



WORKMAN CO., LTD.

Materials for Briefing Session on the Financial Results for
the Fiscal Year Ending March 31, 2022

May 10, 2022

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- Financial Results for the Fiscal Year
Ending March 31, 2022

Cumulative income statement

(Millions of yen)	FY3/21	FY3/22	YoY (%)	Forecast for FY3/22	Compared with Plan
Sales at all chain stores	146,653	156,597	+6.8	156,174	+0.3
Sales to directly managed stores	9,566	9,902	+3.5	9,328	+6.2
Sales to franchise stores	137,086	146,695	+7.0	146,846	△0.1
(Same store sales)	—	—	+1.5	+1.4	+0.1
Total operating revenue	105,815	116,264	+9.9	114,445	+1.6
Cost of sales	64,055	70,207	+9.6	67,698	+3.7
SG&A	17,804	19,254	+8.1	20,074	△4.1
Operating profit	23,955	26,802	+11.9	26,673	+0.5
Ordinary profit	25,409	27,395	+7.8	27,200	+0.7
Net income	17,039	18,303	+7.4	18,155	+0.8
EPS	208.80yen	224.28yen		222.46yen	

※The Company applies the Accounting Standard for Revenue Recognition from the beginning of FY3/22. The said accounting standard is not applied retroactively to FY3/21, and YoY comparison is made against figures prior to the change.

➤ Financial Results Highlights

● Sales at all chain stores

Came in roughly as planned at 0.3% over the plan for the full year

● Total operating revenue

- The supply-demand balance improved for the supply of products
- The gross profit margin for FC stores was 36.3% (YoY up 0.1 points)

● Cost of sales

- Inventory adjustment progress helped reduce loss on revaluation of products
- Loss of 567 million yen was booked for the cumulative period (FY3/21 loss of 962 million yen)

※The impact of the sharp rise in purchase prices is included up to the procurement of autumn and winter 2022 products

● SG&A

- Logistics costs (freight, rent for external warehouses, outsourcing expenses, etc.) were contained
- Rewards for honoring step-up (honoring of sales growth) were down 434 million yen

● Operating Profit

Profit related to overseas purchases fell below the previous year, as the significant impact of the yen's weakening showed up in the Q4 accounting period

- Profit related to overseas purchases: 8,580 million yen (down 1.1% YoY)
- Direct overseas purchases up 8.7% YoY
- Average settlement rate: 109.27 yen (FY3/21: 105.68 yen)

Effect of the Application of the Accounting Standard for Revenue Recognition (P/L)

(Millions of yen)	FY3/22 Pre-change	FY3/22 Post-change	Effect
Sales at all chain stores	156,609	156,597	△ 11
Total operating revenue	114,888	116,264	+1,375
Cost of sales	70,571	70,207	△ 364
SG&A	18,372	19,254	+881
Operating profit	25,944	26,802	+858
Ordinary profit	27,413	27,395	△ 17
Net income	18,314	18,303	△ 11

➤ Effect of the Change

● Profit

- ① Effect of the change to recording royalties by allocation to appropriate accounting periods from lump-sum booking
⇒ Operating profit - **Up 12 million yen**
- ② Effect from the process of calculating purchase rebates
⇒ Operating profit - **Down 30 million yen**
- ③ Effect from the change of non-operating revenue
⇒ Operating profit - **Up 876 million yen**

The impact on operating profit of the above - **Up 858 million yen**

※① and ② also impacted on ordinary profit and below.

● SG&A

- Shopping center store points changed to the revenue item – Up **11** million yen
- FC store cost changed from the revenue item - Up **4,874** million yen
- Award money for franchise stores changed to the revenue item - Down **309** million yen
- Expenses related to entrusted DC operations changed from the revenue item - Down **3,665** million yen

Other changes involving small amounts - Up **881** million yen in total

Effect of the Application of the Accounting Standard for Revenue Recognition (SG&A)



(Millions of yen)	FY3/21 Pre-change (a)	FY3/22 Pre-change (b)	YoY (%) b/a	FY3/22 Post-change (c)	Effect c – b
Labor cost	3,319	3,535	+6.5	3,535	–
Selling cost	1,113	818	△26.5	972	+154
Traveling expenses	239	266	+11.5	266	–
Freight cost	2,851	2,911	+2.1	1,410	△ 1,501
Rent	2,079	2,081	+0.1	5,830	+3,749
Supply expenses	957	880	△8.0	714	△ 166
Outsourcing expenses	3,514	3,655	+4.0	2,426	△ 1,229
Depreciation	1,652	2,013	+21.8	2,013	–
Other	2,076	2,209	+6.4	2,083	△ 125
Total	17,804	18,372	+3.2	19,254	+881

Balance Sheet

(Millions of yen)	FY3/21	FY3/22	Change
Current assets	85,696	94,266	+8,569
Cash and deposits	57,813	64,283	6,469
Accounts receivable - due from FCs	11,884	11,944	60
Merchandise	14,077	15,257	1,179
Other	1,921	2,781	860
Non-current assets	27,179	30,878	3,699
Property, plant and equipment	20,101	23,949	3,847
Intangible assets	769	818	48
Other investments	6,307	6,110	△197
Total assets	112,876	125,145	12,269
Current liabilities	19,090	17,897	△1,192
Non-Current liabilities	3,191	3,687	495
Total liabilities	22,282	21,585	△696
Total net assets	90,593	103,559	12,965
Total liabilities and net assets	112,876	125,145	12,269

➤ Factors of increase/decrease

● Cash and deposits

Operating C/F - 18,451 million yen
Investing C/F - Down 9,631 million yen
Financial C/F - Down 5,350 million yen

● Merchandise (factors for increase/decrease)

- Directly managed/SC stores – Up 3 million yen
 - Distribution centers – Up 253 million yen
 - Goods in transit – Up 924 million yen
- Winter products carried decreased; the content of inventories improved

● Rise in tangible fixed assets

- DC expansion – Total acquisition 2,933 million yen
(Of the total, 421 million yen acquired in the preceding quarter)

Investment in stores rose (expansion of sites, remodeling of existing stores)

- The average building cost per company-owned store rose about 9 million yen (to about 69 million yen)
- New openings of 40 stores and 12 S&B stores (of these, 45 are company-owned stores)
- Remodeling of WORKMAN Plus stores (2 stores fully remodeled, 57 stores partially remodeled)

Statement of cash flows

(Millions of yen)	FY3/21	FY3/22	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

- Pretax net income Up 1,957 million yen
- Accounts payable rise Up 657 million yen
- Depreciation Up 318 million yen
- Fall in accrued consumption tax, etc. Down 1,986 million yen
- Corporate income tax payment Down 1,962 million yen
- Rise in credit to franchise stores Down 1,850 million yen

● Investing C/F

- Depositing of time deposits with deposit terms of over 3 months Down 3,000 million yen
- Net cash used for acquisition of tangible fixed assets Down 2,147 million yen





● Financing C/F

- Payments of dividends Up 1,138 million yen

- Overview of Financial Results for the Fiscal Year
Ending March 31, 2022

● Development of stores for sustainable growth

944 stores at the end of March 2022 (up 38 stores over end-March 2021)

(Number of stores)	Number of stores at end-March 2022	New store openings			S&B※3	Renovation/conversion※2			Closures	Number of stores at end-March 2022
			Roadside	SC※3			Full renovation	Partial renovation		
	632	—	—	—	(△12)	(△59)	(△2)	(△57)	△2	559
	272	29	29	—	12	59 (—)	2 (—)	57 (—)	—	372
	2	10	5	5	—	—	—	—	—	12
	—	1	1	—	—	—	—	—	—	1
Total※1	906	40	35	5	12	59	2	57	△2	944

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

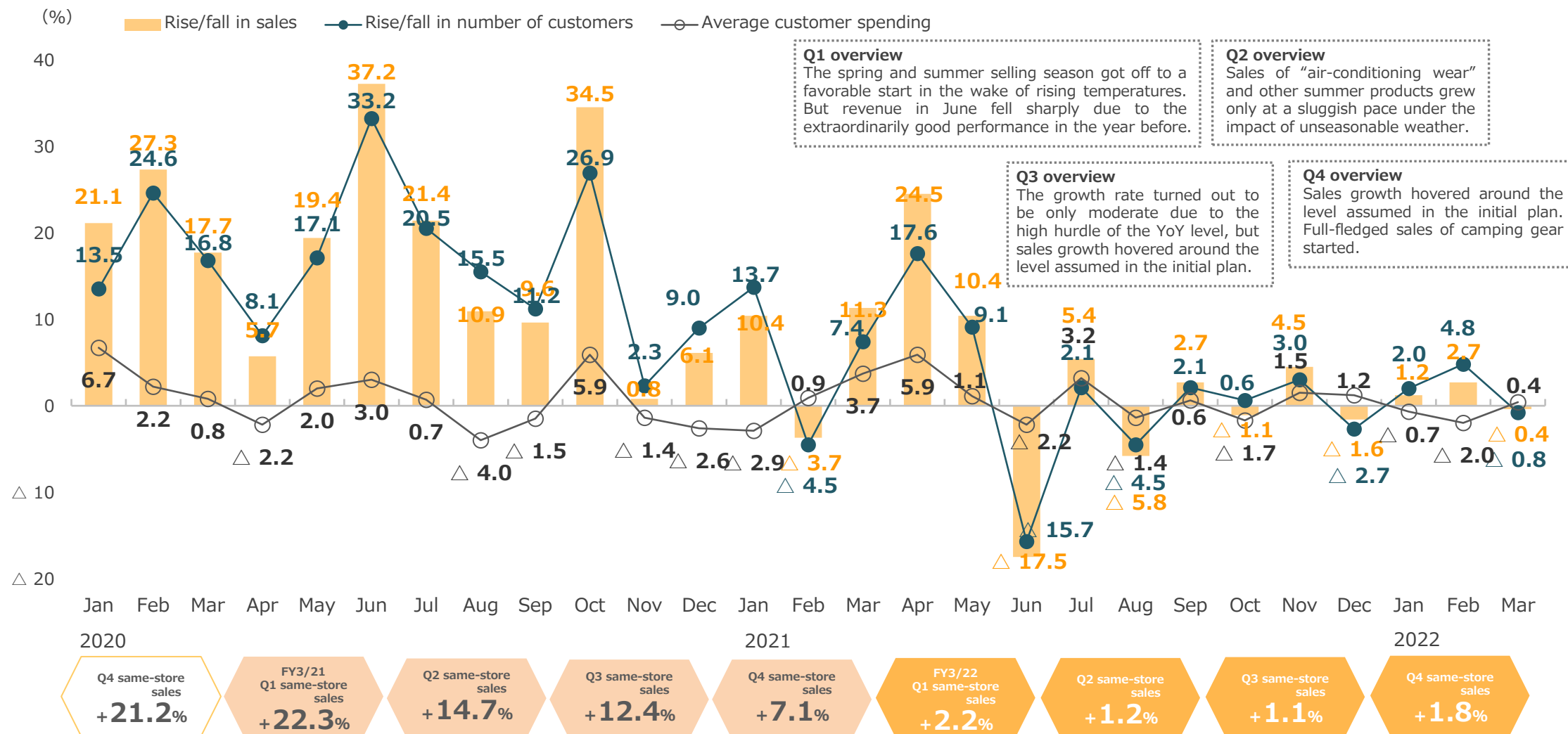
※2. The renovation means the conversion of WORKMAN stores to WORKMAN Plus stores.

The lower column shows the number of stores that were renovated to WORKMAN Plus in the past but became subject to S&B during the period under review.

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

Monthly Trends and Factors

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

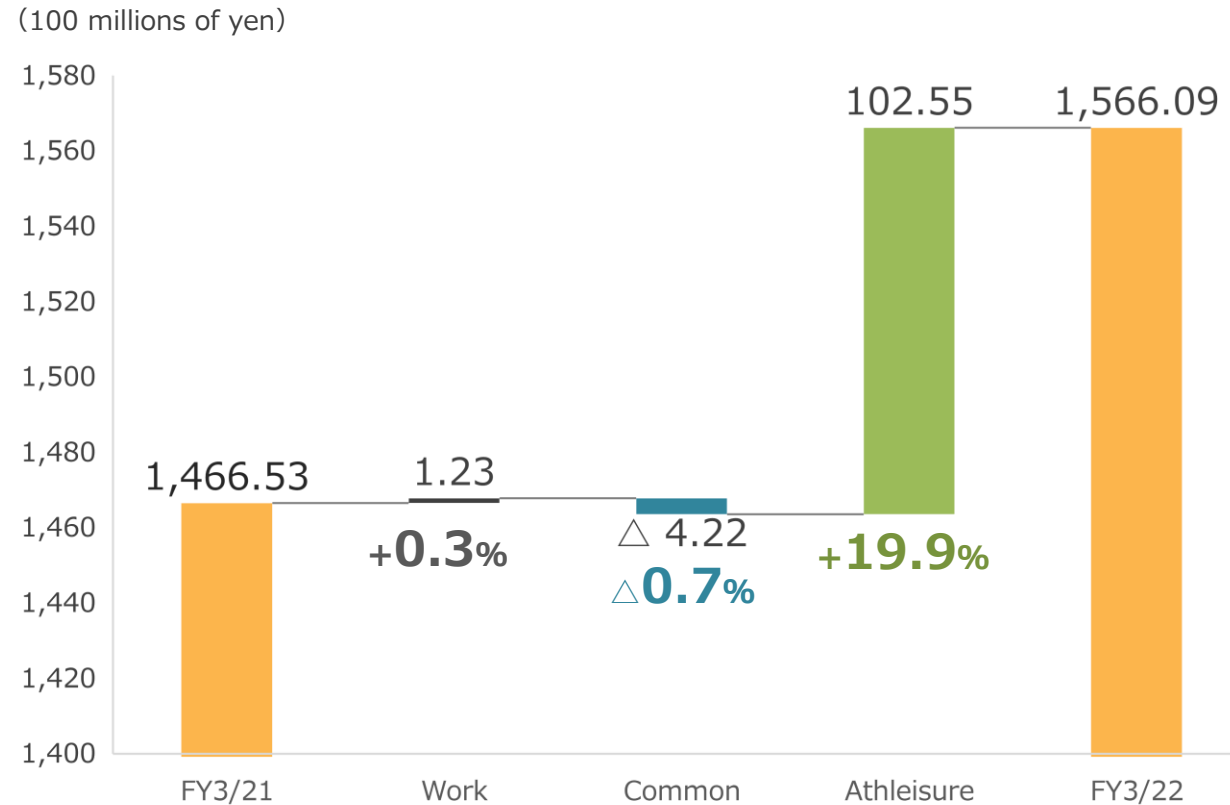


Status of Sales (Results by Product)

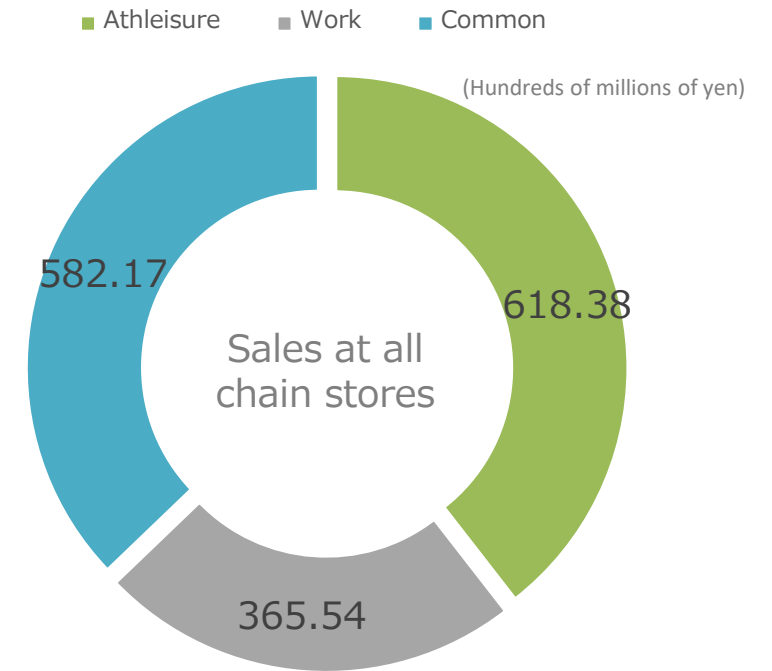
● Products for the athleisure market drove growth

● Factors for Increase/Decrease in FY3/22 Sales at All Chain Stores

● FY3/22 Sales by Product



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



01. Market for professionals...Only products ordinary consumers are believed to have very few opportunities to use are chosen, such as working uniforms, "tabi" Japanese stocks and protective footwear for incorporated enterprises.
02. Athleisure market...FieldCore/Find-Out/AEGIS brands
03. Common...Products other than the above, such as socks and T-shirts.

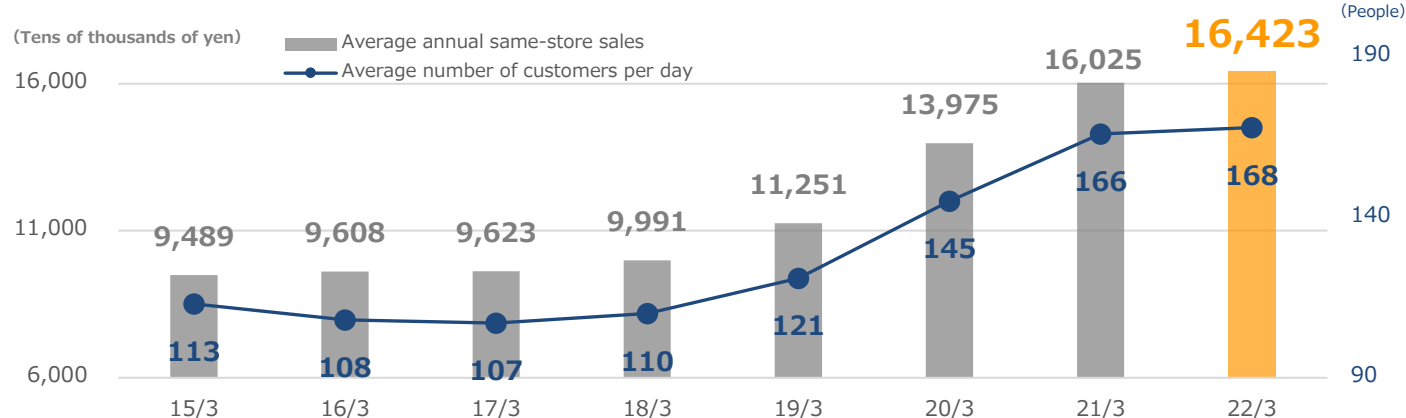
Status of Sales (FY3/22)

● Sales at All Chain Stores 156,597 Million Yen

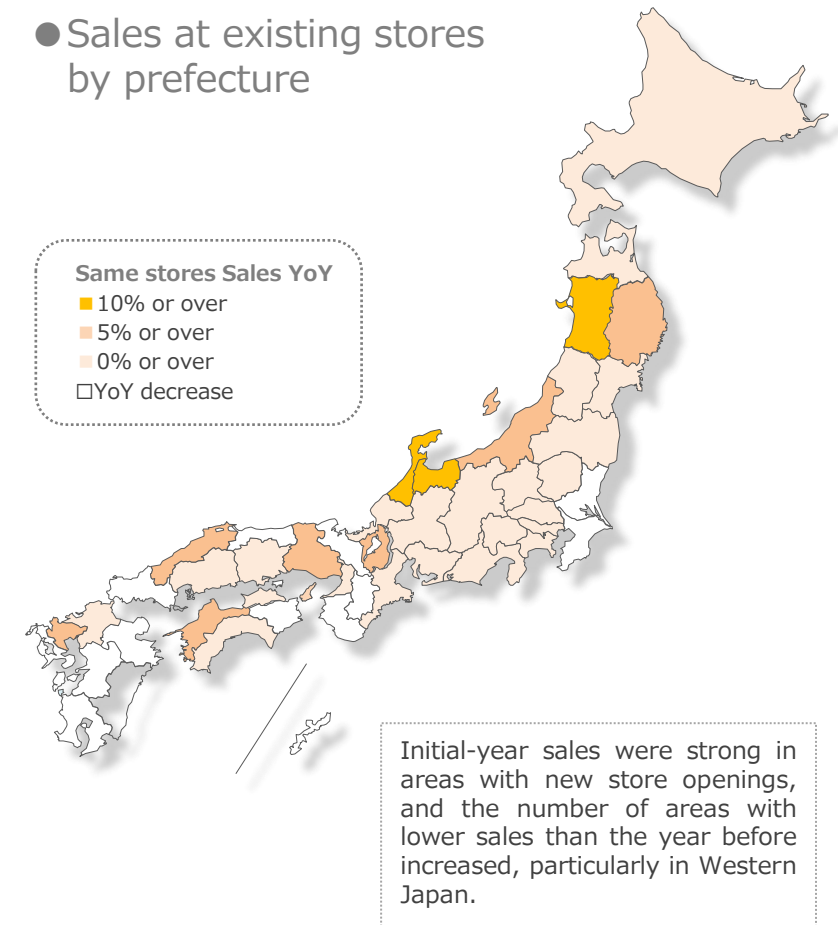
	All chain stores	Existing stores
Net sales	+7.0%	+1.5%
Number of customers	+6.0%	+0.7%
Average number of customers per day	—	※174 (+1)
Average customer spending	2,913 yen (+1.0%)	2,898 yen (+0.8%)
Unit price per item	1,140 yen (+23 yen)	1,124 yen (+15 yen)
Number of items purchased	2.6 items (±0.0 item)	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



● Sales at existing stores by prefecture

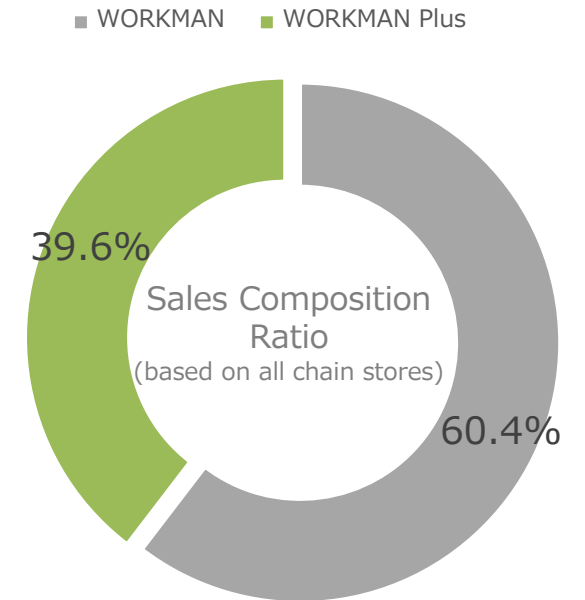


Sales by Business Category

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

The customer-increasing effect of store remodeling (the first year) is continuing, but maintaining sales from the second year onward remains a major challenge.

(%)



YoY (%)	—	—	△0.2	△3.6	+23.0	+26.8	△3.5	+14.4	+1.9	△1.3	+6.8
Number of stores	38	6	559	67	26	2	40	57	136	13	944

※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	FY3/21		FY3/22		Factors (YoY)
	Sales	YoY	Sales	YoY	
Undergarments · Socks	13,179	+25.3	14,865	+12.8	<ul style="list-style-type: none"> • Short socks (+9.1%) • Thermal inner shirts (+38.3%) • Outdoor caps (+103.2%)
Casualwear · Sports	20,387	+28.8	22,364	+9.7	<ul style="list-style-type: none"> • Short-sleeved T-shirts (+14.5%) • Long-sleeved compression tops (+10.0%) • Thermal hoodies (△23.3%)
Workwear · Outdoor	45,809	+19.1	47,799	+4.3	<ul style="list-style-type: none"> • Jogging pants (+57.8%) • Clothing with air-conditioning fan(s) (+14.3%) • Work pants (△9.8%)
Women's · Uniforms white smocks, office uniforms, etc.	6,470	+60.4	8,285	+28.1	<ul style="list-style-type: none"> • Rainwear for women (+41.0%) • Thermal women's clothing (+55.6%) • Summer women's clothing (+18.5%)
Footgear Protective footwear, <i>tabi</i> stocks, high boots, kitchen shoes, etc.	22,895	+15.2	24,557	+7.3	<ul style="list-style-type: none"> • Outdoor shoes (+153.1%) • Thermal outdoor boots (+57.7%) • Middle-cut safety shoes (△13.1%)
Work supplies Work gloves, protective gear, rainwear, etc.	37,520	+13.5	38,632	+3.0	<ul style="list-style-type: none"> • Outdoor gear (+453.3%) • Rainwear (+4.5%) • Waterproof, thermal clothing (△19.3%)
Other	389	+48.3	92	△ 76.2	—
Total	146,653	+20.2	156,597	+6.8	


Status of Sales (Sales by Product and Factors)

● Sales of PB Products **97,797 Million Yen** (Up 12.0% YoY)

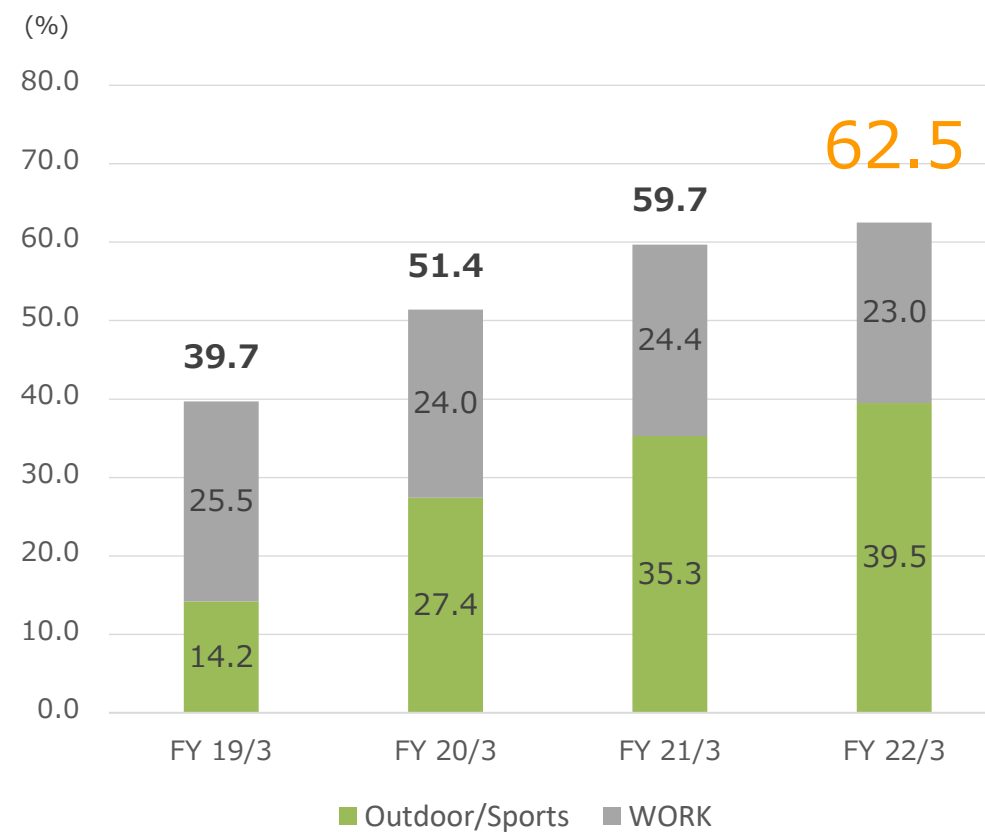
● WORK & Outdoor · Sports

(Millions of yen)	Number of items (the previous year)	Sales value (YoY)
 Work & Outdoor	642 (473)	31,746 (+17.3)
 Work & Sports	351 (385)	21,173 (+33.2)
 High-performance rainwear	121 (113)	8,919 (+3.3)
Total for athleisure PB products	1,114 (971)	61,838 (+19.9)

● WORK

 WORKMAN BEST	485 (593)	29,302 (+5.5)
ASSIST	132 (193)	6,657 (△16.0)
Total for working PB products	617 (786)	35,959 (+0.7)
Total for PB products	1,731 (1,757)	97,797 (+12.0)

● Changes in the PB ratio
(The ratio to sales at all chain stores)



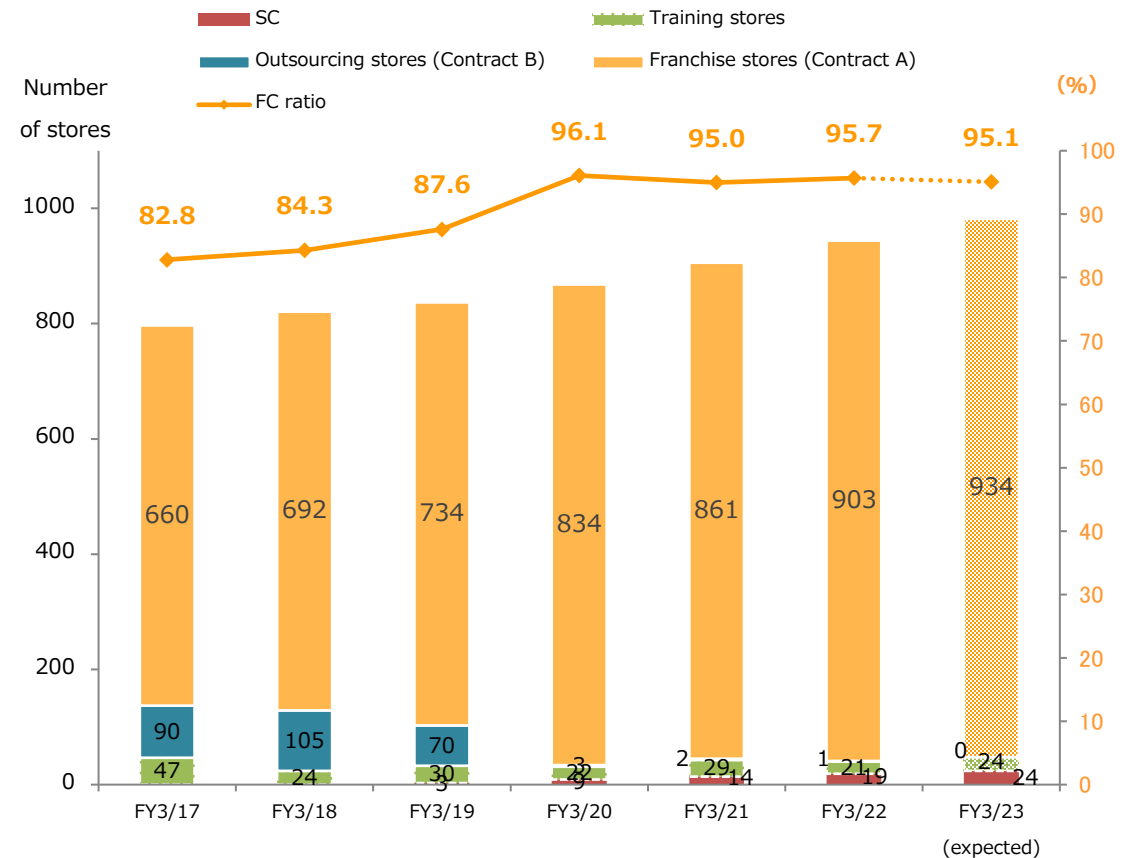
Format of Store Operations

● Ratio of Franchise Stores **95.7** % (up 0.7 points YoY)

● Format of Store Operations for FY3/22

Format	End-March 2021	Up	Down	FY3/22
Franchise stores	861	80	38	903
Outsourcing stores	2	—	1	1
Training stores	29	38	46	21
SC stores	14	5	—	19

● Number of Stores by Format of Operations



Inventories (Logistics Cost)

- The inventory turnover period in days and the delivery cost ratio improved thanks to thorough and efficient inventory management

- Selling price inventories per store

- The inventory turnover period in days shortened by 3 days
- The sales amount of winter products carried per store fell approximately 900,000 yen



- DC inventories / delivery cost ratio

- The delivery cost ratio improved following the enhancement of logistics infrastructure
- The inventory turnover period in days improved by 17 days (to 58 days) thanks to the increase in accuracy in production and inventory management

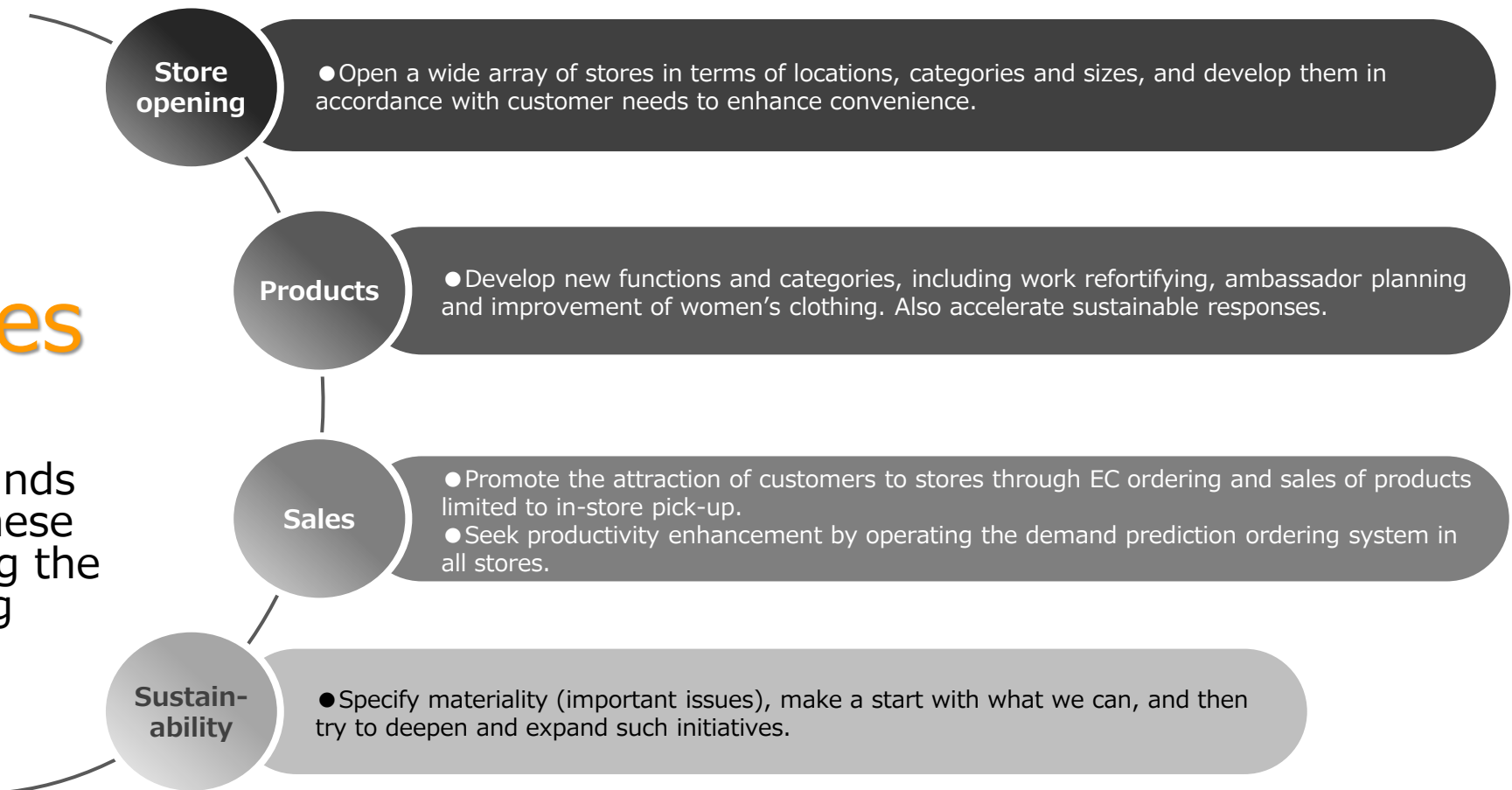


- Plans for the Fiscal Year Ending March 31, 2023

● Management policy





Sustainable Growth Stories

Enhance the power of brands through the creation of these stories, thereby expanding the customer base and raising customer satisfaction.



Store Opening Plans

- Go for **1,500** domestic stores in 3 categories

(Number of stores)	Number of stores at end of FY3/22	Openings set for FY3/23			S&B※3	Renovation set for FY3/23※2			Closures	Number of stores at end of FY3/23	Medium/longer-term goals
			Roadside	SC※3			Full renovation	Partial renovation			
	559	—	—	—	(△11)	(△67)	(△2)	(△65)	△2	479	200
	372	24	24	—	11	66 (—)	2 (—)	64 (—)	—	473	900
	12	16	11	5	—	—	—	—	—	28	400
	1	—	—	—	—	1	—	1	—	2	N/A
Total※1	944	40	35	5	11	67	2	65	△2	982	1,500

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

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

※2. The renovation means the conversion of WORKMAN stores to WORKMAN Plus stores.

The lower column shows the number of stores that were renovated to WORKMAN Plus in the past but became subject to S&B during the period under review.

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

● Develop stores in accordance with customer needs



Target:

Aim to acquire general customers by broadening store-opening locations and areas

- Store openings in urban areas
 - April EXITMELSA Ginza (Tokyo)
 - June Sunshine City Ikebukuro (Tokyo)

Ginza store

- Store openings in open malls

FY3/2023 store opening plans

11 stores

Accelerate store openings in malls with high customer attraction power
Open stores mainly in group malls, also anticipate joint store openings with other chain stores

Expand the customer base
Enhance convenience



Target:

Revitalization of existing stores through remodeling and S&B
Aim for domination of low store density areas and urban areas

FY3/2023 plans

Remodeling **66** stores/S&B **11** stores



Target:

Seek to separate customers, and aim to enhance satisfaction of professional craftspeople

- Remodeling conversion

FY3/2023 plan 1 store

Look into the status of sales at model stores, and then develop future plans

● Development of sustainable products with functionality at their core

● FY3/2023 PB products sales target **1,128 million yen** (YoY +15.3%)

- 01** Refortifying work
- PRO CORE brand expansion (safety shoes, small work items, etc.)
 - URBAN WORK
New proposals for workwear

- 02** Expansion of lineup of women's clothing
- Development of new categories
Functionality-driven 2-mile wear

- 03** Outdoor/Sports
- Joint development with ambassadors
 - Camping gear (FY3/23 sales target 4,000 million yen)
 - Horizontal development of functional materials
Share functionality by straddling categories

WORKMAN's Sustainability



Development of “high functionality × low price × **Sustainable**” products

● Key development items

Recycled materials

PET bottle recycled yarn / residual recycled yarn / bio-derived resin

Environmentally friendly production

Nano bubble wash / laser processing / free of fluorine

Other

AI-driven cutting / unique new ideas (pump wear, etc.)

● FY3/2023 target

Development **115** items

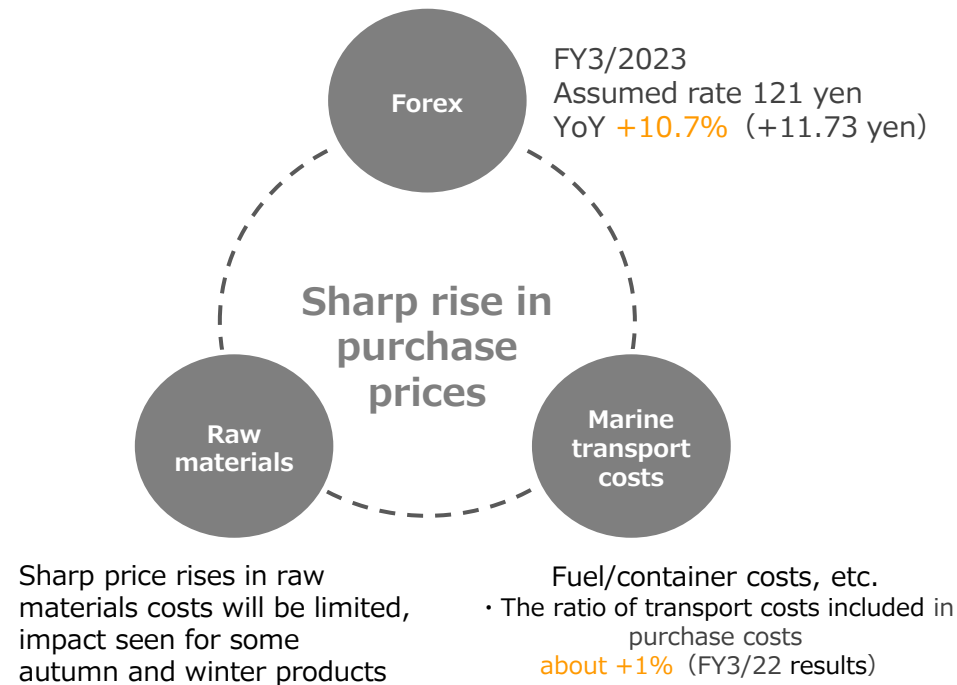
Production amount **17,000** m. yen

Response Policy to Sharp Rises in Purchase Prices

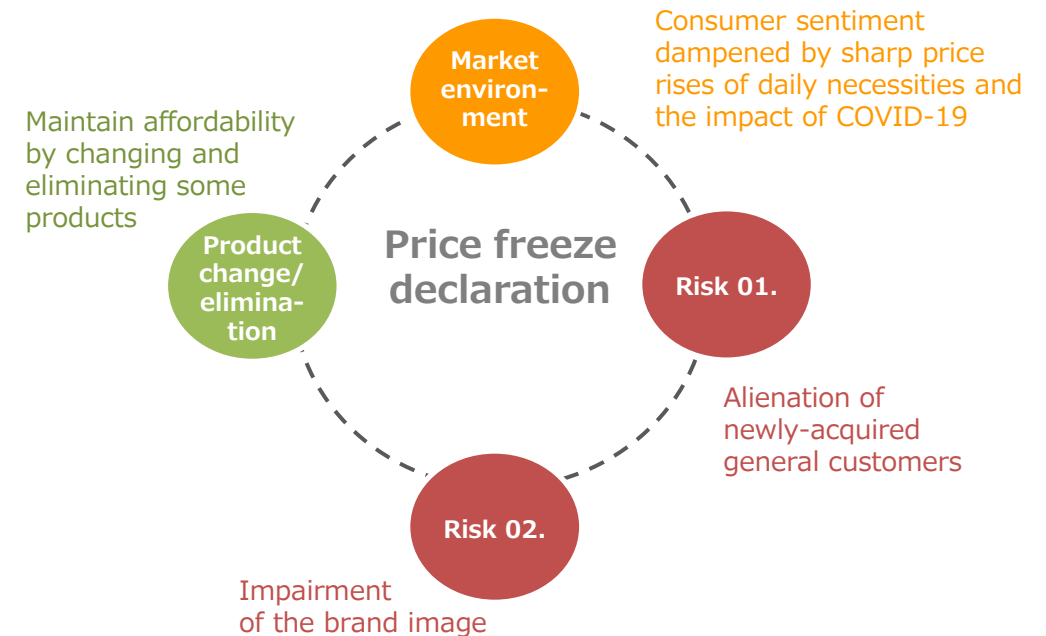
- Despite increasing pressure on purchase prices, we will stick to “the price freeze” for PB products

- In view of the market environment and the Company’s business environment, we have concluded that “price raises” present a risk from a long-term perspective

- Problems in procurement of products



- Background to the price freeze



※Our policy is to respond flexibly when considering profitability, as we have to assume that extremely sharp rises in purchase prices may force us to raise prices.

● Promote the attraction of customers to stores, and seek to enhance the productivity of franchise stores

- EC ordering / sales for in-store pick-up
BOPIS (Buy Online Pick-up In Store)



Promoting the attraction of customers to stores will support **the enhancement of sales at franchise stores**

- PR strategy



Workman **“Jimi”** channel to be launched
(around October 2022)

Focus on products not taken up by ambassadors or media to establish self-motivated PR content and enhance customer attraction power

- Demand prediction ordering system

2022.3 in operation at

540 stores

2023.3 target

In operation at all stores

Introduction effects

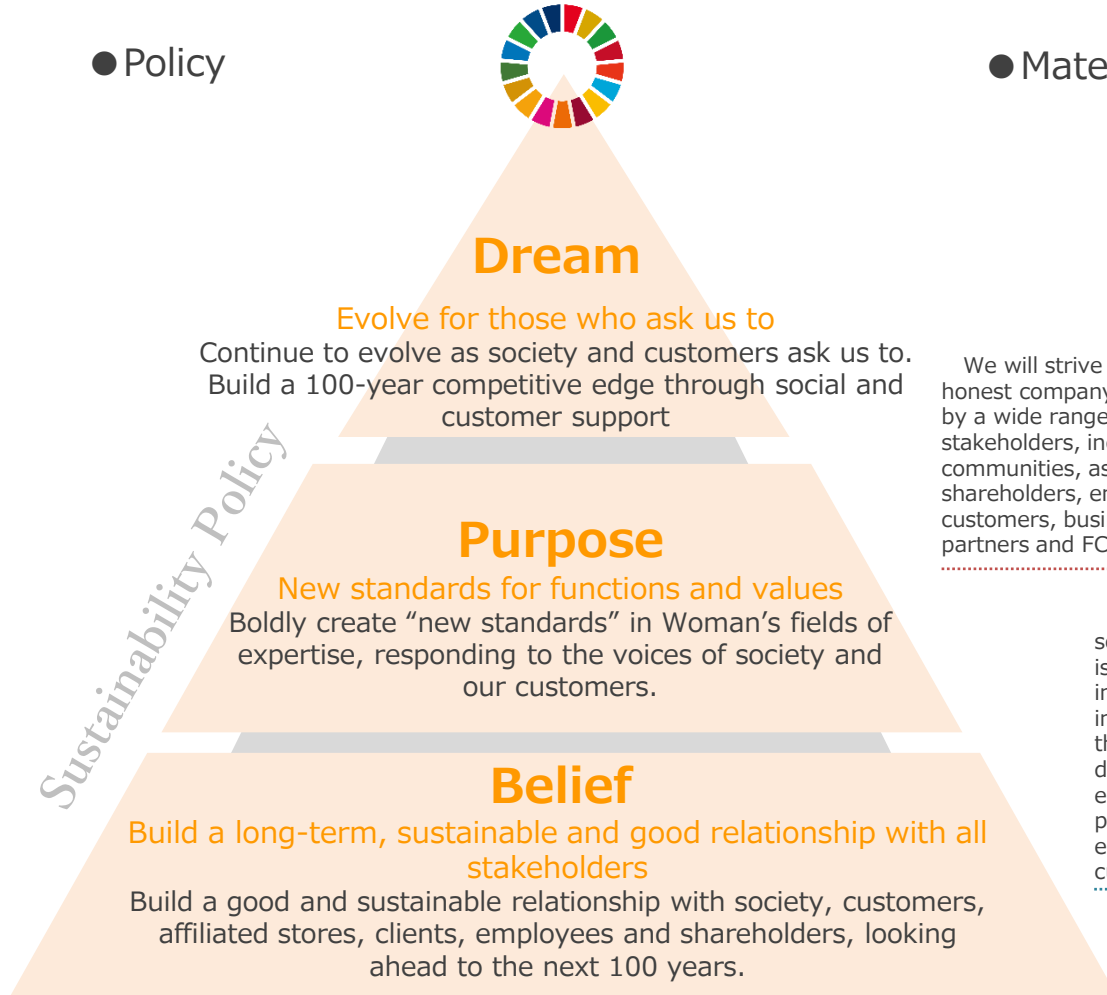
(Comparison with stores without the system in FY3/22)

Sales **up about 3%** / Inventory value **down about 5%** /

Turnover days **1 day less**

● We will improve the disclosure of our current initiatives, and then deepen and expand them

● Policy



● Materiality (important issues)



Plans for the Fiscal Year Ending March, 2023

- Expectation of increased income but decreased profits due to sharp rises in purchase prices

➤ Topics

(Millions of yen)	FY3/2022 Results	YoY (%)	FY3/2023 Q2 Plan	QoQ (%)	FY3/2023 Full-year Plan	YoY (%)
Sales at all chain stores	156,597	+6.8	79,995	+8.5	166,690	+6.4
Sales at directly managed stores	9,902	+3.5	4,530	+1.0	10,737	+8.3
Sales at franchise stores	146,695	+7.0	75,464	+8.9	155,962	+6.3
(Same store sales)	—	+1.5		+3.7		+1.5
Total operating revenue	116,264	+9.9	59,971	+8.5	124,110	+6.7
Cost of sales	70,207	+9.6	37,770	+14.2	78,633	+12.0
SG&A	19,254	+8.1	10,333	+7.4	21,015	+9.1
Operating profit	26,802	+11.9	11,867	△5.9	24,461	△8.7
Ordinary profit	27,395	+7.8	12,179	△5.5	25,063	△8.5
Net income	18,303	+7.4	7,602	△5.0	16,782	△8.3
EPS	224.28 yen		93.15 yen		205.65 yen	

● Sales at all chain stores

The plan does not include changes in the external environment, such as the impact of COVID-19.

- Sales at existing stores will rise 1.5% due to the effects of remodeling and S&B, while sales at all stores are forecast to rise 6.4% thanks to the development of stores at locations that pull in more customers, including the opening of #WM Girl stores at shopping malls

● Total operating revenue

With respect to in-store inventories, we will shift from the adjustment phase to optimization in response to sales growth, and promote single-product follow-ups by making full use of markdown (M/D) and DC functions.

- Gross profit margin for stores 36.0% (YoY down 0.1%) ⇒ Optimize inventories through M/D promotion
- Supply sales to franchise stores...Control them in response to sales growth

● Cost of sales

- Profit related to overseas trade to drop sharply due to the impact of the yen's weakening and sharp rises in transportation costs Assumed rate 121 yen (FY3/22: 109.27)

※There are concerns over sharp rises in raw materials expenses toward the second half of the year, but the plan does not include these at the moment.

● SG&A

We will try to contain logistics and other costs as a whole, but costs necessary for growth will tend to increase.

- Depreciation to rise with the impact of proactive investment in stores (a rise of about 300 million yen)
- Fees for commissioning SC store operations to increase (a rise of about 400 million yen)
- Running expenses to increase following the upgrading of core systems (a rise of about 250 million yen)

● Operating profit

We will maintain brand images and top-line sales for the fiscal year under the "price-freeze declaration." Despite efforts to lower manufacturing costs by changing/eliminating products, we anticipate that it will be difficult to maintain the profit rate.

● 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, 2022

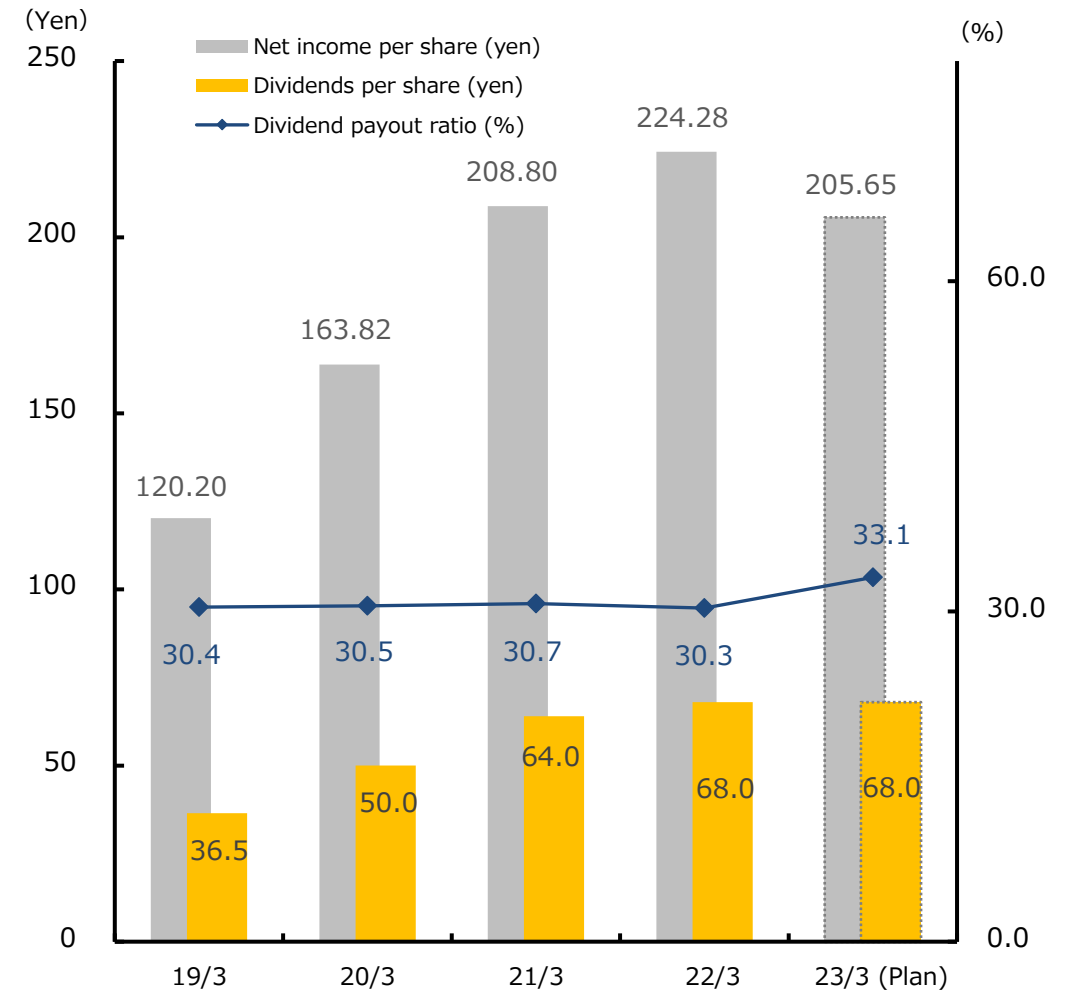
Plan to increase by 4 yen to **68** yen
(Dividend increase for 12th straight year)

- Fiscal year ending March 31, 2023

Expect to keep at **68** 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.

WORKMAN CO., LTD.

Securities code: 7564 (STANDARD)

Contact Information: IR Group, Finance Division

TEL : 03-3847-8190

E-mail : wm_seibi@workman.co.jp

[https : //www.workman.co.jp/](https://www.workman.co.jp/)