



WORKMAN CO., LTD.

Materials for Briefing Session on the Financial Results for the
First Quarter of the Fiscal Year Ending March 31, 2023

August 8, 2022

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- Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2023

Cumulative income statement

(Millions of yen)	FY3/22 Q1	FY3/23 Q1	YoY (%)
Sales at all chain stores	39,851	46,096	+15.7
Sales to directly managed stores	2,489	3,023	+21.4
Sales to franchise stores	37,361	43,072	+15.3
(Same store sales)	—	—	+9.0
Total operating revenue	29,534	33,327	+12.8
Cost of sales	17,516	20,750	+18.5
SG&A	4,869	5,117	+5.1
Operating profit	7,148	7,459	+4.4
Ordinary profit	7,299	7,610	+4.3
Net income	4,628	4,766	+3.0
EPS	56.72 yen	58.40 yen	

➤ Financial Results Highlights

● Sales at all chain stores

- Blessed with the easing of COVID-19 restrictions and fair weather, sales surpassed the initial plan by 8.2 points.
- It is assumed that as we kept prices of PB products unchanged, this enhanced the relative evaluation and enabled us to maintain strong sales.

● Total operating revenue

- Sales rose sharply thanks to the hot spell in late June, making it hard to supply enough products to stores. This caused the growth of sales of products supplied to FC stores to lag behind.
 Sales of FC stores YoY +15.3%
 Sales of products supplied to FC stores YoY +11.3% } Gap of 4.0 points
- Gross profit margin for FC stores 36.5% (YoY Δ 0.1 points)

● Cost of sales

- While direct overseas transactions rose, the yen's weakening significantly reduced profit related to overseas purchases.
- Direct overseas purchases \Rightarrow YoY 125.9%
- Ratio of direct overseas purchases to total purchases \Rightarrow 40.0% (the preceding quarter 34.9%)
- Average settlement rate \Rightarrow 120.32 yen (the preceding quarter 106.65 yen)
- Profit related to overseas purchases \Rightarrow 1,658 m. yen (YoY Δ 31.3%)

Cumulative Selling, General and Administrative Expenses (SG&A)



(Millions of yen)	FY3/22 Q1	SG&A ratio (%)	FY3/23 Q1	SG&A ratio (%)	Change	YoY (%)
Sales at all chain stores	39,851	–	46,096	–	–	+15.7
Labor cost	878	2.2	932	2.0	+54	+6.2
Selling cost	290	0.7	311	0.7	+20	+7.2
Traveling expenses	65	0.2	69	0.2	+4	+6.2
Freight cost	355	0.9	322	0.7	△32	△9.3
Rent	1,453	3.6	1,476	3.2	+22	+1.6
Supply expenses	225	0.6	164	0.4	△60	△26.8
Outsourcing expenses	664	1.7	724	1.6	+59	+9.0
Depreciation	452	1.1	544	1.2	+92	+20.5
Other	482	1.2	570	1.2	+87	+18.0
Total	4,869	12.2	5,117	11.1	+248	+5.1

※The SG&A ratio is the ratio of SG&A to sales at all chain stores.

➤ Factors of increase/decrease

● Labor cost

The average number of employees during the quarter +13

● Freight cost

Delivery efficiency and maintenance cost reduction associated with Isezaki DC expansion

● Rent

- The average number of stores during the quarter +39 +49 million yen
- External warehouses dropped due to the Isezaki DC expansion △28 million yen

● Supply expenses

Store remodeling fixtures and distribution-related equipment reduced

● Outsourcing expenses

- SC stores operating cost +82 million yen
(The average store number during the quarter +3 stores, quarterly sales +69.1%)
- The Isezaki DC expansion and Material Handling introduction △41 million yen

● Depreciation

The increase in acquisition costs associated with the rise in owned property and site expansion, the Isezaki DC expansion

Balance Sheet

(Millions of yen)	FY3/22 End of Q1	FY3/22	FY3/23 End of Q1	Change
Current assets	81,619	94,266	93,625	△641
Cash and deposits	55,629	64,283	65,408	+1,125
Accounts receivable - due from FCs	12,656	11,944	11,571	△373
Merchandise	11,227	15,257	11,762	△3,494
Other	2,105	2,781	4,882	+2,100
Non-current assets	27,250	30,878	30,915	+37
Property, plant and equipment	20,412	23,949	24,641	+692
Intangible assets	734	818	758	△59
Other investments	6,103	6,110	5,515	△595
Total assets	108,869	125,145	124,541	△604
Current liabilities	15,733	17,897	17,196	△701
Non-Current liabilities	3,650	3,687	3,707	19
Total liabilities	19,383	21,585	20,904	△681
Total net assets	89,486	103,559	103,637	+77
Total liabilities and net assets	108,869	125,145	124,541	△604

➤ Factors of increase/decrease

● Cash and deposits

Operating C/F 7,672 million yen
Investing C/F △ 1,070 million yen
Financial C/F △ 5,476 million yen

● Merchandise (factors for increase/decrease)

- Directly managed/SC stores △56 million yen
- Distribution centers △2,629 million yen
- Goods in transit △818 million yen

Though roughly at the year-before level, the reduction in winter products carried over and the progress in consumption of summer products improved inventory content.

● Other

Due to the yen's weakening, a rise of 1,238 million yen under the impact of the market-value evaluation of forward exchange contracts

● Rise in tangible fixed assets

- A total of 15 newly built stores—12 new stores and 3 S&B stores (of which 13 are company owned stores, +6 stores YoY)
- WORKMAN Plus renovation (2 stores fully renovated, 36 stores partially renovated)





- Overview of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2023

Store Openings



- New openings of #WORKMAN Girl increased in urban areas and open malls
“WORKMAN Shoes” opened as an annex

956 stores at the end of June 2022 (up 12 stores over end-March 2022)

(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-June 2022
			Roadside	SC※3			Full renovation	Partial renovation		
	559	—	—	—	(△3)	(△38)	(△2)	(△36)	—	518
	372	5	5	—	3	38 (—)	2 (—)	36 (—)	—	418
	12	7	5	2	—	—	—	—	—	19
	1	—	—	—	—	—	—	—	—	1
Total※1	944	12	10	2	3	38	2	36	—	956

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

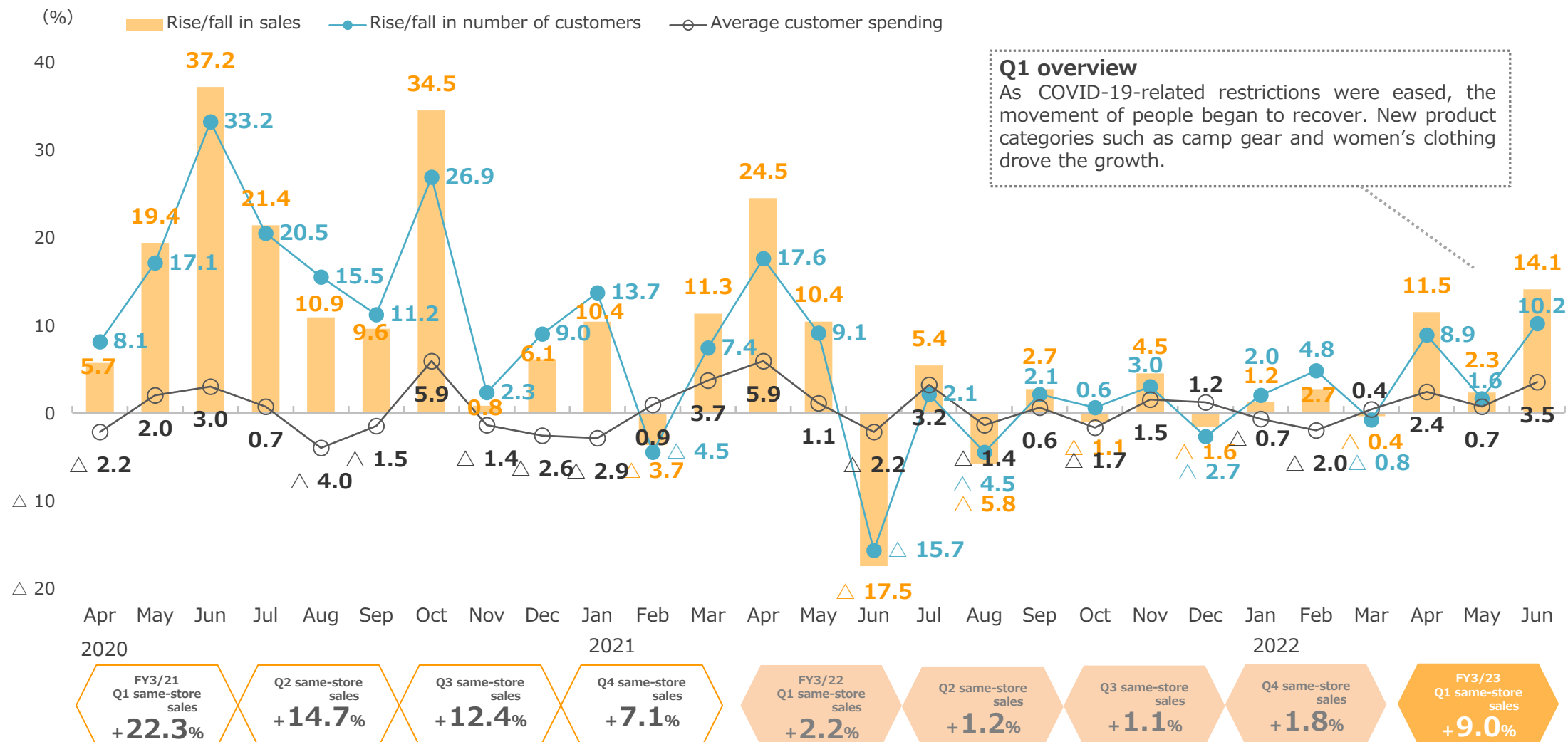
※2.The renovation means the conversion of WORKMAN stores to WORKMAN Plus stores.

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



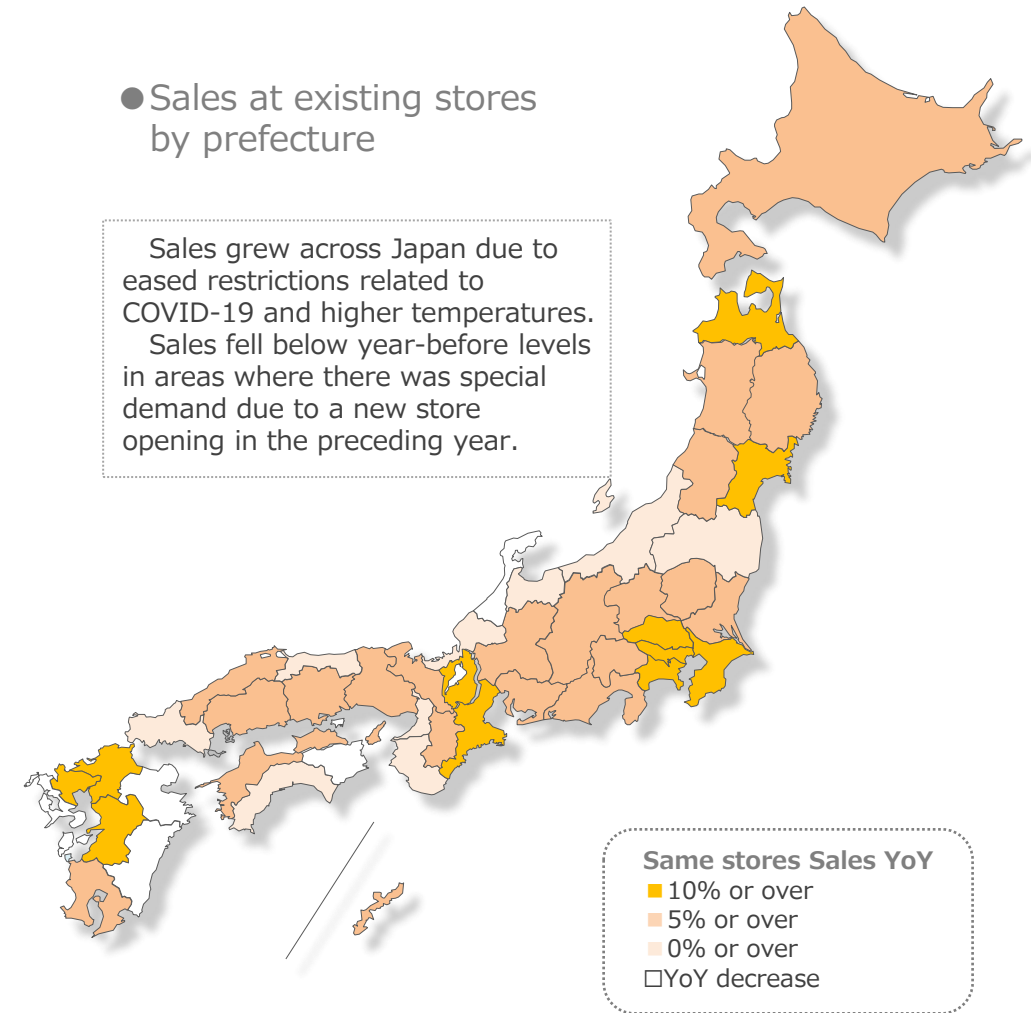
Status of Sales (FY3/23 Q1)

● Sales at All Chain Stores 46,096 Million Yen

	All chain stores	Existing stores
Net sales	+15.7%	+9.0%
Number of customers	+12.9%	+6.7%
Average number of customers per day	—	※186(+14)
Average customer spending	2,911 yen (+2.4%)	2,903 yen (+2.2%)
Unit price per item	1,107 yen (+35 yen)	1,103 yen (+40 yen)
Number of items purchased	2.6 items (△0.1 item)	2.6 items (△0.1 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.

● Sales at existing stores by prefecture



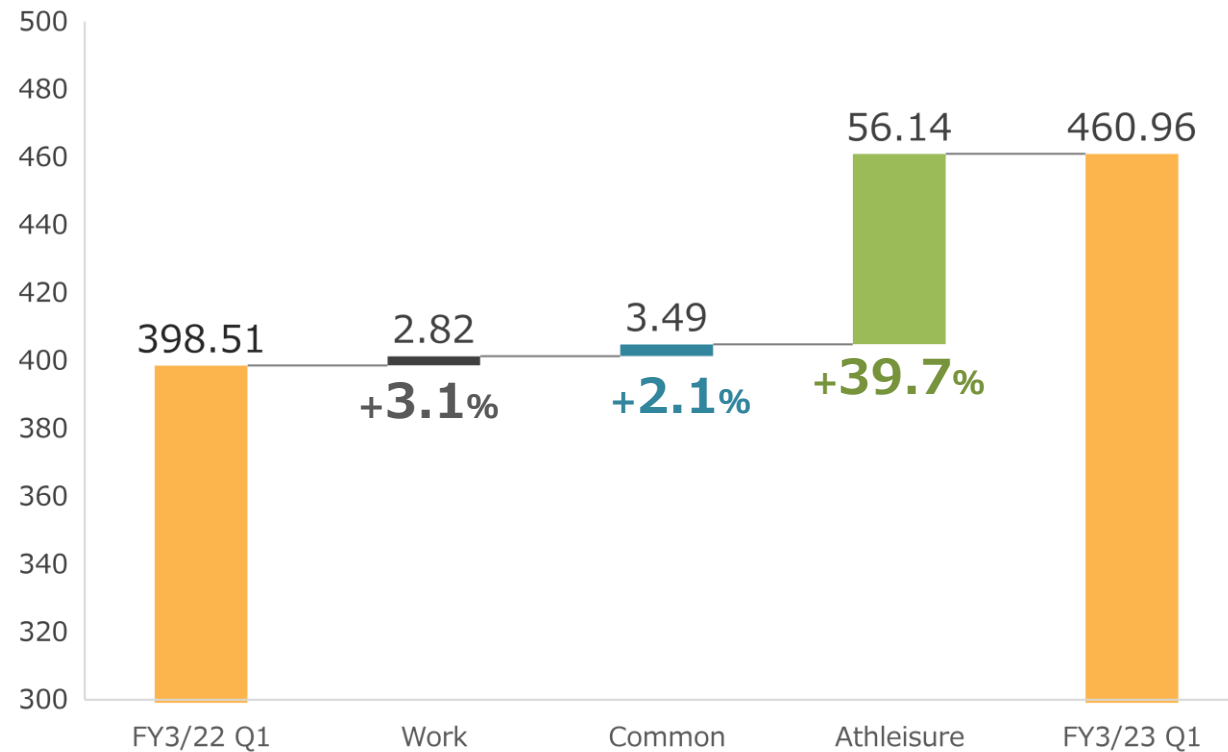
Status of Sales (Results by Product)

● Products for the athleisure market drove growth

● Factors for Increase/Decrease in FY3/23 Q1

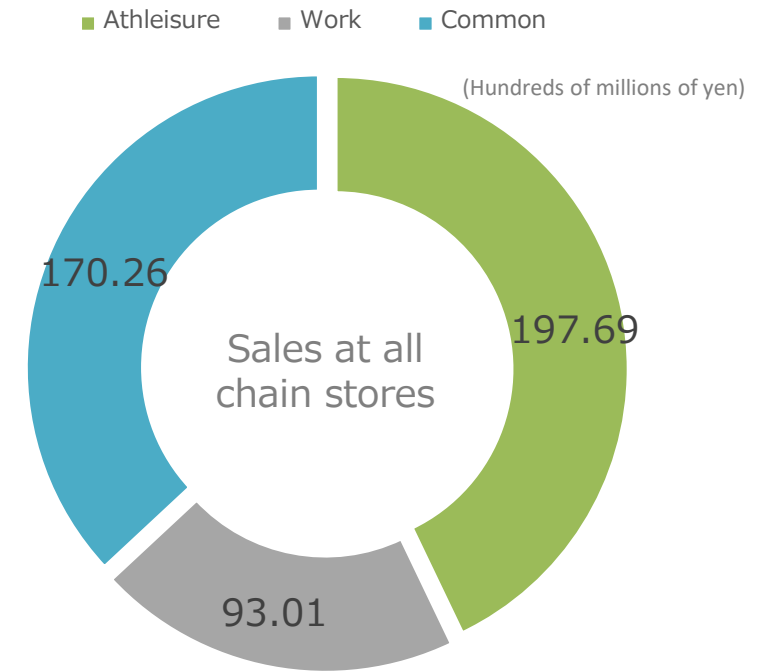
Sales at All Chain Stores

(100 millions of yen)



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

● FY3/23 Q1 Sales by Product



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.

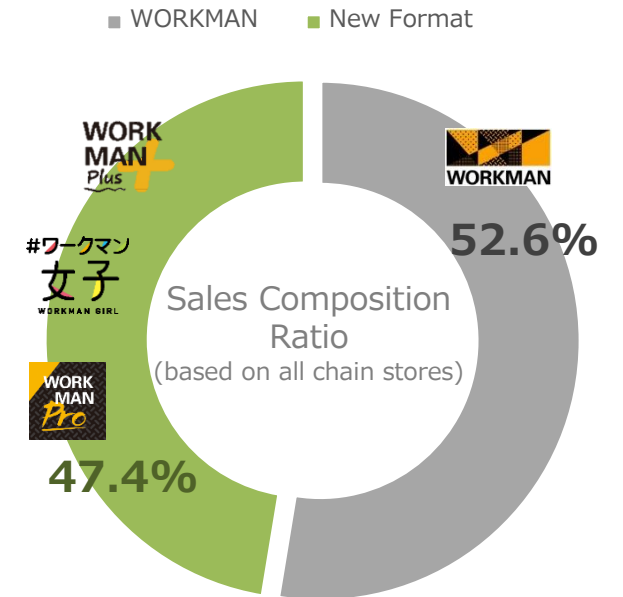
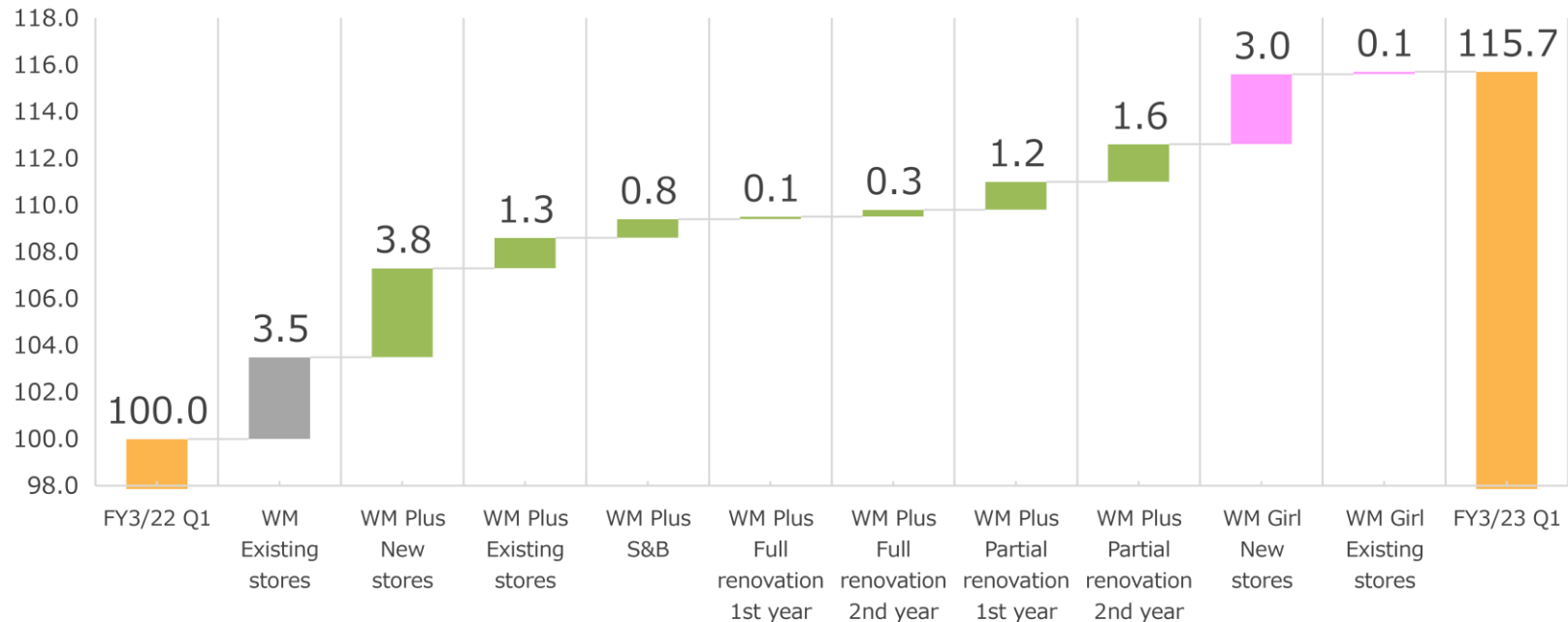
Sales by Business Category



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

Existing stores became more reinvigorated thanks to S&B and renovation/conversion.

(%)



YoY (%)	+6.2	—	+11.8	+29.0	+31.1	+6.4	+17.4	+10.2	—	+7.1	+15.7
Number of stores	518	30	87	29	4	40	60	169	15	4	956

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

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

※“WORKMAN Pro 1 stores are included in “WM Plus New stores”

Status of Sales (Sales by Product and Factors)






● Sales at All Chain Stores by Product

Category	FY3/22 Q1		FY3/23 Q1		Factors (YoY)
	Sales	YoY	Sales	YoY	
Undergarments · Socks Undergarments, socks, hats, towels, etc.	3,643	+8.2	4,317	+18.5	<ul style="list-style-type: none"> • Short socks (+16.6%) • Summer supplies (+17.6%) • Outdoor caps (+49.2%)
Casualwear · Sports Sportswear, polo shirts, etc.	6,397	+13.8	7,653	+19.6	<ul style="list-style-type: none"> • Short-sleeved T-shirts (+35.1%) • Long-sleeved compression tops (+25.3%) • Short pants (+43.2%)
Workwear · Outdoor Workwear, outdoor wear, etc.	12,018	+4.1	13,316	+10.8	<ul style="list-style-type: none"> • Jogging pants (+72.9%) • Clothing with air-conditioning fan(s) (+45.7%) • Summer slacks (+48.5%)
Women's · Uniforms white smocks, office uniforms, etc.	2,354	+40.7	3,347	+42.2	<ul style="list-style-type: none"> • Rainwear for women (+45.5%) • Women's slacks (+76.9%) • Summer women's clothing (+57.2%)
Footgear Protective footwear, <i>tabi</i> stocks, high boots, kitchen shoes, etc.	5,978	+12.0	6,778	+13.4	<ul style="list-style-type: none"> • Outdoor shoes (+116.8%) • Athletic shoes (+39.1%) • Sandals (+25.0%)
Work supplies Work gloves, protective gear, rainwear, etc.	9,438	+7.1	10,670	+13.0	<ul style="list-style-type: none"> • Camp gear (+212.8%) • Rainwear (+5.7%) • Bag (+55.9%)
Other	20	△73.9	13	△ 33.2	—
Total	39,851	+9.4	46,096	+15.7	


Status of Sales (Sales by Product and Factors)

● Sales of PB Products **30,035 Million Yen** (Up 24.7% YoY)

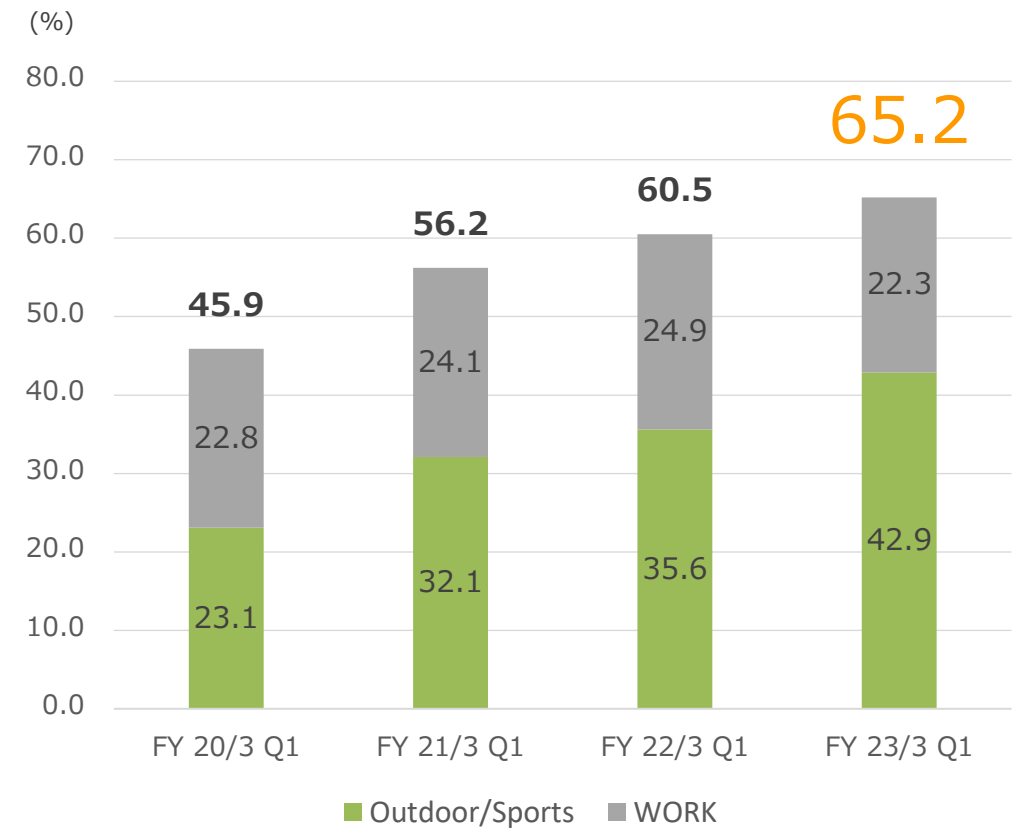
● WORK & Outdoor · Sports

(Millions of yen)	Number of items (the previous year)	Sales value (YoY)
 Work & Outdoor	433 (304)	12,059 (+46.6)
 Work & Sports	216 (230)	5,500 (+33.0)
 High-performance rainwear	46 (66)	2,208 (+23.4)
Total for athleisure PB products	695 (600)	19,769 (+39.7)

● WORK

 WORKMAN BEST	337 (361)	8,030 (+2.9)
ASSIST	73 (67)	2,236 (+5.5)
Total for working PB products	410 (428)	10,266 (+3.4)
Total for PB products	1,105 (1,028)	30,035 (+24.7)

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



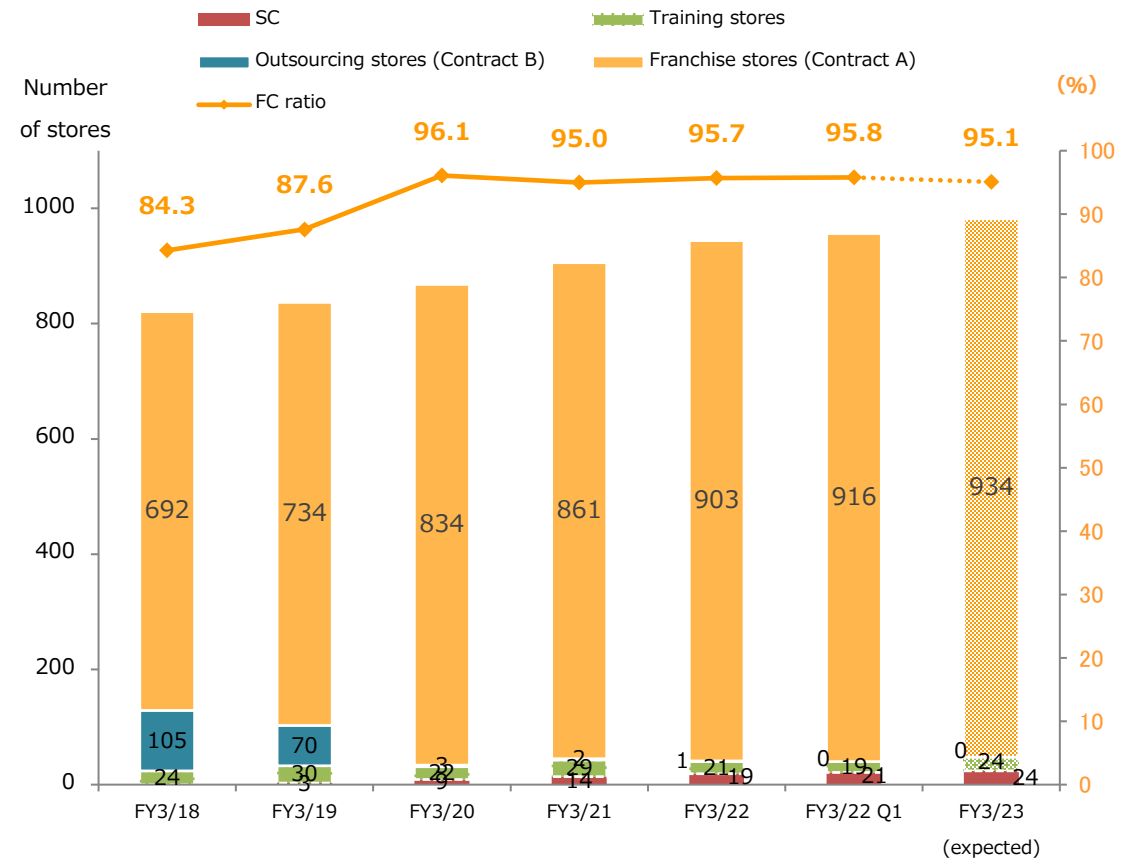
Format of Store Operations

● Ratio of Franchise Stores **95.8%** (up 0.1 points YoY)

● Format of Store Operations for FY3/23 Q1

Format	End-March 2022	Up	Down	End-June 2022
Franchise stores	903	25	12	916
Outsourcing stores	1	—	1	—
Training stores	21	11	13	19
SC stores	19	2	—	21

● Number of Stores by Format of Operations



Inventories (Logistics Cost)

- More thorough and efficient inventory management helped improve inventory turnover days and the delivery cost ratio.

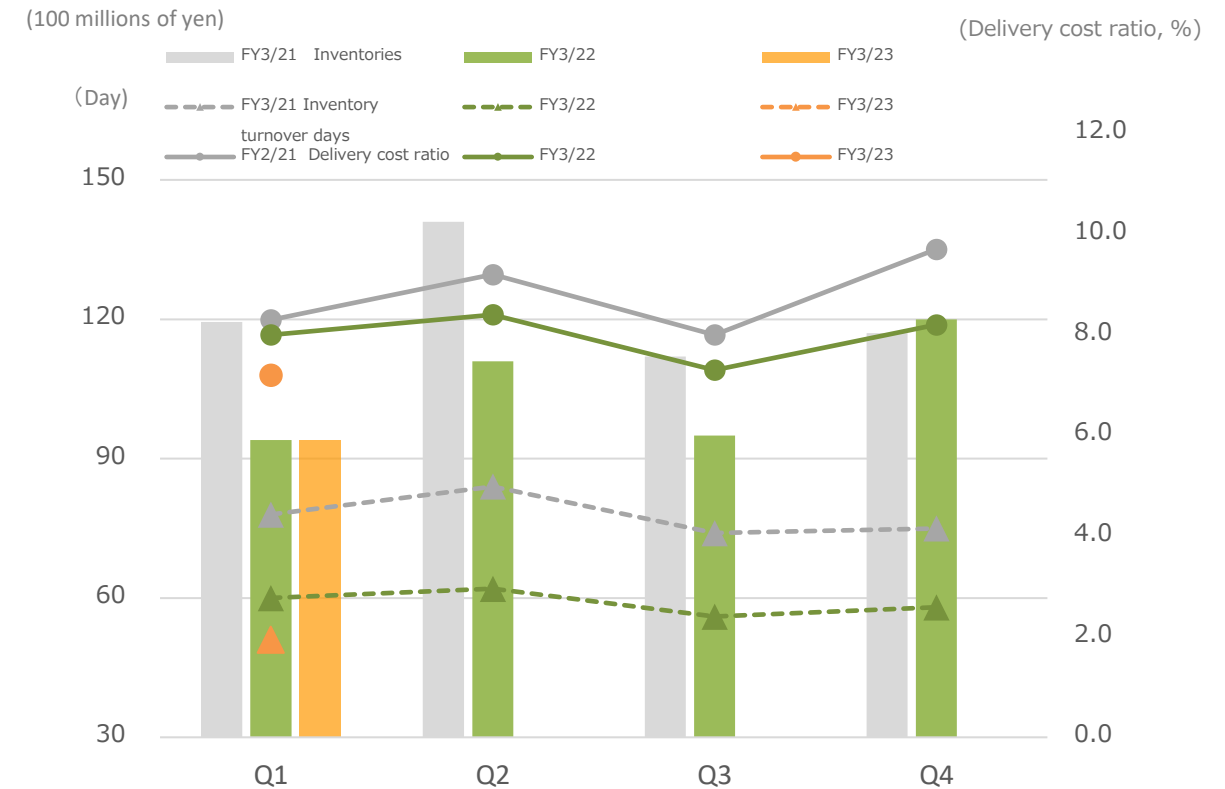
- Selling price inventories per store

- Seasonal products fared well thanks to the impact of a hot spell in late June, and end-quarter inventories fell significantly. (Inventory turnover days shortened by 9 days)



- DC inventories / delivery cost ratio

- Thanks to the strengthened distribution infrastructure, the delivery cost ratio improved.
 - The accuracy improvement of production and inventory management helped improve inventory turnover days by 9 days (to 51 days).

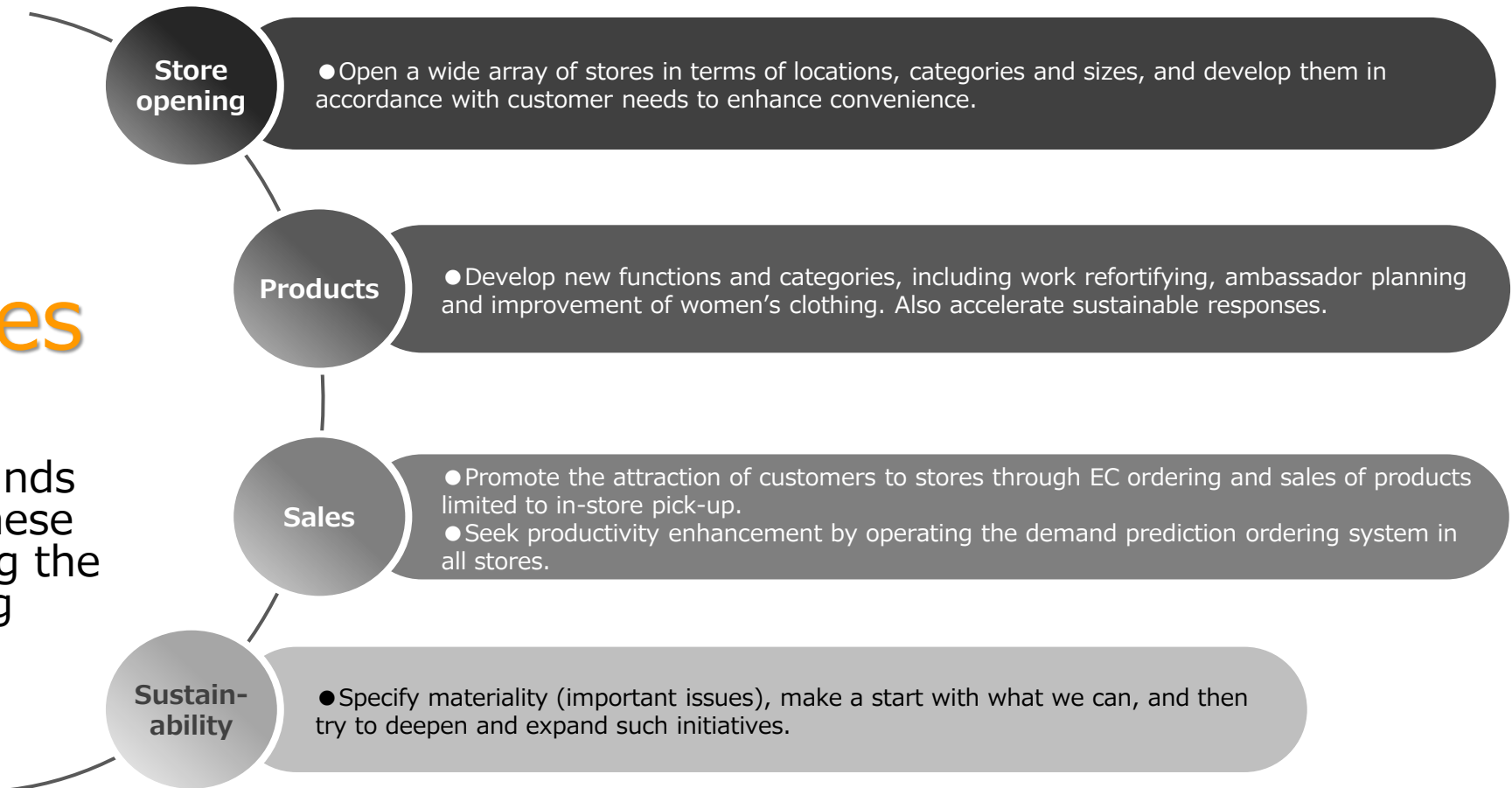


- Plans for the Fiscal Year Ending March 31, 2023

● 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

(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)	(△66)	(△2)	(△64)	△2	480	200
	372	24	24	—	11	64 (—)	2 (—)	62 (—)	—	471	900
	12	16	11	5	—	—	—	—	—	28	400
	1	—	—	—	—	2	—	2	—	3	N/A
Total※1	944	40	35	5	11	66	2	64	△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.

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

Store Opening Strategy

● Take in latent demand through new business categories and store openings in unexplored areas

● Store openings in urban areas

Maintain strong sales even after a store opening sale

- Declining rent prices amid the COVID-19 pandemic created an environment for easier rent negotiations.

- City-center stores in places like Ginza and Ikebukuro confirmed to be a **profitable business model**

Target : Expect **30** tenant store openings
excellent properties in the city center



● WORKMAN Shoes

Open 2 stores as an annex to #WORKMAN Girl



(Effect measurement)

- The sales component ratio of the shoes division rose significantly
(Sales UP)
- Improved floor space efficiency for the entire store
(The ability to attract customers UP)
- The positive effect on the attraction of male customers
(Customer base expansion)

Target : Plan to open 8 stores as annexes to #WORKMAN Girl during the current year
Expand shoe sales floors at roadside #WORKMAN Girl stores (after September)

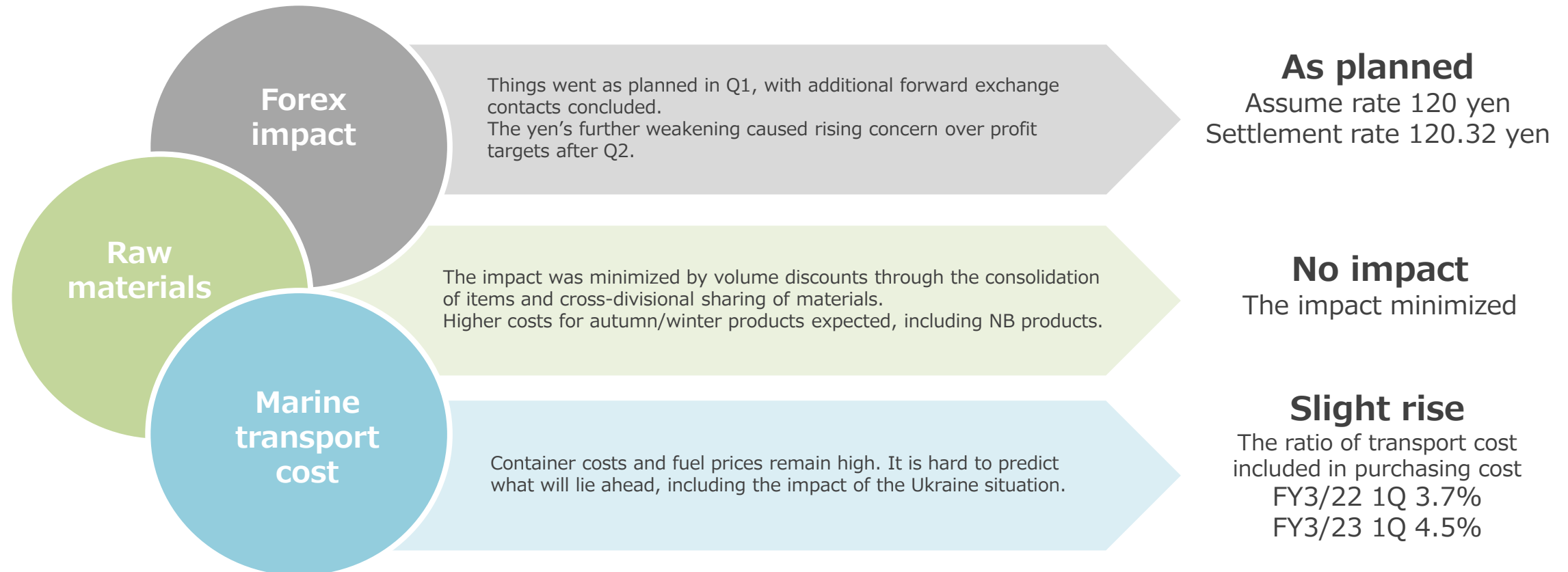
Impacts of Sharp Rises in Purchase Prices

- “Prices to Be Kept Unchanged” for PB products for autumn/winter 2022
Improvement/elimination of products for spring/summer 2023, price review under consideration

- Issues in product procurement

- Responses to issues and outlook

- Status as of Q1



● Development of functionality-driven sustainable products

● Camp gear... Develop products while listening to “the voices of customers”

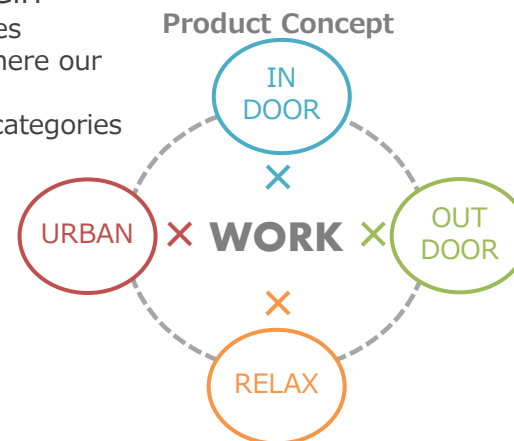
- Value-added enhancement with the renewal of existing products
- Realization of new customer requests



● Ladies... Establish stability of #WORKMAN Girl

- Deploy products responding to various work scenes
- Suggest wearing scenes centering on bottoms, where our strength lies
- Supply products responding to sales by business categories

Transform the rough **365**
days into the **lovely days**



● Develop “high functionality x low prices x **sustainable**” products

FY3/2023 Q1 sales **2,484** million yen



INAREM
RAINbox



SOLOTEX®



- Seek to raise the productivity of FC stores by improving operating issues and enhancing the ability to send customers to stores

- Operations under the 4-season system

- Sales floor proposals conscious of a particular season and introduction control

Enhancement of product appeal

Store operating issues

- ✓ Hard to pick products as sales floors are in disarray
- ✓ Difficult to do shopping when inventory is vast
- ✓ Cannot find desired products in stores

- Demand Forecast and Ordering System

- Introduced at **624** stores at end-June 2022
- Reduce set introduction and raise the ratio of single item followers

Inventory Optimization

- Effective use of BOPIS (Buy Online Pick-Up In Store)

- EC sales ratio **1.5%** (Q1 actual results, ratio to sales at all chain stores)
Of that, the ratio of products limited to EC sales about **40%**
- Ratio of sales for pick-up in store **78%** (on a sales proceeds basis)
- Aim to establish a profitable EC business under the FC model



**Support for higher sales at FC stores
by promoting the sending of customers to stores**

Plans for the Fiscal Year Ending March 2023

- No change in the earnings forecast, and we will maintain the forecast of lower income on higher sales

Sales at all chain stores

166,690 Million yen YoY +6.4%

Total operating revenue

124,110 Million yen YoY +6.7%

Operating profit

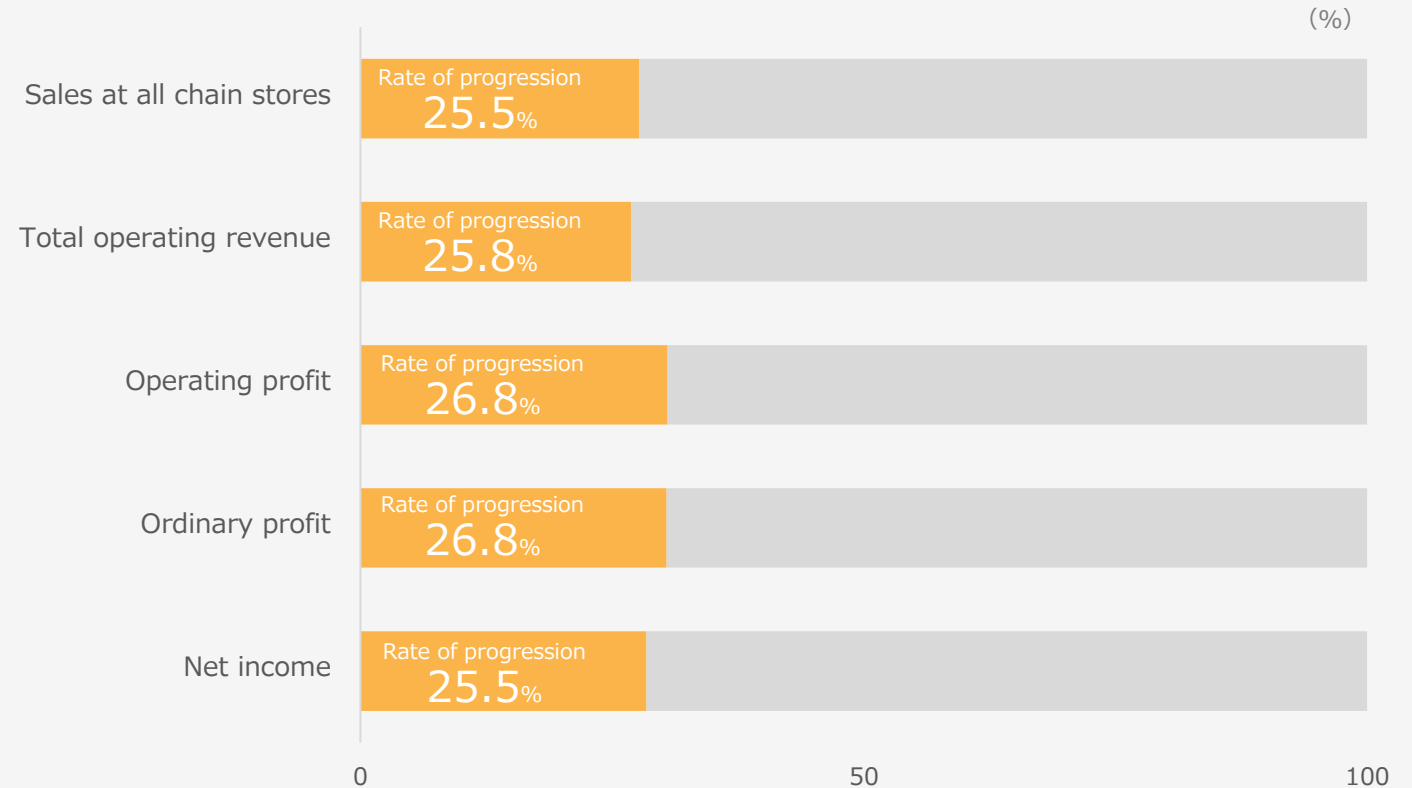
24,461 Million yen YoY Δ 8.7%

Ordinary profit

25,063 Million yen YoY Δ 8.5%

Net income

16,782 Million yen YoY Δ 8.3%





■ 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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