

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



[Japanese GAAP] (Unconsolidated)

May 10, 2021

Company name: Workman Co., Ltd. Stock Exchange Listing: Tokyo
 Securities code: 7564 URL: <https://www.workman.co.jp/>
 Representative: Representative Director & President Hideyuki Kohama
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 Scheduled date of ordinary general meeting of shareholders: June 29, 2021 Scheduled date to commence dividend payments: June 30, 2021
 Scheduled date to submit the Annual Securities Report: June 29, 2021
 Availability of supplementary materials on financial results: Available
 Holding of a briefing session on financial results: Yes (for securities analysts and institutional investors)

(All amounts are rounded down to the nearest million yen)

1. Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Operating results (Percentages represent year-on-year changes)

	Total operating revenue		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY March 2021	105,815	14.6	23,955	25.0	25,409	22.9	17,039	27.5
FY March 2020	92,307	37.8	19,170	41.7	20,666	40.1	13,369	36.3

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit /total assets	Operating profit /total operating revenue
	Yen	Yen	%	%	%
FY March 2021	208.80	—	20.3	24.2	22.6
FY March 2020	163.82	—	18.5	22.9	20.8

(Reference) Equity in earnings of affiliates FY March 2021 — Millions of yen FY March 2020 — Millions of yen

Net sales at all chain stores (millions of yen) FY March 2021 146,653 (YoY +20.2%)

FY March 2020 122,044 (YoY +31.2%)

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY March 2021	112,876	90,593	80.3	1,110.08
FY March 2020	97,522	77,503	79.5	949.67

(Reference) Equity (millions of yen) FY March 2021 90,593 FY March 2020 77,503

(3) Cash flows	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY March 2021	21,319	△4,540	△4,206	40,813
FY March 2020	6,689	4,423	△3,093	28,240

2. Dividends

	Annual dividends per share					Total dividends paid	Dividend payout ratio	Dividends to net assets ratio
	Q1-end	Q2-end	Q3-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY March 2021	—	0.00	—	50.00	50.00	4,080	30.5	5.7
FY March 2020	—	0.00	—	64.00	64.00	5,223	30.7	6.2
FY March 2022 (forecast)	—	0.00	—	64.00	64.00		28.8	

3. Forecast of Financial Results for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages represent year-on-year changes)

	Total operating revenue		Operating profit		Ordinary profit		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Q2 (cumulative)	53,732	9.1	12,425	8.4	12,697	7.8	7,926	7.5	97.13
Full year	114,445	7.0	26,673	7.8	27,200	7.0	18,155	6.5	222.46

(Reference) Net sales at all chain stores (millions of yen) Q2 (cumulative) 74,803 (YoY change +9.5%)

Full year (cumulative) 156,200 (YoY change +6.5%)

(Note) As the Company will apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) starting at the beginning of the Fiscal Year ending March 31, 2022, the forecast of financial results for the Fiscal Year Ending March 31, 2022 above represents figures after the application of the said accounting standard. Changes from the previous fiscal year and from the same quarter of the previous fiscal year represent changes calculated on the assumption that the said accounting standard had been applied to the Fiscal Year Ended March 31, 2021.

※ Notes

(1) Changes in accounting policies, and accounting-based estimates and restatement

- ① Changes in accounting policies due to revisions in accounting standards: None
- ② Changes in accounting policies other than ① above: None
- ③ Changes in accounting-based estimates: None
- ④ Restatements: None

(2) Number of outstanding shares (common shares)

① Number of shares outstanding at the end of period (including treasury shares)	FY March 2021	81,846,816 shares	FY March 2020	81,846,816 shares
② Number of treasury shares at the end of period	FY March 2021	236,434 shares	FY March 2020	236,384 shares
③ Average number of shares outstanding during the period	FY March 2021	81,610,420 shares	FY March 2020	81,610,432 shares

※ The Summary of Financial Results is not subject to audit by certified public accountants or auditing corporations.

※ Explanation regarding the appropriate use of the forecast of financial results and other special notes

(Cautionary statements with respect to forward-looking statements)

Forward-looking statements in this material, including forecasts of financial results, are based on information currently available to the Company and certain assumptions judged to be rational, and the Company does not warrant their achievement. Actual financial results may differ significantly from these forecasts for a number of factors. For matters related to forecasts of financial results, please see 1. Overview of Operating Results (4) Outlook on page 6 of Summary of Financial Results (Attachment).

(Availability of supplementary materials on financial results)

Supplementary materials on financial results are disclosed on TDnet on Monday, May 10, 2021.

Contents of Attachments

1. Overview of Operating Results, etc.....	4
(1) Overview of Operating Results for the Current Fiscal Year.....	4
(2) Overview of Financial Position for the Current Fiscal Year	4
(3) Overview of Cash Flows for the Current Fiscal Year	5
(4) Outlook	6
2. Basic Approach to the Selection of Accounting Standards	6
3. Financial Statements and Principal Notes	7
(1) Balance Sheet	7
(2) Statement of Income.....	9
(3) Statement of Changes in Shareholders' Equity	10
(5) Notes regarding Financial Statements	13
(Notes regarding Going Concern Assumption).....	13
(Balance Sheet)	13
(Statement of Income).....	13
(Statement of Changes in Shareholders' Equity).....	15
(Statement of Cash Flows).....	16
(Lease Transactions)	16
(Tax Effect Accounting)	17
(Equity Method Profit or Loss, etc.)	18
(Segment Information, etc.)	18
(Per Share Information)	18
(Significant Subsequent Events)	18
4. Other.....	19
(1) Transfer of Executives.....	19
(2) Transition to a Company Structure with an Audit and Supervisory Committee	19
(3) Other.....	19
① Net Sales at All Chain Stores by Product.....	19
② Number of Stores by Prefecture.....	20

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Current Fiscal Year

In the current fiscal year, the Japanese economy was faced with severe conditions as all economic activities were restricted amid the global spread of the novel coronavirus (COVID-19). Consumption activities were sluggish due to the public being encouraged to stay at home and the deterioration of the employment and income environment, with personal consumption remaining in extremely uncertain conditions.

In the working uniform sector, demand for workwear declined as corporate earnings deteriorated in some industries, while e-commerce sales expanded, driven by individual consumers. The operating environment remains severe as competition is intensifying further across industry sectors and business categories.

Under such circumstances, we continued our operations by taking COVID-19 infection prevention measures, with top priority given to ensuring the safety and security of customers and employees. We also proactively promoted digitalization, encouraging remote working, using online meetings, and creating digital product information content in response to calls from the government to refrain from holding physical exhibitions and other events.

Measures taken during the current fiscal year included the development of new product categories, such as reversible suits and outdoor gear, as part of initiatives to enhance private brands with stronger appeal in terms of design, functions and prices, and the improved assortment of clothing for women, such as products with excellent stretch, and water-repellent and waterproof functionality. In addition, we endeavored to expand the customer base by introducing items for juniors. As a result of these measures, private-brand products extended to a total of 1,757 items, accounting for 59.7% of net sales at all chain stores, up 8.3 points over the previous fiscal year.

In the area of marketing, we are striving to optimize store inventories and streamline store operations by promoting the development of a replacement demand forecast ordering system that uses artificial intelligence (AI) for determining order placements. As part of sales promotion, we participated in Tokyo Girls Collection as a new endeavor aimed at appealing to young people and enhancing the brand image.

In the area of store deployment, we opened new WORKMAN Plus stores, and also developed the new business category #WORKMAN GIRL to establish stores that are expected to enjoy sustainable growth. We also opened stores with larger sales floor areas and bigger parking positions and pilotis-type stores (parking space on the first floor and sales space on the second floor) and worked to standardize new store formats. As a result, we now have a total of 906 stores (including 272 WORKMAN Plus stores and 2 #WORKMAN GIRL stores), including new openings of 34 roadside stores and 5 in-shop stores, 8 “scrap & build” stores, and 53 stores renovated or converted to WORKMAN Plus stores.

By format of operations, the number of franchise stores (stores under affiliated store contract A) came to 861, up 27 over the end of the previous fiscal year, and directly-managed stores (stores under affiliated store contract B, training stores and stores in shopping centers) was 45, up 11 over the end of the previous fiscal year.

As a result, net sales at all chain stores for the current fiscal year stood at 146,653 million yen (an increase of 20.2% year on year, an increase of 14.2% year on year in terms of existing stores). Total operating revenue came to 105,815 million yen (an increase of 14.6% year on year), with operating profit at 23,955 million yen (an increase of 25.0% year on year), ordinary profit at 25,409 million yen (an increase of 22.9% year on year), and net income at 17,039 million yen (an increase of 27.5% year on year).

By type of operations, net sales at franchise stores came to 137,086 million yen (an increase of 20.9% year on year, accounting for 93.5% of net sales at all chain stores), and net sales at directly-managed stores stood at 9,566 million yen (an increase of 10.2% year on year, accounting for 6.5% of net sales at all chain stores).

(2) Overview of Financial Position for the Current Fiscal Year

(Assets)

Total assets stood at 112,876 million yen at the end of the current fiscal year, an increase of 15,353 million yen over the end of the previous fiscal year.

Current assets came to 85,696 million yen, an increase of 11,931 million yen over the end of the previous fiscal year. Cash and deposits, accounts receivable and merchandise increased by 12,572 million yen, 662 million yen and 416 million yen, respectively, while accounts receivable-due from franchise stores declined by 1,790 million yen.

Non-current assets came to 27,179 million yen, an increase of 3,421 million yen over the end of the previous fiscal year. Buildings, which are tangible fixed assets, increased by 1,647 million yen, construction in progress by 759 million yen, tools, furniture and fixtures by 558 million yen, and structures by 258 million yen.

(Liabilities)

Liabilities totaled 22,282 million yen at the end of the current fiscal year, an increase of 2,262 million yen over the end of the previous fiscal year.

Current liabilities came to 19,090 million yen, an increase of 2,184 million yen over the end of the previous fiscal year. Consumption taxes payable increased by 1,083 million yen, corporate income taxes payable by 854 million yen, accounts payable

to franchise stores by 239 million yen, and accounts payable-other by 153 million yen, while provisions for retirement benefits for executives declined by 500 million yen.

Non-current liabilities stood at 3,191 million yen, an increase of 78 million yen over the end of the previous fiscal year. Asset retirement obligations increased by 174 million yen, while lease obligations declined by 130 million yen.

(Net assets)

Net assets totaled 90,593 million yen at the end of the current fiscal year, an increase of 13,090 million yen over the end of the previous fiscal year. Net income amounted to 17,039 million yen, while dividends of 4,080 million yen were paid out.

As a result, the shareholders' equity ratio came to 80.3%, up 0.8 points over the end of the previous fiscal year.

(3) Overview of Cash Flows for the Current Fiscal Year

Cash and cash equivalents (hereinafter referred to as "net cash") at the end of the current fiscal year increased by 12,572 million yen over the end of the previous fiscal year to 40,813 million yen. Net cash provided by operating activities amounted to 21,319 million yen, while net cash used in investing activities came to 4,540 million yen and net cash used in financing activities came to 4,206 million yen.

(Cash flows from operating activities)

Net cash provided in operating activities amounted to 21,319 million yen, an increase of 14,629 million yen year on year. This mainly included pretax net income of 25,356 million yen, a decrease of 1,790 million yen in accounts receivable-due from franchise stores, depreciation cost of 1,479 million yen and an increase of 1,083 million yen in consumption taxes payable, against 7,568 million yen in corporate income taxes payable, an increase of 639 million yen in accounts receivable and a decrease of 500 million yen in provisions for retirement benefits for executives.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 4,540 million yen, a decrease of 8,964 million yen year on year. This was mainly due to the payments of 17,000 million yen for term deposits with deposit terms in excess of three months and the payments of 4,128 million yen for the acquisition of tangible non-current assets related to store construction. There was revenue of 17,000 million yen from refunds of term deposits with deposit terms in excess of three months.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 4,206 million yen, an increase of 1,112 million yen year on year, due mainly to the payments of 4,081 million yen in dividends.

(Reference) Trends in cash flow indicators

	FY March 2017	FY March 2018	FY March 2019	FY March 2020	FY March 2021
Equity ratio (%)	78.2	81.1	80.5	79.5	80.3
Equity ratio based on market value (%)	195.5	275.5	559.2	497.1	573.3
Interest-bearing debt to cash flow ratio (years)	0.2	0.1	0.1	0.2	0.1
Interest coverage ratio (times)	112.1	164.2	173.0	115.7	391.4

Equity ratio: Shareholders' equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest payments

(Note 1) Market capitalization is calculated on the basis of the number of shares outstanding, excluding treasury shares.

(Note 2) Cash flows from operating activities are used for cash flows.

(Note 3) Interest-bearing debt includes all debts on the balance sheet that incur interest.

(4) Outlook

While the global economy is expected to show a sharp recovery from the slowdown caused by COVID-19, various challenges still remain, such as the rollout of COVID-19 vaccines and economic stimulus measures for ensuring sustainable growth, with uncertainties likely to linger going forward. In the domestic market, new lifestyles brought about COVID-19 and the avoidance of the “Three Cs” (closed spaces, crowded places and close-contact settings) have given rise to stronger consumption behaviors, and rising demand related to outdoor activities is expected to continue.

Under such an environment, we will strive to offer more diverse products and expand our customer base further by developing new products with brand ambassadors and endeavoring to incorporate new functions and new categories, as part of our product policies. At the same time, as part of our efforts to rebuild the product lineup for working professionals, we will strive to reinforce the development of private-brand products by very clearly differentiating our products from those of competitors in terms of functionality, design and pricing, ranging from workwear to shoes, thereby capturing more professional customers and expanding our market share. We will also strengthen our production management system, promote the “four-season system,” whereby sales floors are modified to suit each season, and push forward with the implementation of more sophisticated supply chain management designed to optimize inventories.

In the area of sales policies, we will link public relations activities, including events and media exposure, with merchandising to maximize the effectiveness of sales promotion. In the area of e-commerce sales, we will strive to increase foot traffic to actual stores by enhancing the convenience of the click & collect website, in a bid to promote the fusion of online and physical stores. In addition, we plan to establish #WORKMAN GIRL as a viable operating model and increase the number of new openings, and to try to convert roadside stores into franchise stores.

In the area of distribution policies, we will promote the projects to expand the Isesaki Distribution Center and establish the West Japan Distribution Center in order to ensure stable supply to affiliated stores and limit distribution costs.

In the area of store opening policies, we will accelerate the opening of roadside stores for #WORKMAN GIRL, while also expanding the number of WORKMAN Plus stores through new openings, scrap and build, and renovation of existing stores. Furthermore, by establishing store formats corresponding to our sales capabilities, we will deploy a network of 945 stores in total (including 377 WORKMAN Plus stores and 13 #WORKMAN GIRL stores) across all prefectures, with plans to newly open a total of 41 stores (35 roadside stores and 6 in-shop stores), scrap and build 13 stores, renovate 62 existing stores and shut down 2 stores.

2. Basic Approach to the Selection of Accounting Standards

The Company does not prepare consolidated financial statements. Due to the burden of setting up a system for preparing financial statements in accordance with the International Financial Reporting Standards (IFRS), we prepare financial statements in accordance with the Japanese generally accepted accounting principle (GAAP).

3. Financial Statements and Principal Notes

(1) Balance Sheet

(Millions of yen)

	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2021
Assets		
Current assets		
Cash and deposits	45,240	57,813
Accounts receivable-trade	136	798
Accounts receivable-due to franchise stores	13,674	11,884
Merchandise	13,660	14,077
Inventory goods	19	21
Prepaid expenses	101	123
Accounts receivable-other	44	38
Guarantee deposits to be recovered within one year	498	362
Other	389	577
Allowance for doubtful accounts	△1	△1
Total current assets	73,764	85,696
Non-current assets		
Tangible non-current assets		
Buildings	15,521	17,557
Accumulated depreciation	△6,442	△6,832
Buildings (net)	9,078	10,725
Structures	3,708	4,065
Accumulated depreciation	△2,250	△2,348
Structures (net)	1,458	1,716
Vehicles	76	115
Accumulated depreciation	△21	△44
Vehicles (net)	54	71
Tools, furniture and fixtures	2,863	3,670
Accumulated depreciation	△1,343	△1,591
Tools, furniture and fixtures (net)	1,519	2,078
Land	3,988	3,990
Lease assets	1,664	1,664
Accumulated depreciation	△807	△916
Lease assets (net)	857	748
Construction in progress	11	771
Total tangible non-current assets	16,968	20,101
Intangible non-current assets		
Trademark rights	3	2
Telephone subscription rights	44	44
Software	408	722
Other	—	0
Total intangible non-current assets	455	769
Investment and other assets		
Investment securities	3	3
Capital	0	0
Long-term prepaid expenses	596	608
Deferred tax assets	1,353	1,336
Guarantee deposits	4,370	4,349
Other	38	15
Allowance for doubtful accounts	△28	△5
Total investment and other assets	6,333	6,307
Total non-current assets	23,757	27,179
Total assets	97,522	112,876

(Millions of yen)

Fiscal Year Ended March 31, 2020 Fiscal Year Ended March 31, 2021

Liabilities		
Current liabilities		
Accounts payable-trade	3,786	3,939
Accounts payable to franchise stores	1,610	1,850
Due to franchise stores	48	155
Short-term borrowings	1,350	1,350
Lease obligations	124	130
Accounts payable-other	3,746	3,944
Corporate income taxes payable	4,721	5,575
Consumption taxes payable	326	1,409
Expenses payable	450	505
Advances received	4	14
Deposits received	37	44
Provisions for executive bonuses	31	37
Provisions for retirement benefits for executives	500	—
Accumulated impairment loss on leased assets	6	0
Other	161	131
Total current liabilities	16,905	19,090
Non-current liabilities		
Lease obligations	978	847
Long-term guarantee deposits received	863	898
Long-term accumulated impairment loss on leased assets	0	—
Asset retirement obligations	1,271	1,446
Total non-current liabilities	3,113	3,191
Total liabilities	20,019	22,282
Net assets		
Shareholders' equity		
Capital stock	1,622	1,622
Capital surplus		
Legal capital surplus	1,342	1,342
Total capital surplus	1,342	1,342
Retained earnings		
Legal retained earnings	178	178
Other regained earnings		
General reserve	23,150	23,150
Retained earnings brought forward	51,039	63,999
Total retained earnings	74,368	87,327
Treasury shares	△66	△67
Total shareholders' equity	77,266	90,225
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1	1
Deferred gains or losses on hedges	235	367
Total valuation and translation adjustments	236	368
Total net assets	77,503	90,593
Total liabilities and net assets	97,522	112,876

(2) Statement of Income

(Millions of yen)

	Previous Fiscal Year (April 1, 2019 – March 31, 2020)	Current Fiscal Year (April 1, 2020 – March 31, 2021)
Operating revenue		
Income from franchise stores	20,010	25,073
Other operating revenue	3,815	4,047
Operating revenue	23,826	29,121
Net sales	68,481	76,694
Total operating revenue	92,307	105,815
Cost of sales		
Beginning goods	7,198	13,660
Cost of purchased goods	64,384	64,472
Total	71,583	78,132
Ending goods	13,660	14,077
Cost of sales	57,923	64,055
Adjusted operating profit before SG&A	34,384	41,760
Selling, general and administrative expenses	15,214	17,804
Operating profit	19,170	23,955
Non-operating income		
Interest income	414	320
Purchase discounts	245	268
Other	894	920
Total non-operating income	1,554	1,508
Non-operating expenses		
Interest expenses	57	54
Other	0	0
Total non-operating expenses	58	54
Ordinary profit	20,666	25,409
Extraordinary income		
Gain on sales of non-current assets	2	4
Total extraordinary income	2	4
Extraordinary loss		
Loss on retirement of non-current assets	27	13
Impairment loss	45	43
Provisions for retirement benefits for executives	500	—
Total extraordinary loss	573	57
Profit before income taxes	20,095	25,356
Income taxes-current	7,031	8,358
Income taxes-deferred	△305	△41
Total corporate income taxes	6,726	8,316
Net income	13,369	17,039

(3) Statement of Changes in Shareholders' Equity

Previous Fiscal Year (April 1, 2019 – March 31, 2020)

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus		Legal regained earnings	Retained earnings			Treasury shares	Total shareholders' equity	
		Legal capital surplus	Total capital surplus		General reserve	Other retained earnings				Total regained earnings
						Retained earnings brought forward				
Balance at beginning of current period	1,622	1,342	1,342	178	23,150	40,649	63,977	△66	66,876	
Changes of items during period										
Dividends of surplus						△2,978	△2,978		△2,978	
Net income						13,369	13,369		13,369	
Acquisition of treasury shares								—	—	
Net changes of items during period other than shareholders' equity										
Total changes of items during period	—	—	—	—	—	10,390	10,390	—	10,390	
Balance at end of current period	1,622	1,342	1,342	178	23,150	51,039	74,368	△66	77,266	

	Valuation and translation adjustments			Total net assets
	Valuation and translation adjustments	Valuation and translation adjustments	Valuation and translation adjustments	
Balance at beginning of current period	1	49	50	66,927
Changes of items during period				
Dividends of surplus				△2,978
Net income				13,369
Acquisition of treasury shares				—
Net changes of items during period other than shareholders' equity	△0	185	185	185
Total changes of items during period	△0	185	185	10,576
Balance at end of current period	1	235	236	77,503

Current Fiscal Year (April 1, 2020 – March 31, 2021)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus		Legal regained earnings	Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus		Other retained earnings		Total regained earnings		
					General reserve	Retained earnings brought forward			
Balance at beginning of current period	1,622	1,342	1,342	178	23,150	51,039	74,368	△66	77,266
Changes of items during period									
Dividends of surplus						△4,080	△4,080		△4,080
Net income						17,039	17,039		17,039
Acquisition of treasury shares								△0	△0
Net changes of items during period other than shareholders' equity									
Total changes of items during period	—	—	—	—	—	12,959	12,959	△0	12,958
Balance at end of current period	1,622	1,342	1,342	178	23,150	63,999	87,327	△67	90,225

	Valuation and translation adjustments			Total net assets
	Valuation and translation adjustments	Valuation and translation adjustments	Valuation and translation adjustments	
Balance at beginning of current period	1	235	236	77,503
Changes of items during period				
Dividends of surplus				△4,080
Net income				17,039
Acquisition of treasury shares				△0
Net changes of items during period other than shareholders' equity	0	131	131	131
Total changes of items during period	0	131	131	13,090
Balance at end of current period	1	367	368	90,593

(4) Statement of Cash Flows

(Millions of yen)

	Previous Fiscal Year (April 1, 2019 – March 31, 2020)	Current Fiscal Year (April 1, 2020 – March 31, 2021)
Cash flows from operating activities		
Net income before income taxes	20,095	25,356
Depreciation	1,205	1,479
Depreciation of intangible non-current assets	107	172
Depreciation of long-term prepaid expenses	24	26
Impairment loss	45	43
Change in allowance for executive bonuses (Δ indicates decrease)	Δ 18	6
Change in provisions for retirement benefits for executives (Δ indicates decrease)	500	Δ 500
Change in allowance for doubtful accounts (Δ indicates decrease)	Δ 0	Δ 23
Interest and dividend income received	Δ 417	Δ 323
Interest expenses paid	57	54
Gain on sale of non-current assets	Δ 2	Δ 4
Loss on retirement of tangible non-current assets	27	13
Withdrawal from accumulated impairment loss on leased assets	Δ 10	Δ 6
Change in accounts receivable (Δ indicates increase)	282	Δ 662
Change in accounts receivable-due to franchise stores (Δ indicates increase)	Δ 4,685	1,790
Change in inventory assets (Δ indicates increase)	Δ 6,452	Δ 418
Change in accounts receivable-other (Δ indicates increase)	Δ 9	5
Change in accounts payable (Δ indicates decrease)	425	392
Change in accounts payable to franchise stores (Δ indicates decrease)	Δ 27	106
Change in accounts payable-other (Δ indicates decrease)	857	Δ 186
Change in consumption taxes payable (Δ indicates decrease)	Δ 170	1,083
Change in accrued expenses (Δ indicates decrease)	63	55
Change in other current liabilities (Δ indicates decrease)	84	24
Change in guarantee deposits received (Δ indicates decrease)	20	34
Other	0	94
Subtotal	12,004	28,618
Interest and dividends received	418	323
Interest expenses paid	Δ 57	Δ 54
Corporate income taxes paid	Δ 5,675	Δ 7,568
Cash flows from operating activities	6,689	21,319
Cash flows from investing activities		
Net cash used for deposits in term deposits	Δ 17,000	Δ 17,000
Proceeds from refunds of term deposits	24,000	17,000
Net cash used for acquisition of tangible non-current assets	Δ 2,238	Δ 4,128
Proceeds from sales of tangible non-current assets	2	4
Net cash used for retirement of tangible non-current assets	Δ 54	Δ 36
Net cash used for acquisition of intangible non-current assets	Δ 269	Δ 448
Net cash used for acquisition of long-term prepaid expenses	Δ 66	Δ 87
Net cash used for guarantee deposits paid	Δ 419	Δ 250
Proceeds from collection of guarantee deposits	468	407
Cash flows from investing activities	4,423	Δ 4,540
Cash flows from financing activities		
Net cash used for repayments of lease obligations	Δ 115	Δ 124
Dividends paid	Δ 2,977	Δ 4,081
Net cash used for acquisition of treasury shares	—	Δ 0
Cash flows from financing activities	Δ 3,093	Δ 4,206
Change in cash and cash equivalents (Δ indicates decrease)	8,020	12,572
Cash and cash equivalents at beginning of period	20,220	28,240
Cash and cash equivalents at end of period	28,240	40,813

(5) Notes regarding Financial Statements

(Notes regarding Going Concern Assumption)

Not applicable.

(Balance Sheet)

1. Accounts receivable-due to franchise stores and accounts payable to franchise stores are receivables and payables that occur between the Company and franchise stores.

(Statement of Income)

1. Net sales include sales related to the Company's supply of merchandise to franchise stores, in addition to sales related to directly-managed stores. The amount of merchandise supplied to franchise stores, included in net sales, is shown below.

Previous Fiscal Year (April 1, 2019 – March 31, 2020)	Current Fiscal Year (April 1, 2020 – March 31, 2021)
59,799 million yen	67,127 million yen

2. The main item of "Other operating revenue" is revenue from entrusted distribution operations, which is shown below.

Previous Fiscal Year (April 1, 2019 – March 31, 2020)	Current Fiscal Year (April 1, 2020 – March 31, 2021)
3,218 million yen	3,492 million yen

3. "Beginning goods" represents an amount after the devaluation of the book value due to declining profitability, and the following appraisal loss on inventories is included in the cost of sales.

Previous Fiscal Year (April 1, 2019 – March 31, 2020)	Current Fiscal Year (April 1, 2020 – March 31, 2021)
750 million yen	962 million yen

4. The ratio of expenses that belong to selling expenses is 9.5% in the previous fiscal year and 6.3% in the current fiscal year, while the ratio of expenses that belong to general and administrative expenses is 93.7% in the previous fiscal year and 93.7% in the current fiscal year.

Of selling, general and administrative expenses, principal items and their amounts are shown below.

	Previous Fiscal Year (April 1, 2019 – March 31, 2020)	Current Fiscal Year (April 1, 2020 – March 31, 2021)
Advertising expenses	412 million yen	339 million yen
Salaries and other allowances	1,722 million yen	1,972 million yen
Fares	2,236 million yen	2,851 million yen
Rent	1,298 million yen	2,079 million yen
Business outsourcing expenses	2,608 million yen	3,514 million yen
Depreciation	1,313 million yen	1,652 million yen

5. Interest received from franchise stores included in "Interest income" is shown below.

Previous Fiscal Year (April 1, 2019 – March 31, 2020)	Current Fiscal Year (April 1, 2020 – March 31, 2021)
359 million yen	279 million yen

6. The breakdown of “Loss on retirement of non-current assets” is shown below.

	Previous Fiscal Year (April 1, 2019 – March 31, 2020)	Current Fiscal Year (April 1, 2020 – March 31, 2021)
Buildings and structures	18 million yen	9 million yen
Tools, furniture and fixtures	2 million yen	0 million yen
Dismantling and removal expenses	6 million yen	2 million yen

7. Impairment loss

The Company reported impairment losses on the following assets.

Previous Fiscal Year (April 1, 2019 – March 31, 2020)

Primary use	Location	Class	Impairment loss
Stores	Nagareyama City, Chiba Prefecture, and 14 other locations	Buildings, etc.	45 million yen

In the grouping of assets, each store is regarded as the basic unit. With respect to leased assets, such assets are covered in a single independent group. With respect to groups of assets whose profitability declined significantly, the book value was devalued to the recoverable amount and the amount of such devaluation, regarded as an impairment loss of 45 million yen, was reported as an extraordinary loss. The breakdown of this loss is 45 million yen for stores (37 million yen for buildings, 6 million yen for structures, and 0 million yen for fixtures and fittings).

The recoverable amount is measured by utility value or true cash value. Utility value is assessed as zero as future cash flows are calculated as negative in the current fiscal year, while true cash value is calculated by using an expected value of sale.

Current Fiscal Year (April 1, 2020 – March 31, 2021)

Primary use	Location	Class	Impairment loss
Stores	Oga-shi, Akita Prefecture, and 12 other stores	Buildings, etc.	41 million yen
Idle assets	Shiwa-gun, Iwate Prefecture, and 1 other store	Buildings, etc.	2 million yen
Total	—	—	43 million yen

In the grouping of assets, each store is regarded as the basic unit. With respect to leased assets and idle assets, such assets are covered in a single independent group. With respect to groups of assets whose profitability declined significantly, the book value was devalued to the recoverable amount and the amount of such devaluation, regarded as an impairment loss of 43 million yen, was reported as an extraordinary loss. The breakdown of this loss is 41 million yen for stores (34 million yen for buildings, 4 million yen for structures, and 2 million yen for fixtures and fittings) and 2 million yen for idles assets (2 million yen for buildings and 0 million yen for structures).

The recoverable amount is measured by utility value or true cash value. Utility value is assessed as zero as future cash flows are calculated as negative in the current fiscal year, while true cash value is calculated by using an expected value of sale.

(Statement of Changes in Shareholders' Equity)

Previous Fiscal Year (April 1, 2019 – March 31, 2020)

1. Type and the total number of outstanding shares as well as type and the number of treasury shares

	The number of shares at the beginning of the current fiscal year	Increase in the number of shares during the current fiscal year	Decrease in the number of shares during the current fiscal year	The number of shares at the end of the current fiscal year
Outstanding shares				
Common shares	40,923,408	40,923,408	—	81,846,816
Total	40,923,408	40,923,408	—	81,846,816
Treasury shares				
Common shares (Note)	118,192	118,192	—	236,384
Total	118,192	118,192	—	236,384

(Note) 1. The Company carried out a two-for-one common stock split on April 1, 2019.

2. The increase of 40,923,408 shares in the total number of common shares outstanding resulted from the stock split.

3. The increase of 118,192 shares in the number of treasury shares resulted from the stock split.

2. Dividends

(1) Payments of dividends

Resolution	Type of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders on June 27, 2019	Common shares	2,978	73	March 31, 2019	June 28, 2019

(2) Of dividends with a record date in the current fiscal year, dividends with an effective date in the next fiscal year

Resolution	Type of shares	Total dividends (Millions of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders on June 26, 2020	Common shares	4,080	Retained earnings	50	March 31, 2020	June 29, 2020

(Note) The Company carried out a two-for-one common stock split on April 1, 2019.

Current Fiscal Year (April 1, 2020 – March 31, 2021)

1. Type and the total number of outstanding shares as well as type and the number of treasury shares

	The number of shares at the beginning of the current fiscal year	Increase in the number of shares during the current fiscal year	Decrease in the number of shares during the current fiscal year	The number of shares at the end of the current fiscal year
Outstanding shares				
Common shares	81,846,816	—	—	81,846,816
Total	81,846,816	—	—	81,846,816
Treasury shares				
Common shares (Note)	236,384	50	—	236,434
Total	236,384	50	—	236,434

(Note) The increase of 50 shares in the number of treasury common shares resulted from the purchase of odd-lot shares less than one unit.

2. Dividends

(1) Payments of dividends

Resolution	Type of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders on June 26, 2020	Common shares	4,080	50	March 31, 2020	June 29, 2020

(2) Of dividends with a record date in the current fiscal year, dividends with an effective date in the next fiscal year

Resolution	Type of shares	Total dividends (Millions of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders on June 29, 2021	Common shares	5,223	Retained earnings	64	March 31, 2021	June 20, 2021

(Statement of Cash Flows)

※ 1. Reconciliation of the balance of cash and cash equivalents at the end of the fiscal year and the balance sheet amount

	Previous Fiscal Year (April 1, 2019 – March 31, 2020)	Current Fiscal Year (April 1, 2020 – March 31, 2021)
Cash and deposit account	45,240 million yen	57,813 million yen
Term deposits with deposit terms in excess of three months	△17,000 million yen	△17,000 million yen
Cash and cash equivalents	28,240 million yen	40,813 million yen

2. The contents of significant non-cash transactions

The recorded amount of significant asset retirement obligations

	Previous Fiscal Year (April 1, 2019 – March 31, 2020)	Current Fiscal Year (April 1, 2020 – March 31, 2021)
Recorded amount of buildings and structures	171 million yen	184 million yen
Recorded amount of asset retirement obligations	171 million yen	184 million yen

(Lease Transactions)

1. Finance lease transactions (the borrower side)

Finance lease transactions where the ownership is not transferred

① The contents of lease assets

Tangible non-current assets

Stores and ancillary facilities (buildings, etc.)

② The method of depreciation of lease assets

Of finance lease transactions where the ownership is not transferred, lease transactions commenced on or before March 31, 2008 are accounted for in accordance with the method applicable to regular lease transactions, the contents of which are shown below.

(1) The leased property's acquisition cost equivalents, accumulated depreciation equivalents, accumulated impairment loss equivalents, and balance at the end of the period equivalents

(Millions of yen)

	Fiscal Year Ended March 31, 2020			
	Acquisition cost equivalents	Accumulated depreciation equivalents	Accumulated impairment loss equivalents	Balance at end of period equivalents
Buildings, etc.	1,739	1,541	79	119
Total	1,739	1,541	79	119

(Millions of yen)

	Fiscal Year Ended March 31, 2021			
	Acquisition cost equivalent	Accumulated depreciation equivalents	Accumulated impairment loss equivalents	Balance at end of period equivalents
Buildings, etc.	990	879	55	55
Total	990	879	55	55

(2) Future lease payment at the end of the period equivalents, etc.

(Millions of yen)

	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2021
Future lease payment at the end of the period equivalents		
Within one year	83	49
In excess of one year	66	17
Total	150	66

(Millions of yen)

	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2021
Balance of accumulated impairment loss on leased assets	7	0

- (3) Lease payments, withdrawal from accumulated impairment loss on leased assets, Depreciation equivalents, Interest equivalents and impairment loss

(Millions of yen)

	Previous Fiscal Year (April 1, 2019 – March 31, 2020)	Current Fiscal Year (April 1, 2020 – March 31, 2021)
Lease payments	114	64
Withdrawal from accumulated impairment loss on leased assets	10	6
Depreciation equivalents	89	52
Interest equivalents	5	2
Impairment loss	—	—

- (4) The method to calculate depreciation equivalents

The Company adopts the straight-line method with the zero residual value, using the lease period as the operating life.

- (5) The method to calculate interest equivalents

The Company regards the difference between the total amount of lease fees and the acquisition cost equivalents of the leased property as interest equivalents, and adopts the interest method as the method for allocating them to each period.

2. Operating lease transactions (the borrower side)

Of operating lease transactions, future lease payment related to irrevocable transactions

(Millions of yen)

	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2021
Within one year	4,176	4,311
In excess of one year	23,214	27,827
Total	27,391	32,138

(Tax Effect Accounting)

1. The breakdown of causes of deferred tax assets and deferred tax liabilities

	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2021
Deferred tax assets		
Overdepreciation	426 million yen	463 million yen
Asset retirement obligations	393 million yen	449 million yen
Accrued enterprise taxes	206 million yen	292 million yen
Loss on valuation of products	6 million yen	122 million yen
Expenses payable	104 million yen	118 million yen
Long-term prepaid expenses	77 million yen	85 million yen
Accounts payable	119 million yen	47 million yen
Impairment loss	26 million yen	27 million yen
Accumulated impairment loss on leased assets	2 million yen	0 million yen
Provisions for retirement benefits for executives	152 million yen	— million yen
Other	113 million yen	96 million yen
Total deferred tax assets	1,628 million yen	1,703 million yen
Deferred tax liabilities		
Asset retirement obligations	△171 million yen	△205 million yen
Deferred gain or loss on hedges	△103 million yen	△161 million yen
Valuation difference on available-for-sale securities	△0 million yen	△0 million yen
Other	△0 million yen	△0 million yen
Total deferred tax liabilities	△274 million yen	△367 million yen
Net deferred tax assets	1,353 million yen	1,336 million yen

2. Principal items that brought about a difference between the effective statutory tax rate and the burden rate of corporate income taxes after the application of tax effect accounting

	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2021
Effective statutory tax rate	30.5%	30.5%
Impact of an amount of tax on an amount of retained income	2.3%	2.0%
Local taxes on a per capita basis	0.2%	0.2%
Other	0.5%	0.1%
Burden rate of corporate income taxes after application of tax effect accounting	33.5%	32.8%

(Equity Method Profit or Loss, etc.)

Not applicable, as the Company has no affiliated companies.

(Segment Information, etc.)

[Segment information]

The Previous Fiscal Year (April 1, 2019 – March 31, 2020)

Since the Company has only a single segment, retail of workwear and work-related supplies, the segment information is not applicable.

The Current Fiscal Year (April 1, 2020 – March 31, 2021)

Since the Company has only a single segment, retail of workwear and work-related supplies, the segment information is not applicable.

(Per Share Information)

Previous Fiscal Year (April 1, 2019 – March 31, 2020)		Current Fiscal Year (April 1, 2020 – March 31, 2021)	
Net assets per share	949.67 yen	Net assets per share	1,110.08 yen
Net income per share	163.82 yen	Net income per share	208.80 yen

(Note) 1. Net income per share after adjustment of latent shares is not stated since the Company has no latest shares.

2. The basis for calculating net income per share is shown below.

	Previous Fiscal Year (April 1, 2019 – March 31, 2020)	Current Fiscal Year (April 1, 2020 – March 31, 2021)
Net income (Millions of yen)	13,369	17,039
Amount not attributable to common shareholders (Millions of yen)	—	—
Net income related to common shares (Millions of yen)	13,369	17,039
Average number of shares outstanding during the period (Shares)	81,610,432	81,610,420

(Significant Subsequent Events)

Not applicable.

4. Other

(1) Transfer of Executives

For the transfer of executives, please see “Notice on the Reshuffle of Executives Stemming from the Transition to a Company Structure with an Audit and Supervisory Committee,” released on May 10, 2021.

(2) Transition to a Company Structure with an Audit and Supervisory Committee

The Company plans to transition to a company structure with an audit and supervisory committee, subject to approval at the ordinary general meeting of shareholders scheduled to be held on June 29, 2010. For more information, please see “Notice on the Transfer to a Company Structure with an Audit and Supervisory Committee,” released on May 10, 2021.

(3) Other

① Net Sales at All Chain Stores by Product

(Millions of yen, %)

Fiscal Year	Previous Fiscal Year (April 1, 2019 – March 31, 2020)		Current Fiscal Year (April 1, 2020 – March 31, 2021)		Year-on-year change
	Net sales	Composition ratio	Net sales	Composition ratio	
Product					
Family apparel	10,521	8.6	13,179	9.0	125.3
Casual wear	15,833	13.0	20,387	13.9	128.8
Workwear	38,466	31.5	45,809	31.2	119.1
Uniforms	4,034	3.3	6,470	4.4	160.4
Footwear	19,868	16.3	22,895	15.6	115.2
Work supplies	33,058	27.1	37,520	25.6	113.5
Other	262	0.2	389	0.3	148.3
Total	122,044	100.0	146,653	100.0	120.2

② Number of Stores by Prefecture

Fiscal Year Prefecture	Number of all chain stores at the end of the previous fiscal year (as of March 31, 2020)					Changes compared with the end of the previous fiscal year					Number of all chain stores at the end of the current fiscal year (as of March 31, 2021)				
	FC	Directly-managed stores			FC	Directly-managed stores			FC	Directly-managed stores					
		B store	TS	SC		B store	TS	SC		B store	TS	SC			
Hokkaido	15	13	-	2	-	4	4	-	-	-	19	17	-	2	-
Aomori	12	12	-	-	-	-	-	-	-	-	12	12	-	-	-
Iwate	12	11	-	1	-	-	-	-	-	-	12	11	-	1	-
Miyagi	15	15	-	-	-	1	1	-	-	-	16	16	-	-	-
Akita	11	11	-	-	-	-	-	-	-	-	11	11	-	-	-
Yamagata	13	13	-	-	-	-	△2	-	2	-	13	11	-	2	-
Fukushima	19	19	-	-	-	-	-	-	-	-	19	19	-	-	-
Ibaraki	35	35	-	-	-	2	△1	-	3	-	37	34	-	3	-
Tochigi	19	19	-	-	-	-	△1	-	1	-	19	18	-	1	-
Gunma	23	23	-	-	-	-	△1	-	1	-	23	22	-	1	-
Saitama	77	75	-	1	1	1	-	-	-	1	78	75	-	1	2
Chiba	53	52	-	-	1	2	△2	-	3	1	55	50	-	3	2
Tokyo	55	51	-	2	2	3	1	-	1	1	58	52	-	3	3
Kanagawa	52	48	-	2	2	4	5	-	△2	1	56	53	-	-	3
Niigata	20	20	-	-	-	1	1	-	-	-	21	21	-	-	-
Toyama	6	6	-	-	-	-	-	-	-	-	6	6	-	-	-
Ishikawa	6	5	-	1	-	-	1	-	△1	-	6	6	-	-	-
Fukui	9	9	-	-	-	-	△1	-	1	-	9	8	-	1	-
Yamanashi	12	12	-	-	-	-	-	-	-	-	12	12	-	-	-
Nagano	28	27	-	1	-	-	1	-	△1	-	28	28	-	-	-
Gifu	23	22	-	1	-	-	-	-	-	-	23	22	-	1	-
Shizuoka	37	36	-	-	1	1	-	-	1	-	38	36	-	1	1
Aichi	64	64	-	-	-	1	△1	-	1	1	65	63	-	1	1
Mie	14	13	-	1	-	-	1	-	△1	-	14	14	-	-	-
Shiga	12	12	-	-	-	-	-	-	-	-	12	12	-	-	-
Kyoto	9	9	-	-	-	1	1	-	-	-	10	10	-	-	-
Osaka	44	38	-	5	1	2	6	-	△4	-	46	44	-	1	1
Hyogo	29	27	-	1	1	1	△1	-	2	-	30	26	-	3	1
Nara	10	8	-	2	-	-	-	-	-	-	10	8	-	2	-
Wakayama	10	10	-	-	-	-	-	-	-	-	10	10	-	-	-
Tottori	4	4	-	-	-	-	-	-	-	-	4	4	-	-	-
Shimane	2	2	-	-	-	1	1	-	-	-	3	3	-	-	-
Okayama	10	9	1	-	-	-	-	-	-	-	10	9	1	-	-
Hiroshima	14	14	-	-	-	-	-	-	-	-	14	14	-	-	-
Yamaguchi	9	9	-	-	-	1	1	-	-	-	10	10	-	-	-
Tokushima	6	6	-	-	-	-	-	-	-	-	6	6	-	-	-
Kagawa	8	6	1	1	-	-	1	-	△1	-	8	7	1	-	-
Ehime	11	10	1	-	-	-	1	△1	-	-	11	11	-	-	-
Kochi	3	3	-	-	-	-	-	-	-	-	3	3	-	-	-
Fukuoka	28	27	-	1	-	1	2	-	△1	-	29	29	-	-	-
Saga	6	6	-	-	-	-	-	-	-	-	6	6	-	-	-
Nagasaki	1	1	-	-	-	1	1	-	-	-	2	2	-	-	-
Kumamoto	10	10	-	-	-	3	2	-	1	-	13	12	-	1	-
Oita	3	3	-	-	-	1	1	-	-	-	4	4	-	-	-
Kagoshima	2	2	-	-	-	4	3	-	1	-	6	5	-	1	-
Miyazaki	-	-	-	-	-	1	1	-	-	-	1	1	-	-	-
Okinawa	7	7	-	-	-	1	1	-	-	-	8	8	-	-	-
Total	868	834	3	22	9	38	27	△1	7	5	906	861	2	29	14

(Note) FC: franchise stores (affiliated store contract A), B stores: outsourced stores (affiliated store contract B), TS: training stores, SC: stores in shopping centers