815	+14.6	
Operating revenue	23,826	29,121	+22.2	
Income from FCs	20,010	25,073	+25.3	Average number of FCs during period: 845 (up 49 YoY) Gross profit ratio for FCs: 36.2%
Other operating revenue	3,815	4,047	+6.1	Revenue from assigned distribution operations up 273 million yen as purchases from domestic vendors rose 8.2% YoY.
Net sales	68,481	76,694	+12.0	
Sales to directly managed stores	8,681	9,566	+10.2	Average number of directly-managed stores during period: 44 (down 10 YoY)
Net sales from the supply of products to franchise stores	59,799	67,127	+12.3	Adjustment of inventories at FCs. The gap from the rate of increase in net sales: negative 8.6 points
Cost of sales	57,923	64,055	+10.6	
Cost of sales for directly-managed stores	△1,876	△3,072	△63.7	Adjustment of spreads due to direct foreign trade ※See factors for gross profit on net sales
Cost of sales for supply of products to franchise stores	59,799	67,127	+12.3	Recorded the same amount as net sales from the supply of products to FCs

Cumulative income statement

(Millions of yen)	FY3/20 Amount	FY3/21 Amount	YoY	Factors of increase/decrease
Gross profit	10,557	12,638	+19.7	Purchases from overseas down 2.6% YoY, the average settlement rate: 105.68 yen Profit on purchases from overseas up 24.1% YoY to 9,328 m. yen
Adjusted OP before SG&A	34,384	41,760	+21.4	
Selling, general and administrative expenses	15,214	17,804	+17.0	Labor costs (average number of employees during period up 36) +Some 406 m. yen SG&A Δ Some 326 m. yen Distribution center operating expenses +Dome 2,438 m. yen Depreciation +Some 341 m. yen Directly-managed store operations (average number of stores down 10 during period) Δ Some 133 m. yen
Operating profit	19,170	23,955	+25.0	
Non-operating income	1,554	1,508	Δ 2.9	Open account interest rate lowered
Non-operating expenses	58	32	Δ 22.8	
Ordinary profit	20,666	25,409	+22.9	
Extraordinary income	2	4	+111.8	Sale of stores built by the Company
Extraordinary loss	573	43	Δ 92.0	500 m. yen set aside as provision for retirement benefits for executives in the previous year
Net income	13,369	17,039	+27.5	
EPS	163.82 yen	208.80 yen		

Quarterly income statement

(Millions of yen)	FY3/20 Q4		FY3/21 Q4	
	Amount	YoY	Amount	YoY
Sales at all chain stores	25,542	+27.6	28,956	+13.4
Same store sales	—	+21.2	—	+7.1
Total operating revenue	20,748	+26.9	22,713	+9.5
Selling, general and administrative expenses	4,119	+35.0	4,291	+4.2
Operating profit	2,879	+12.1	3,822	+32.7
Ordinary profit	3,136	+9.3	4,132	+31.8
Net income	2,517	+2.9	3,703	+47.1
EPS	30.85 yen		45.38 yen	

Balance Sheet

(Millions of yen)		FY3/20	FY3/21	Change	Factors of increase/decrease
Assets	Current assets	73,764	85,696	11,931	
	Cash and deposits	45,240	57,813	12,572	Operating CF 21,319 m. yen Investing CF △4,540 m. yen Financing CF △4,206 m. yen
	Accounts receivable- due from FCs	13,674	11,884	△1,790	Number of stores covered down from 819 to 809 due to cuts in inventories of autumn/winter products
	Merchandise	13,660	14,077	416	Distribution centers +984 m. yen EC/SC warehouses △805 m. yen Products in transit +74 m. yen Directly-managed stores +192 m. yen
	Non-current assets	23,757	27,179	3,421	
	Property, plant and equipment	16,968	20,101	3,133	New openings/S&B: 47 stores (of them, 39 stores are own property) Furniture and fixtures for renovated WORKMAN Plus stores (full renovation 12 stores, partial renovation 41 stores)
	Intangible assets	455	769	313	New EC site launched
	Other investments	6,333	6,307	△25	
	Total assets	97,522	112,876	15,353	
Liabilities	Current liabilities	16,905	19,090	2,184	
	Non-Current liabilities	3,113	3,191	78	
	Total liabilities	20,019	22,282	2,262	
	Total net assets	77,503	90,593	13,090	
	Total liabilities and net assets	97,522	112,876	15,353	

Statement of cash flows

(Millions of yen)	FY3/20	FY3/21	Change
Net cash provided by (used in) operating activities	6,689	21,319	14,629
Net cash provided by (used in) investment activities	4,423	△4,540	△8,964
Net cash provided by (used in) financing activities	△3,093	△4,206	△1,112
Net increase (decrease) in cash and cash equivalents	8,020	12,572	4,552
Cash and cash equivalents at beginning of period	20,220	28,240	8,020
Cash and cash equivalents at end of period	28,240	40,813	12,572

● Principal factors of increase/decrease (change from the previous year)

Operating C/F

- Drop in accounts receivable due to FCs Up 6,476 m. yen
- Pretax net income Up 5,261 m. yen
- Payment of corporate income taxes Down 1,892 m. yen
- Rise in accounts receivable Down 922 m. yen
- Rise in inventory assets Up 6,034 m. yen
- Rise in consumption taxes payable Up 1,253 m. yen
- Drop in accounts payable Down 1,043 m. yen

Investing C/F

- Refunds of term deposits with deposit terms in excess of three months Down 7,000 m. yen
- Net cash used for acquisition of tangible non-current assets Down 1,890 m. yen

Financing C/F




- Payments of dividends Up 1,104 m. yen

- Overview of Financial Results for the Fiscal Year Ended March 31, 2021

Store Openings

- First Store in Miyazaki Pref., Stores Deployed in **All Prefectures**

906 stores as of the end of March 2021 (Up 38 YoY)

(単位：店数)	Number of stores at end-March 2020	New store openings				Renovation/conversion※2			Closure	Number of stores at end-March 2021
			Roadside	SC※1	S&B※1		Full renovation	Partial renovation		
	693	(△8)	—	—	(△8)	(△53)	(△12)	(△41)	△1	632
	174	45	34	3	8	53	12	41	—	272
	—	2	—	2	—	—	—	—	—	2
Total	868	47	34	5	8	53	12	41	△1	906

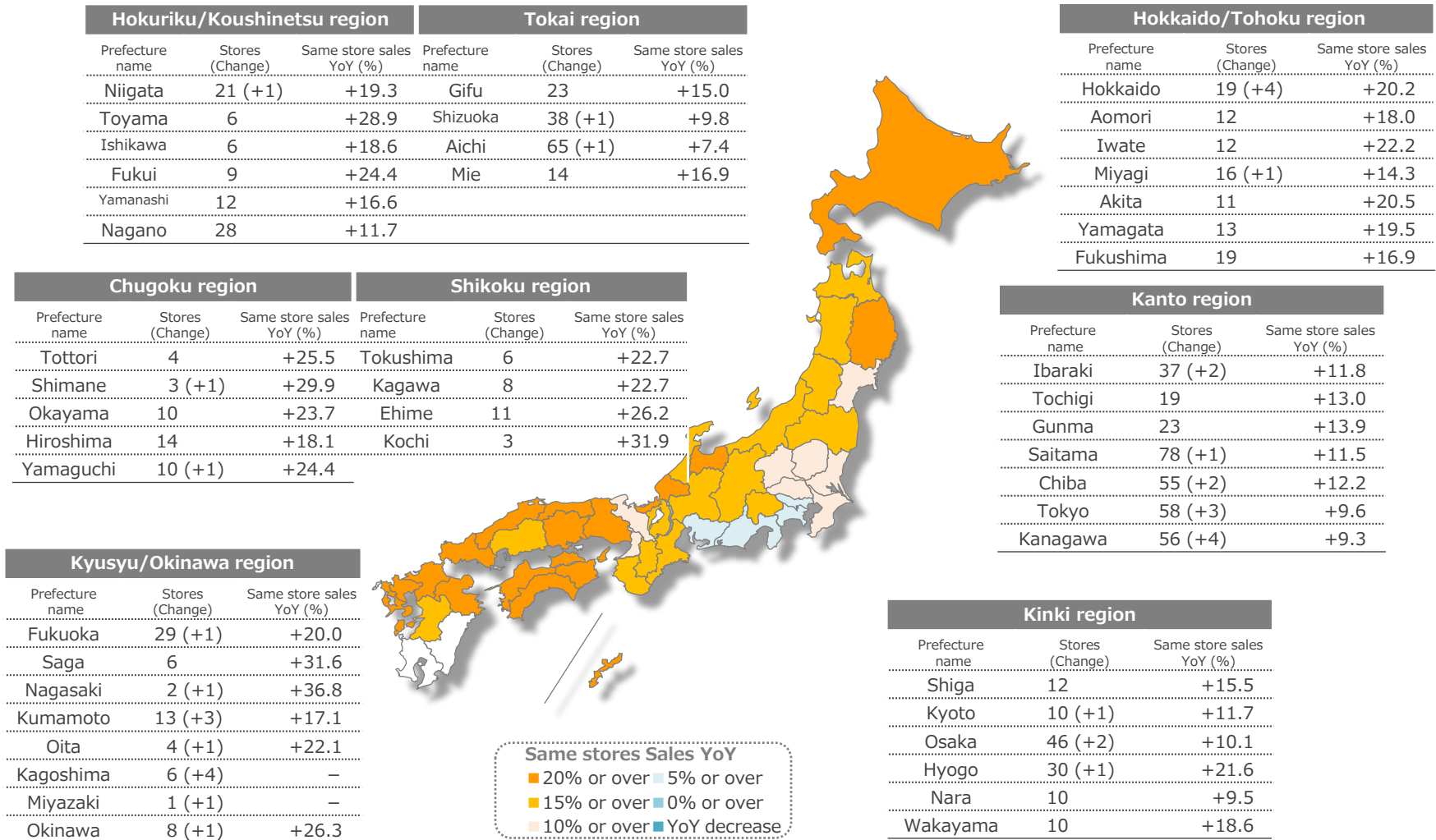
The Total column shows the number of operating stores, with figures in parentheses excluded from the Total.

※1.SC: Shopping centers S&B: Scrap and Build

※2. WORKMAN stores were renovated/converted to WORKMAN Plus stores. The Total shows the number of renovated stores.

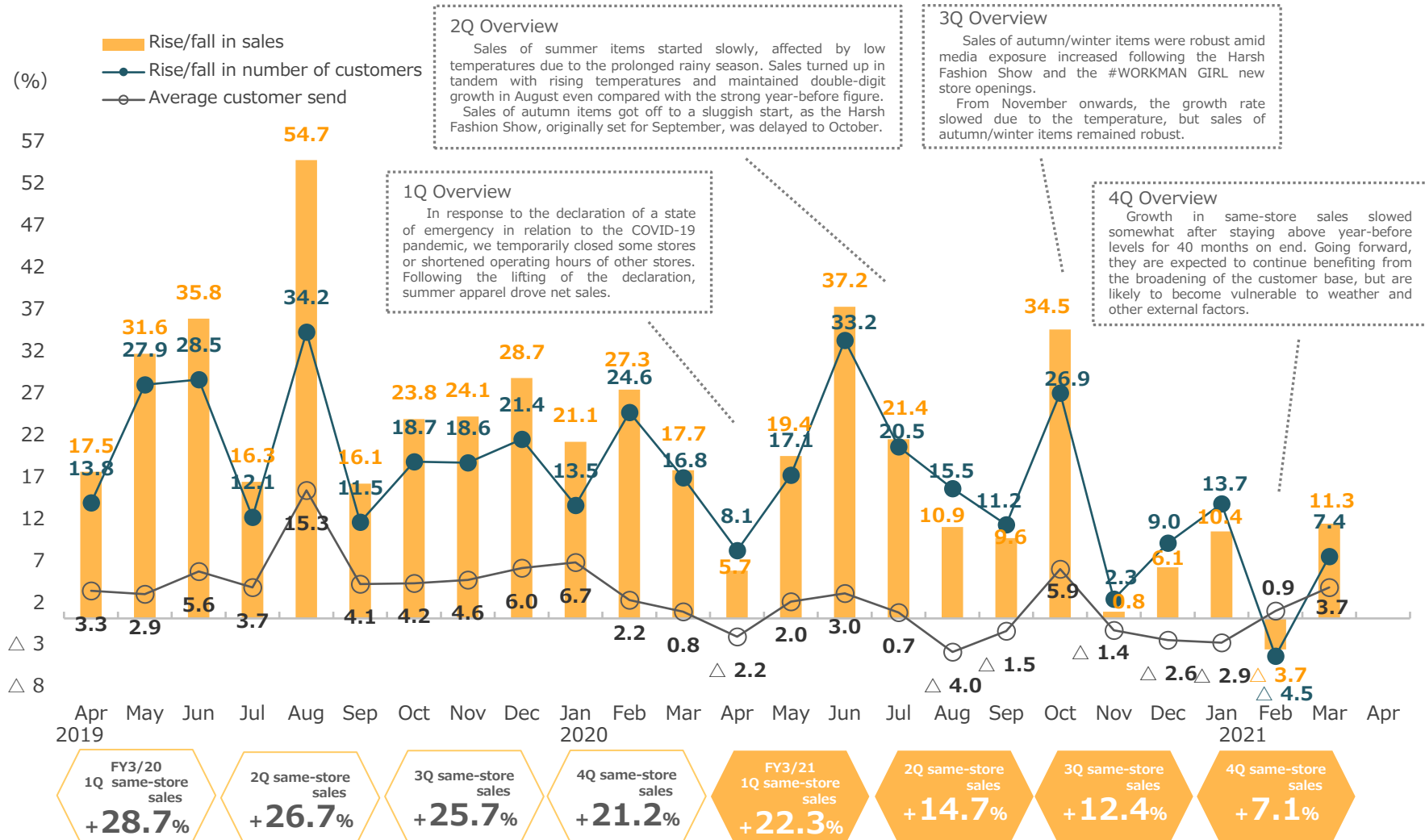
Status of Operations by Region+

● Same-store sales rose YoY in all prefectures



Monthly Trends and Factors

● Rise/Fall in Same-Store Sales, Number of Customers and Average Customer Spend



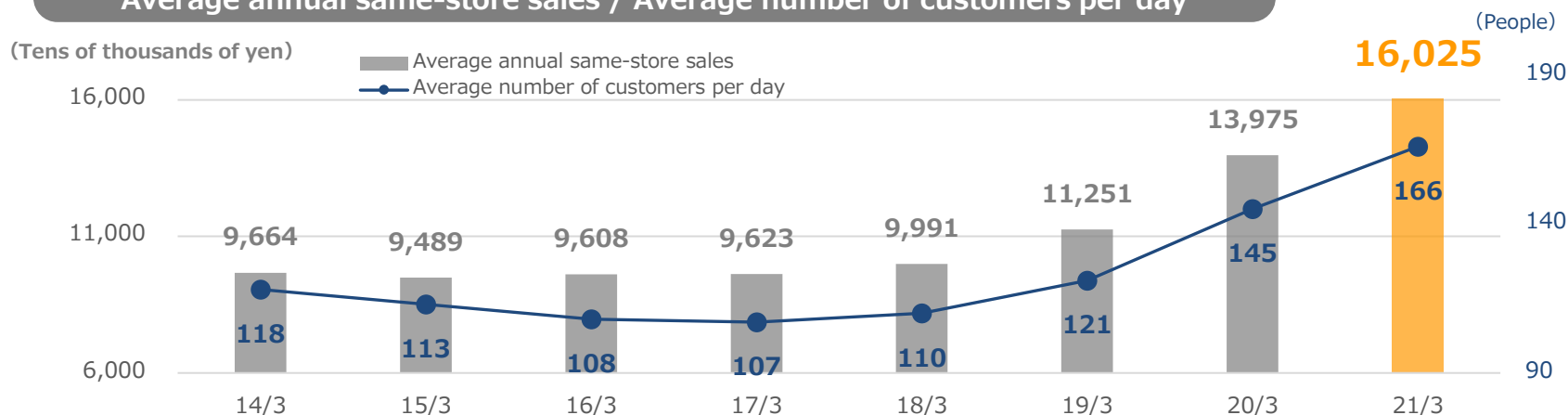
Status of Sales (Cumulative for FY3/21)

● Sales at All Chain Stores 146,653 Million Yen

	All chain stores	Existing stores
Net sales	+20.2%	+14.2%
Number of customers	+19.3%	+13.8%
Average number of customers per day	—	※166 (+21)
Average customer spend	2,833 yen (+0.7%)	2,815 yen (+0.3%)
Unit price per item	1,109 yen (+24 yen)	1,095 yen (+21 yen)
Number of items purchased	2.6 items (±0.0 item)	2.6 items (±0.0 item)

※ The average number of customers per day is an approximate figure as the number of business days varies depending on the format of store operations.

Average annual same-store sales / Average number of customers per day



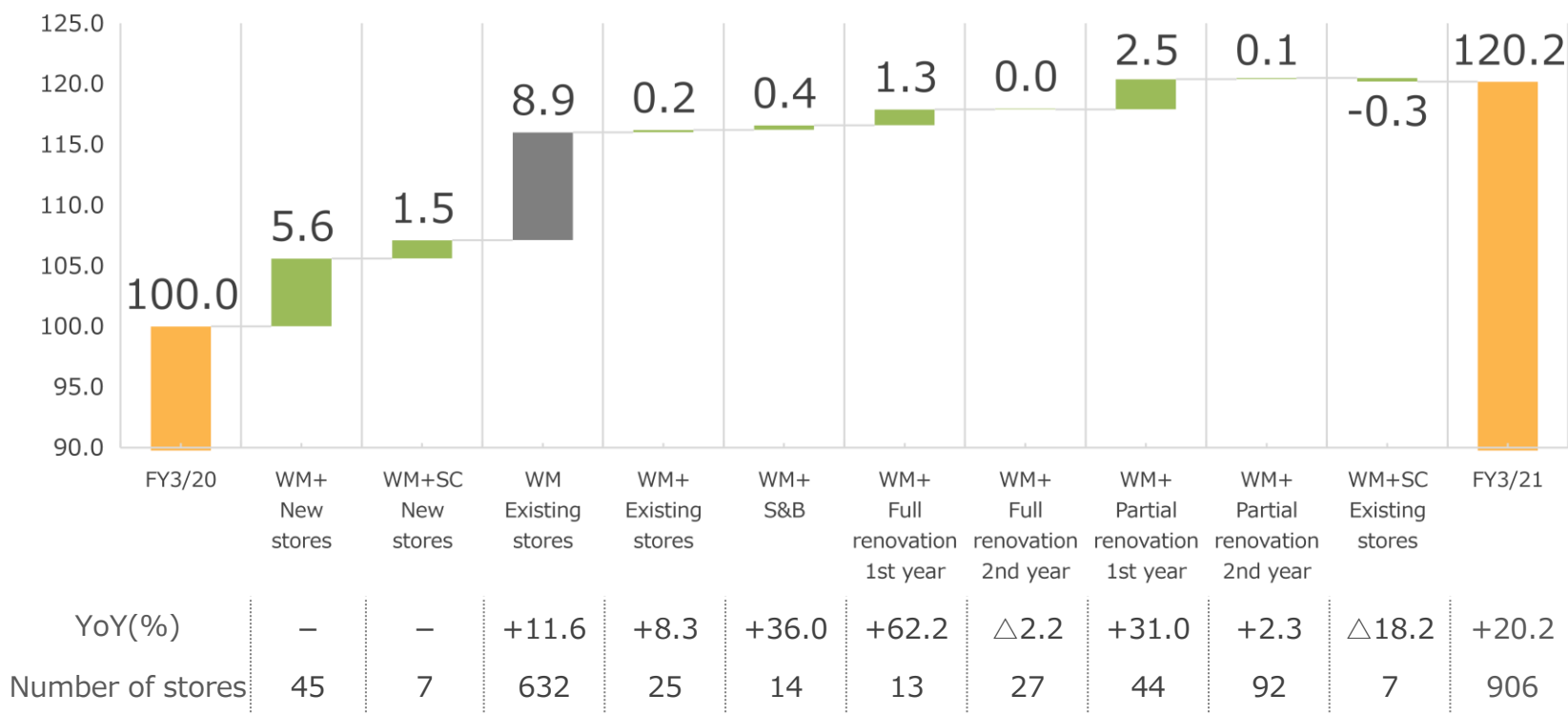
Status of Sales (Sales by Business Category)



● Contribution to sales at all chain stores (Monthly cumulative period)

- Growth in same-store sales slowed somewhat, with year-before sales strong.
- WORKMAN Plus store sales were robust in the first year of renovation, but may face growth problems

(%) in the second year.



※Same-store sales are calculated by excluding sales in months of new store openings and post-renovation renewal openings.

※“WM + Existing stores” covers stores newly opened in the WORKMAN Plus format.

Status of Sales (Sales by Product and Factors)







● Sales at All Chain Stores by Product

(Millions of yen)

Category	FY3/20		FY3/21		Factors (YoY)
	Sales	YoY	Sales	YoY	
Family apparel Undergarments, socks, hats, towels, etc.	10,521	+21.1	13,179	+25.3	<ul style="list-style-type: none"> • Cooling accessories (+78.6%) • Warm shirts (+68.1%)
Casual wear Sportswear, polo shirts, etc.	15,833	+42.1	20,387	+28.8	<ul style="list-style-type: none"> • Short-sleeved T-shirts (+36.2%) • Sweat pants (+99.7%)
Workwear Workwear, outdoor wear, etc.	38,466	+34.1	45,809	+19.1	<ul style="list-style-type: none"> • Summer cargo pants (+43.5%) • Wear with built-in fan (+53.6%)
Uniforms Women's wear, white smocks, office uniforms, etc.	4,034	+60.9	6,470	+60.4	<ul style="list-style-type: none"> • Women's clothing for summer (+157.2%) • Women's clothing for cold weather (+163.4%)
Footwear Protective footwear, <i>tabi</i> stocks, high boots, kitchen shoes, etc.	19,868	+23.9	22,895	+15.2	<ul style="list-style-type: none"> • Athle shoes (+73.4%) • Outdoor shoes for cold weather (+87.0%)
Work supplies Work gloves, protective gear, rainwear, etc.	33,058	+28.8	37,520	+13.5	<ul style="list-style-type: none"> • Bags (+37.3%) • Windbreakers (+17.5%) • Rainwear (+19.4%)
Other	262	△14.6	389	+48.3	–
Total	122,044	+31.2	146,653	+20.2	

Status of Sales (PB Products)

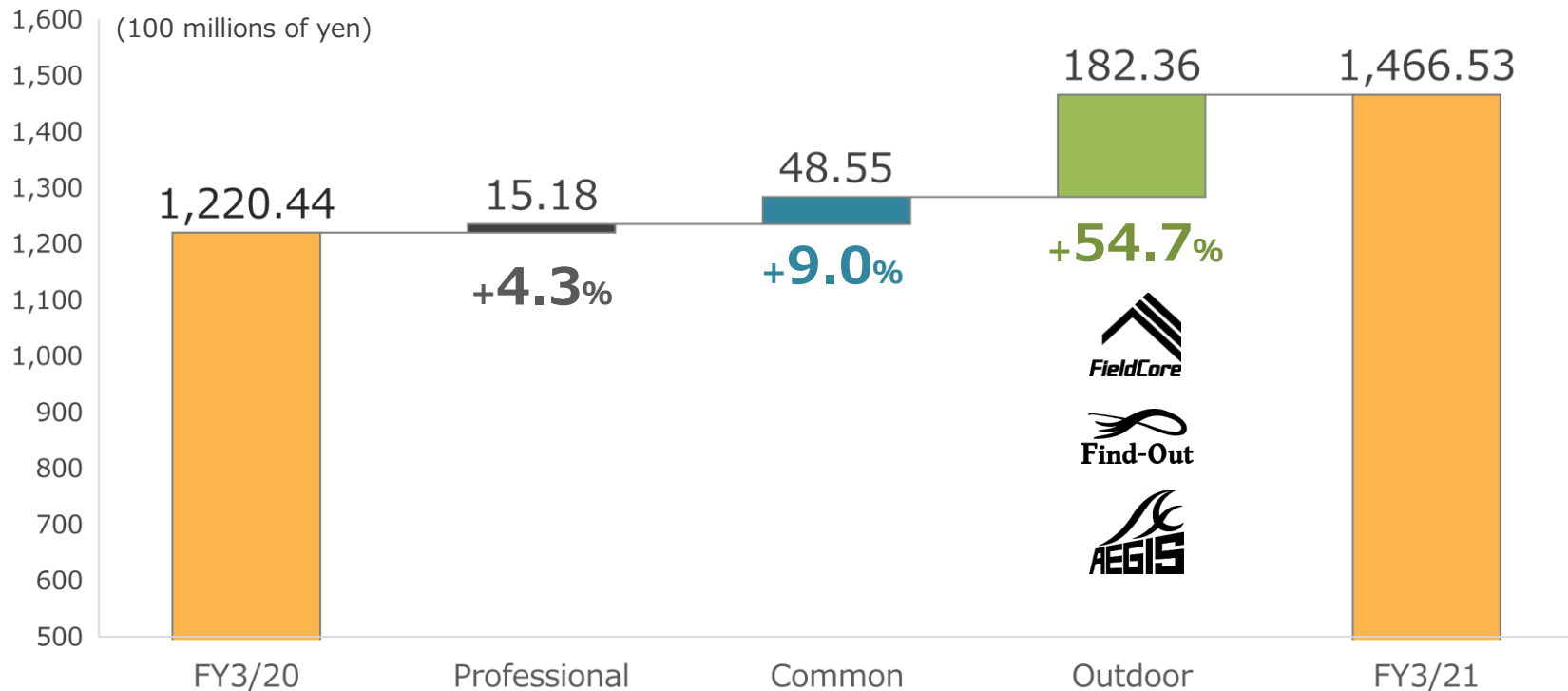
- Sales of PB Products **87,288 Million yen** (up 39.4% YoY)
 - Ratio of PB products to sales at all chain stores (up 8.3 points YoY)
 - 1,757 items of PB products (up 331 items YoY)

athle	WORK & CASUAL	Number of items (previous year)	Sales points (YoY)	Sales value (YoY)
	 Work & Outdoor	473 (317)	14.56 m. pts (170.2%)	27,054 m. yen (153.9%)
	 Work & Sports	385 (302)	15.47 m. pts (161.4%)	15,891 m. yen (154.9%)
	 High-Performance Rainwear	113 (82)	2.65 m. pts (176.9%)	8,637 m. yen (156.9%)
	Total for athleisure PB products	971 (701)	32.68 m. pts (166.4%)	51,583 m. yen (154.7%)
PRO	WORK	Number of items (previous year)	Sales points (YoY)	Sales value (YoY)
		593 (535)	38.55 m. pts (117.7%)	27,781 m. yen (117.5%)
	ASSIST	193 (190)	7.07 m. pts (135.0%)	7,922 m. yen (141.1%)
	Total for working PB products	786 (725)	45.62 m. pts (120.1%)	35,704 m. yen (122.0%)
Total for PB products		1,757 (1,426)	78.30 m. pts (135.9%)	87,288 m. yen (139.4%)

Status of Sales (Results by Product)

● Sales at All Chain Stores YoY by Product

- 3 PB brands for the athleisure market drove growth (expanded customer base).
- Sales of products for working professionals were robust, but there is concern that the busy-ness of existing stores was accompanied by a loss of professional customers. We hope to achieve the segmentation of customers by deploying new business categories.



※Sales are calculated by product. These are not the product of a customer analysis.

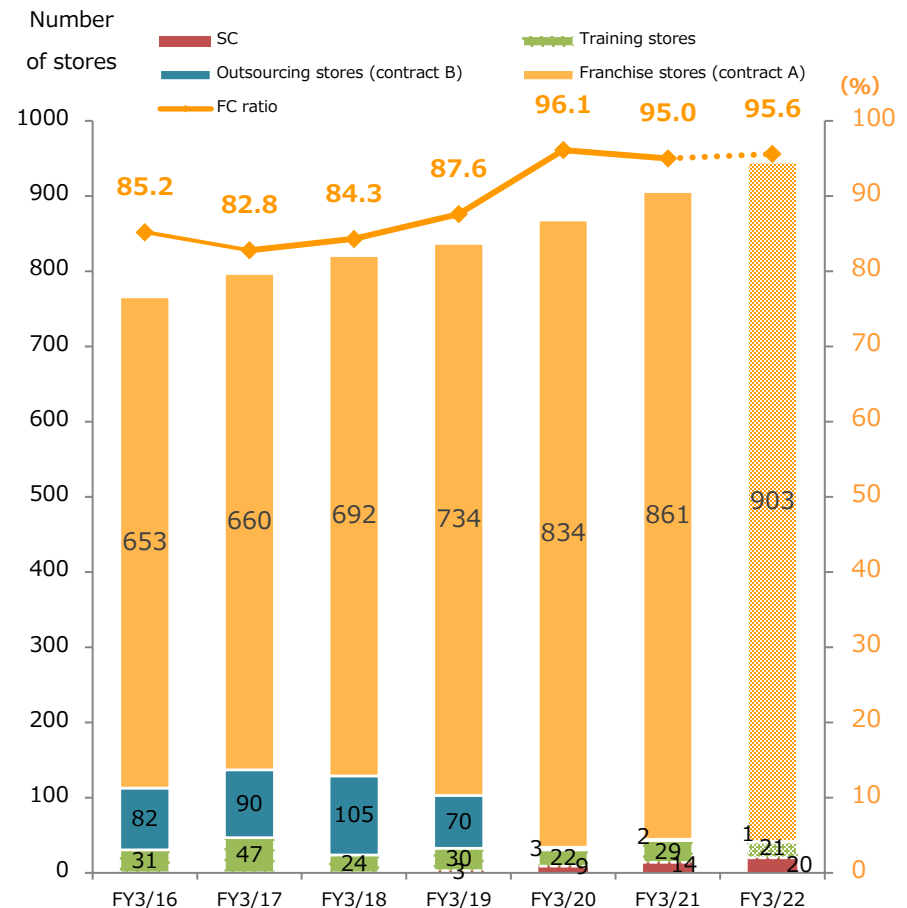
Format of Store Operations

- Ratio of Franchise Stores **95.0%** (down 1.1 points YoY)

Format of Store Operations for
FY Ended March 31, 2021

Format	End-March 2020	Up	Down	End-March 2021
Franchise stores	834	61	34	861
Outsourcing stores	3	—	1	2
Training stores	22	49	42	29
SC stores	9	5	—	14

Number of Stores by Format of Operations

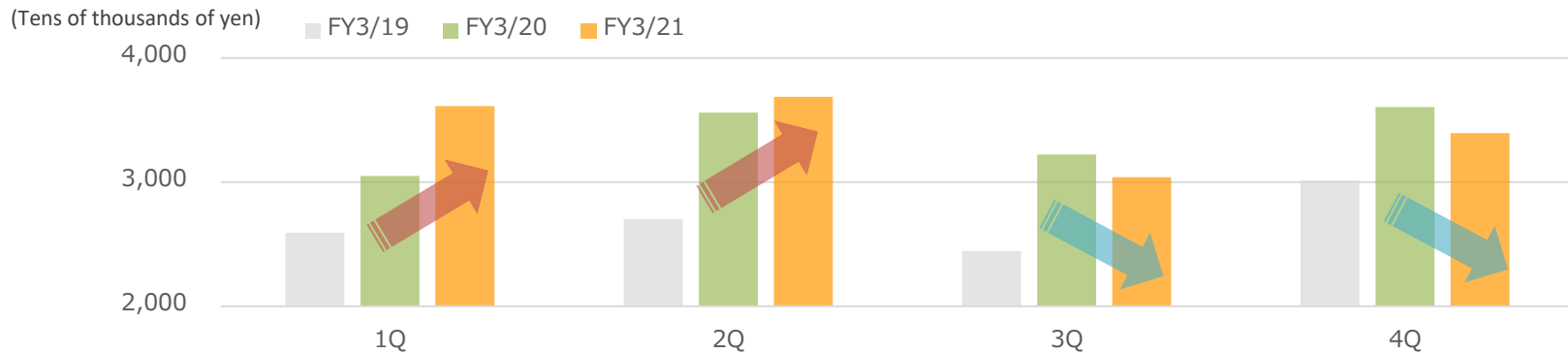


Inventories (Logistics Cost)

- Inventory and delivery costs contained through production adjustment of autumn/winter items.

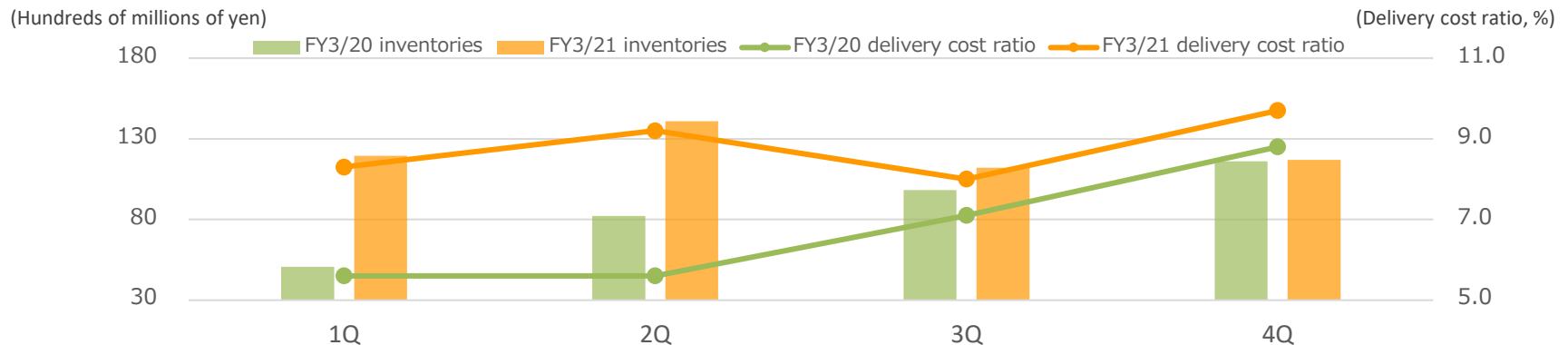
Selling price inventories per store

Inventories were reduced thanks to smooth sales of autumn/winter items.



DC inventories/delivery cost ratio

To address the cost management problem, we will strive to contain costs by establishing a demand forecast-based production system and investing in logistics infrastructure.



- Plans for the Fiscal Year Ending March 31, 2022

Establishment of new business categories, new formats

- Accelerate opening of #WORKMAN GIRL roadside stores
- Open stores in commercial districts, areas in front of train stations (vacant lots)
- Promote “scrap and build” of existing stores
- Standardize 130-tsubo, 150-tsubo stores



Logistics policy

- Isesaki Distribution Center expansion (September 2021)
- West Japan Distribution Center construction (completion expected in 2024)

Development of products full of “surprises”



- Endeavor to incorporate new functions and new categories through product development with brand ambassadors
- Rebuild the product lineup for working professionals and reinforce pricing, functions and designs
- Optimize inventories by enhancing the production management system and promoting the four-season system

Enhance customer convenience and improve operations

- Turn #WORKMAN GIRL” stores into FCs
- Maximize sales via stronger links between PR and merchandizing
- Transition to the new demand forecast-based ordering system
- Fuse online and physical stores by promoting C&C purchases

Store Opening Plans

- Go for 1,500 domestic stores in 3 categories

(Number of stores)	Stores at end of FY3/20	Openings set for FY3/21				Renovation set for FY3/22 ※2			Closure	Stores at end of FY3/22	Medium/longer-term goals
			Roadside	SC※1	S&B※1		Full renovation	Partial renovation			
	632	(△13)	—	—	(△13)	(△62)	(△2)	(△60)	△2	555	200
	272	43	30	—	13	62	2	60	—	377	900
#ワークマン女子 WORKMAN GIRL	2	11	5	6	—	—	—	—	—	13	400
Total	906	54	35	6	13	62	2	60	△2	945	1,500

These are the plans as of this moment. They may be altered in the future.

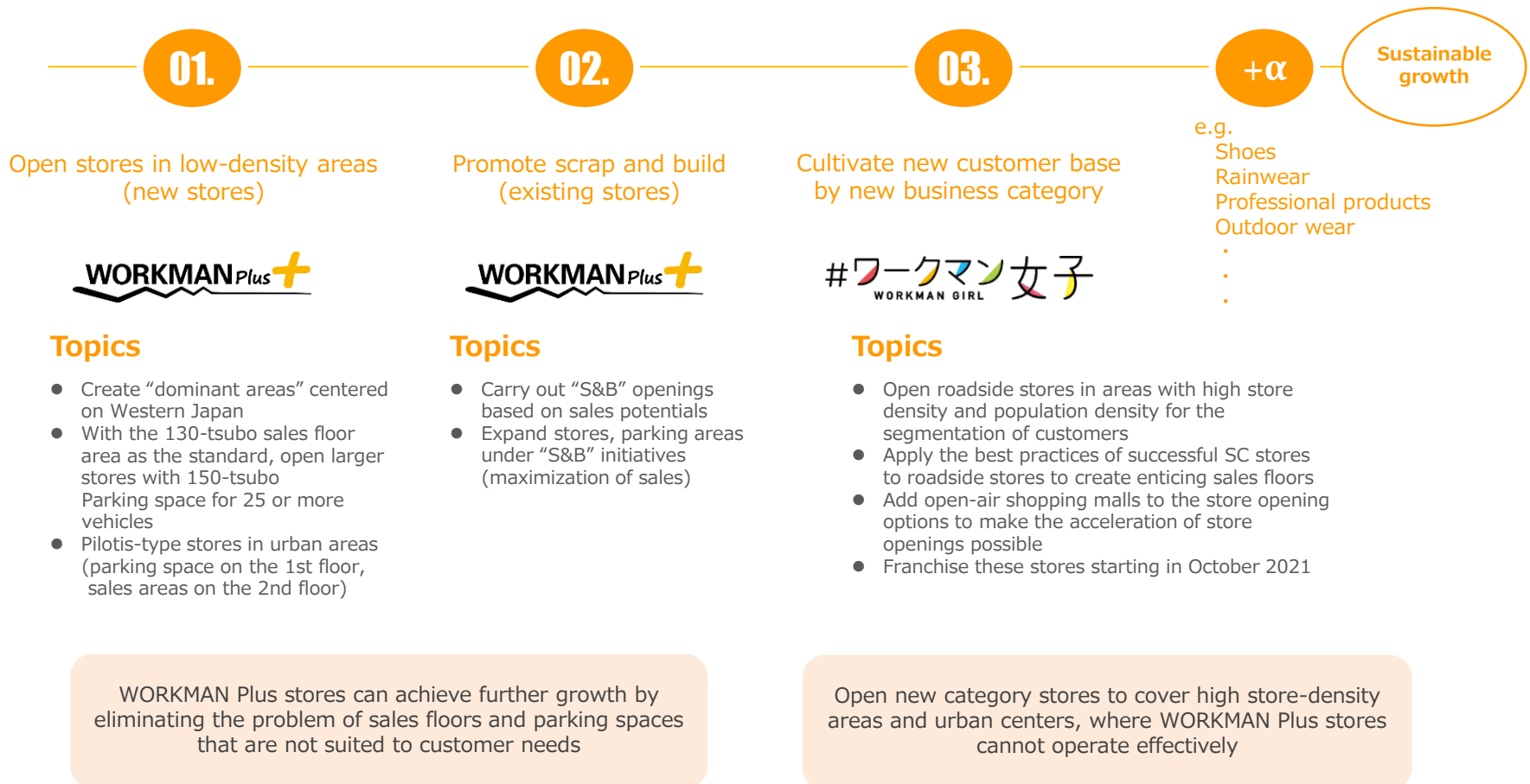
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Store Opening Strategy

● Deployment of stores for expected sustainable growth



- Continue to create products with “surprising” functions and prices

Given the diversification of customer needs, we will promote the development of new categories such as workwear suits and outdoor gear, and also launch a new workwear private brand in a bid to rebuild the product lineup for professionals. We will also reinvent our safety shoe lineup by leveraging functionality and excellent design required for the outdoors and sports.

In the area of production management, we will strive to “visualize” delivery dates and optimize inventories by promoting merchandizing that takes into account the four seasons.



Themes for FY3/22

01.

Develop new functions,
new categories

02.

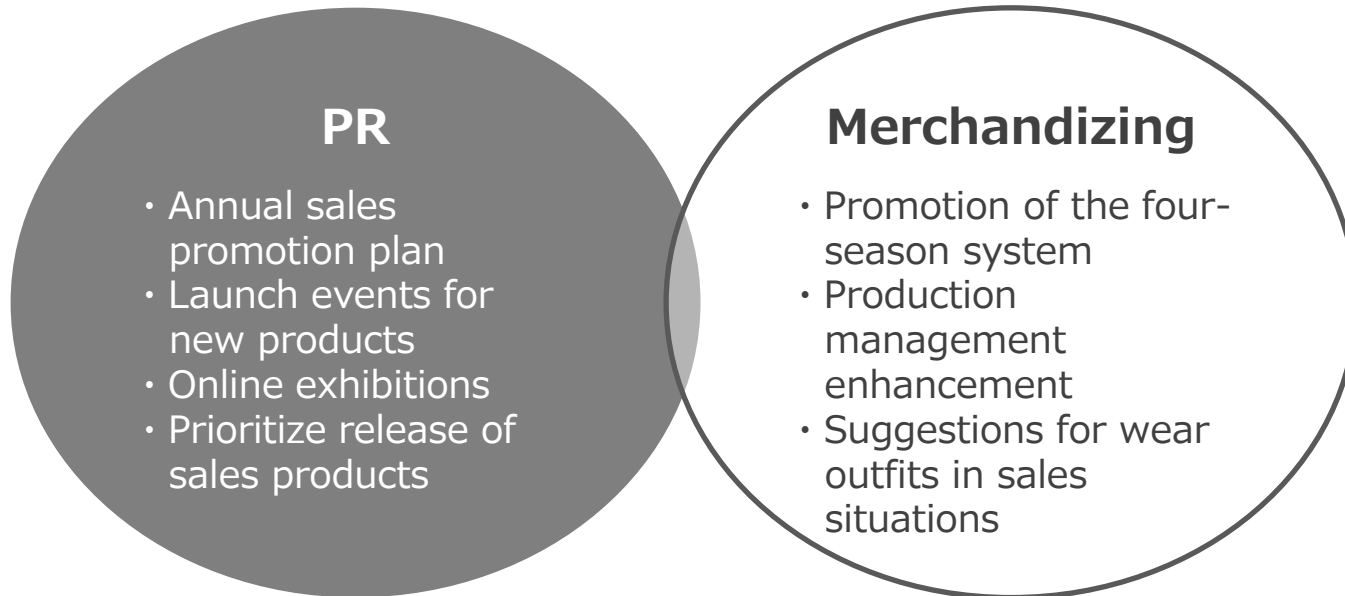
Rebuild the product lineup
for professionals

03.

Optimize inventories
Enhance production management
system/four-season system

Sales Promotion

- Maximize net sales by linking newsworthy PR and merchandizing



- Official WORKMAN social media accounts



Goal for the number of followers

About 130,000 ► **200,000** About 50,000 ► **100,000**

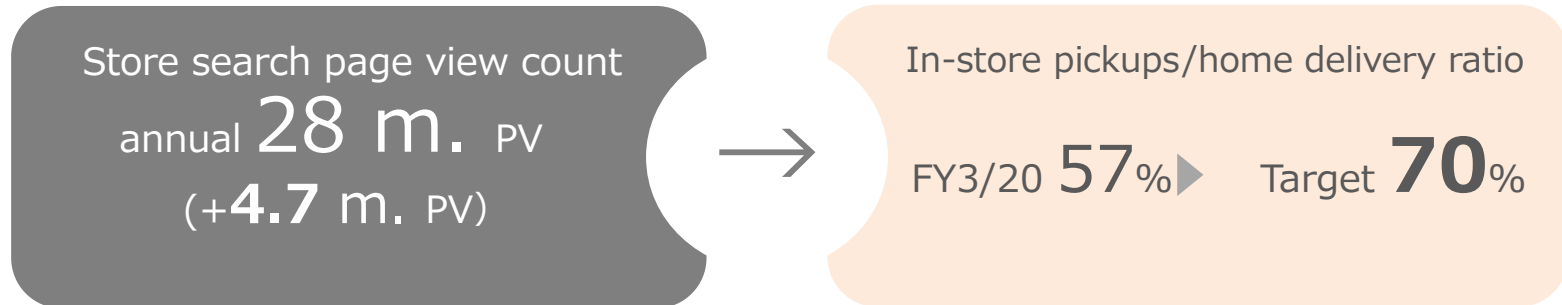
- Brand ambassador marketing

44 people ► 50 people

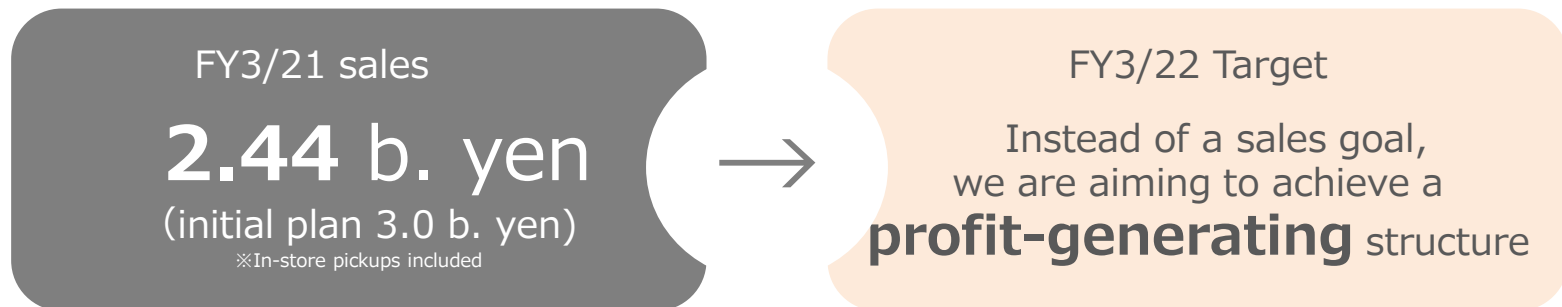
Expand into new categories

- Fishing, gardening, cycling, working (drivers), etc.

- Improve the convenience of C&C purchases to get more customers into physical stores



- The holding of effective events and higher media exposure led to a sharp rise in visits to the official WORKMAN website. We hope to prompt home-delivery customers to make in-store pickups.

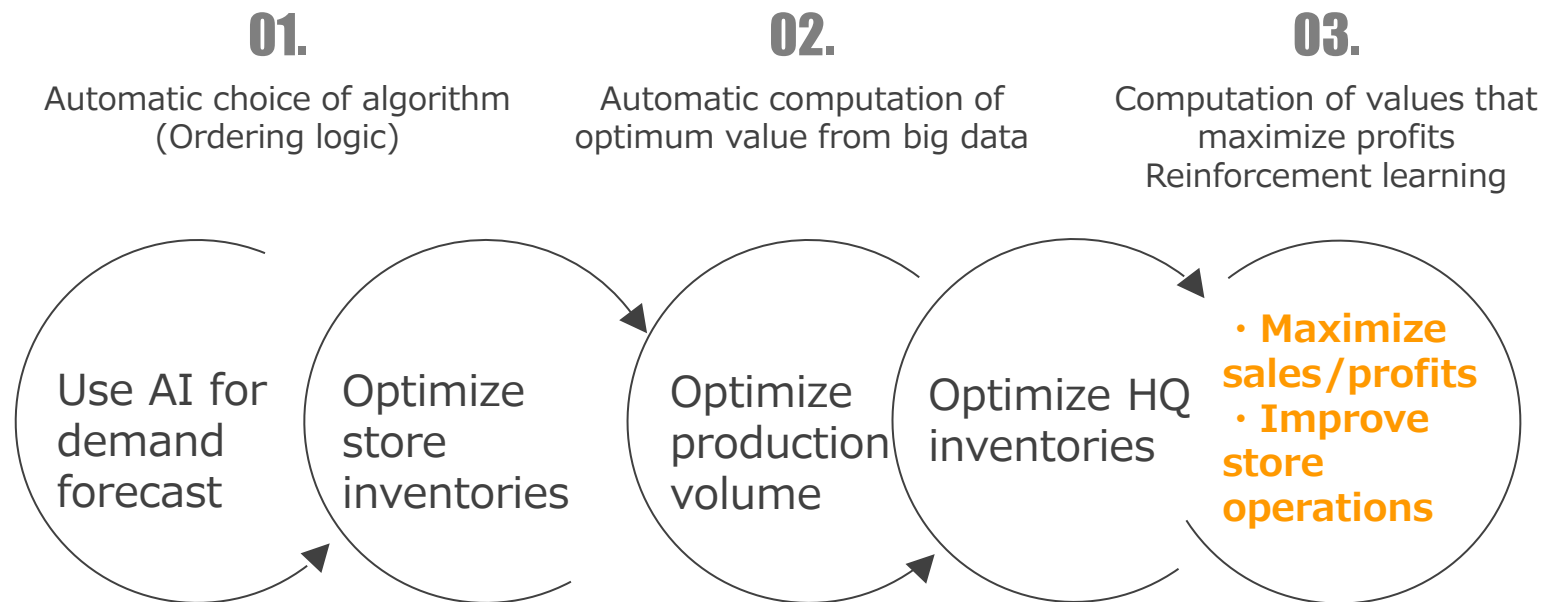


- After the launch of e-commerce sales in FY3/14, our sales-first philosophy helped us to keep doubling each year. With a view to expanding our EC business, we will review the whole process from storage to shipments and improve the profit rate by streamlining logistics, guided by our new rallying cry of profits first.

New Demand Forecast Ordering System

● Optimization of inventories and streamlining of store operations

Features of AI utilization



• Implementation schedule



※These are the plans as of this moment. They may be altered depending on the verification progress.

WORKMAN's SDGs

WORKMAN will contribute to the realization of the Sustainable Development Goals (SDGs) through our core business. Since SDGs are long-term goals, we believe continuity is important. Our first priority is to start wherever we can through our core business, without aiming excessively high. Then, we will strive to deepen and expand our efforts.



環境 Environment



We will develop some 25 environmentally friendly items, adopting laser processing of denim products and using original yarn and recycled fibers. For the utilization of renewable energy, we have installed photovoltaic equipment on the distribution center roof.



社会 Social



We will cut the product disposal rate to less than 1%.

For some products, we have inventories for sizes ranging from S to 7L. We will only dispose of them if we discontinue a product or change the model and are unable to sell them even with a markdown due to the absence of customer need.



We will substantially expand exports from developing countries.

We will contribute to increase exports from developing countries by promoting the advancement of developing countries and maintaining long-term and stable transactions with them.

Plans for the Fiscal Year Ending March 2022



- Aiming for **record-high net income** for the 11th straight year

(Millions of yen)	FY3/21		Forecast for FY3/22 2Q		Forecast for full FY3/22	
	Amount	YoY	Amount	YoY	Amount	Progress
Sales at all chain stores	146,653	+20.2	74,792	+9.5	156,174	+6.5
(Same-store sales)	—	+14.2	—	+3.3	—	+1.4
Total operating revenue	105,815	+14.6	53,732	+9.1	114,445	+7.0
SG&A	17,804	+17.0	9,818	+10.6	20,074	+8.0
Operating profit	23,955	+25.0	12,425	+8.4	26,673	+7.8
Ordinary profit	25,409	+22.9	12,697	+7.8	27,200	+7.0
Net income	17,039	+27.5	7,926	+7.5	18,155	+6.5
Net income per share	208.80 yen		97.13yen		222.46yen	
Dividends per share	64 yen		—		64yen	

Shareholder Return

● Basic policy

We target a dividend payout

ratio of **30%**

We regard the maintaining of an appropriate distribution of profits to our shareholders as an important management issue. As such, we distribute our profits to our shareholders based on our financial performance while striving to enhance internal reserves as necessary to achieve sustainable growth.

● Dividends per share

- Fiscal year ended March 31, 2021

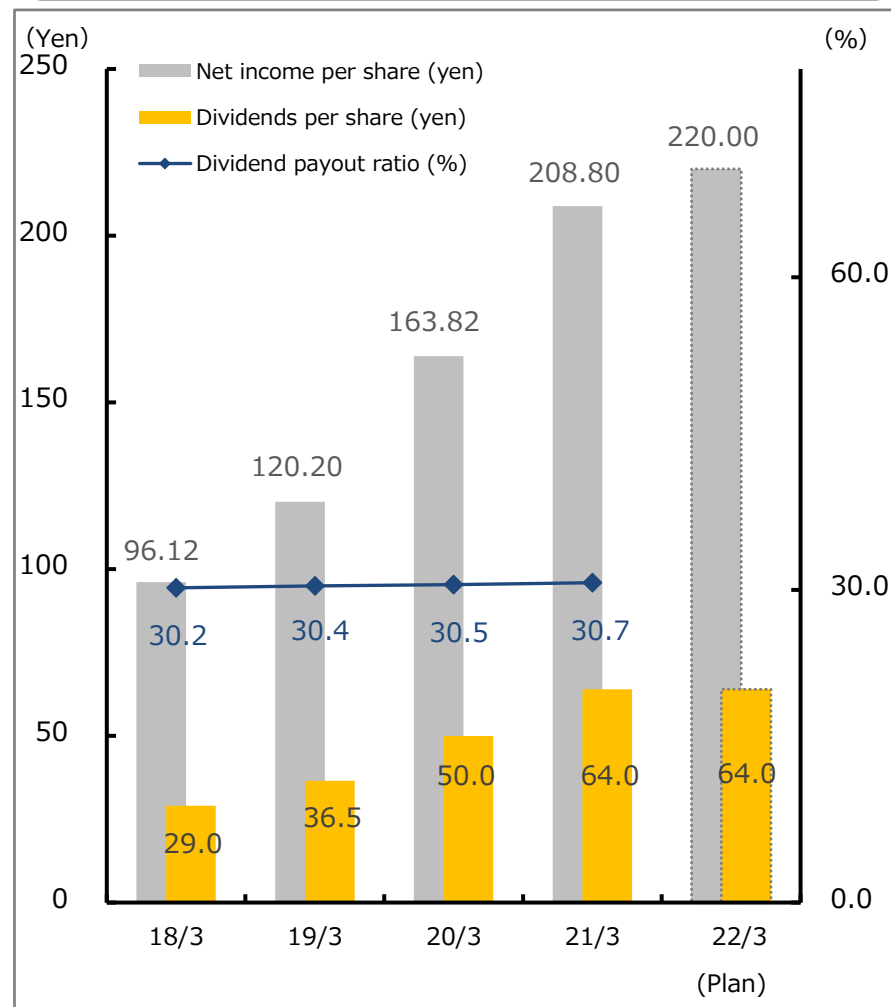
Plan to increase by 15 yen to **64** yen
(Dividend increase for 11th straight year)

- Fiscal year ending March 31, 2021

Expect to keep at **64** yen

We will strive to realize a dividend increase in accordance with this basic policy.

Changes in net income and dividends per share





- We have prepared this document solely for the purpose of facilitating understanding of WORKMAN, and not for the purpose of soliciting investment in the Company. As such, investors are advised to make investment decisions at their own discretion.
- Whereas every effort has been made to ensure the accuracy of this document, we make no guarantees regarding the completeness thereof. Accordingly, WORKMAN bears no responsibility whatsoever for any losses or damages arising in relation to information contained herein.
- Financial results forecasts, business plans and other forms of forward-looking statements contained herein have been prepared based on information available to WORKMAN as of the date on which this document was prepared. However, please be aware that actual financial results may vary greatly from the forward-looking statements herein as a result of substantial changes that may occur with respect to the business environment.

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