

Summary of Financial Results for the Fiscal Year Ended March 31, 2023



[Japanese GAAP] (Unconsolidated)

May 8, 2023

Company name: Workman Co., Ltd. Stock Exchange Listing: Tokyo
 Securities code: 7564 URL: <https://www.workman.co.jp/>
 Representative: Representative Director & President Hideyuki Kohama
 Contact: Director & Treasurer Yukitaka Iizuka Tel: 03-3847-7740
 Scheduled date of ordinary general meeting of shareholders: June 29, 2023 Scheduled date to commence dividend payments: June 30, 2023
 Scheduled date to submit the Annual Securities Report: June 29, 2023
 Availability of supplementary materials on financial results: Yes
 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, 2022 (April 1, 2022 – March 31, 2023)

(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 2023 | 128,289 | 10.3 | 24,106 | △10.1 | 24,664 | △10.0 | 16,656 | △9.0 |
| FY March 2022 | 116,264 | - | 26,802 | - | 27,395 | - | 18,303 | - |

| | 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 2023 | 204.10 | - | 15.3 | 18.9 | 18.8 |
| FY March 2022 | 224.28 | - | 18.9 | 23.0 | 23.1 |

(Reference) Equity in earnings of affiliates FY March 2023 –Millions of yen FY March 2022 –Millions of yen

Net sales at all chain stores (millions of yen) FY March 2023 169,856 (YoY 8.5%)
 FY March 2022 156,597 (YoY -%)

(Note) As the Company applies the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the accounting period for the first quarter of the fiscal year ending March 31, 2022, figures relating to the fiscal year ending March 31, 2022, are figures to which the said accounting standard is applied. Hence, the rates of increase/decrease compared with the preceding fiscal year are not stated.

(2) Financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| FY March 2023 | 135,746 | 114,236 | 84.2 | 1,399.78 |
| FY March 2022 | 125,145 | 103,559 | 82.8 | 1,268.96 |

(Reference) Equity (millions of yen) FY March 2023 114,236 FY March 2022 103,559

(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 2023 | 8,813 | 230 | △5,685 | 47,640 |
| FY March 2022 | 18,451 | △9,631 | △5,350 | 44,283 |

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 2022 | — | 0.00 | — | 68.00 | 68.00 | 5,549 | 30.3 | 6.2 |
| FY March 2023 | — | 0.00 | — | 68.00 | 68.00 | 5,549 | 33.3 | 5.1 |
| FY March 2024 (forecast) | — | 0.00 | — | 68.00 | 68.00 | | 31.6 | |

3. Forecast of Financial Results for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(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) | 65,191 | 8.3 | 12,182 | 0.2 | 12,436 | 0.0 | 7,753 | 0.1 | 95.01 |
| Full year | 136,576 | 6.5 | 25,720 | 6.7 | 26,214 | 6.3 | 17,563 | 5.4 | 215.21 |

(Reference) Net sales at all chain stores (millions of yen) Q2 (cumulative) 87,990 (YoY change 7.4%)
 Full year (cumulative) 180,980 (YoY change 6.5%)

※ Notes

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

- ① Changes in accounting policies due to revisions in accounting standards: Yes
- 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 2023 | 81,846,816 shares | FY March 2022 | 81,846,816 shares |
| ② Number of treasury shares at the end of period | FY March 2023 | 236,547 shares | FY March 2022 | 236,434 shares |
| ③ Average number of shares outstanding during the period | FY March 2023 | 81,610,325 shares | FY March 2022 | 81,610,382 shares |

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

(Availability of supplementary materials on financial results)

Supplementary materials on financial results were disclosed on TDnet on Monday, May 8, 2023

Financial Statements and Principal Notes

(1) Balance Sheet

(Millions of yen)

Fiscal Year Ended March 31, 2022 Fiscal Year Ended March 31, 2023

| Assets | | |
|--|----------------|----------------|
| Current assets | | |
| Cash and deposits | 64,283 | 62,640 |
| Accounts receivable-trade | 1,213 | 1,993 |
| Accounts receivable-due to franchise stores | 11,944 | 13,459 |
| Merchandise | 15,257 | 21,911 |
| Inventory goods | 25 | 35 |
| Prepaid expenses | 144 | 202 |
| Accounts receivable-other | 32 | 34 |
| Guarantee deposits to be recovered within one year | 389 | 425 |
| Other | 977 | 690 |
| Allowance for doubtful accounts | △1 | △1 |
| Total current assets | 94,266 | 101,390 |
| Non-current assets | | |
| Tangible non-current assets | | |
| Buildings | 22,084 | 25,611 |
| Accumulated depreciation | △7,417 | △8,264 |
| Buildings (net) | 14,666 | 17,346 |
| Structures | 4,612 | 5,131 |
| Accumulated depreciation | △2,487 | △2,643 |
| Structures (net) | 2,125 | 2,487 |
| Vehicles | 133 | 136 |
| Accumulated depreciation | △72 | △99 |
| Vehicles (net) | 60 | 37 |
| Tools, furniture and fixtures | 4,294 | 4,854 |
| Accumulated depreciation | △1,883 | △2,262 |
| Tools, furniture and fixtures (net) | 2,411 | 2,592 |
| Land | 4,003 | 4,003 |
| Lease assets | 1,664 | 1,664 |
| Accumulated depreciation | △1,025 | △1,134 |
| Lease assets (net) | 639 | 530 |
| Construction in progress | 42 | 150 |
| Total tangible non-current assets | 23,949 | 27,149 |
| Intangible non-current assets | | |
| Trademark rights | 1 | 1 |
| Telephone subscription rights | 44 | 44 |
| Software | 771 | 661 |
| Other | 0 | 176 |
| Total intangible non-current assets | 818 | 884 |
| Investment and other assets | | |
| Investment securities | 1 | 1 |
| Capital | 0 | 0 |
| Long-term prepaid expenses | 661 | 767 |
| Deferred tax assets | 1,273 | 1,478 |
| Guarantee deposits | 4,165 | 4,066 |
| Other | 9 | 9 |
| Allowance for doubtful accounts | △0 | △0 |
| Total investment and other assets | 6,110 | 6,322 |
| Total non-current assets | 30,878 | 34,355 |
| Total assets | 125,145 | 135,746 |

(Millions of yen)

Fiscal Year Ended March 31, 2022 Fiscal Year Ended March 31, 2023

| Liabilities | | |
|---|---------|---------|
| Current liabilities | | |
| Accounts payable-trade | 4,857 | 5,060 |
| Accounts payable to franchise stores | 1,983 | 2,107 |
| Due to franchise stores | 252 | 231 |
| Short-term borrowings | 1,350 | 1,350 |
| Lease obligations | 137 | 132 |
| Accounts payable-other | 2,906 | 3,466 |
| Corporate income taxes payable | 4,960 | 3,800 |
| Consumption taxes payable | 505 | — |
| Expenses payable | 560 | 584 |
| Contract liabilities | 189 | 191 |
| Deposits received | 52 | 47 |
| Provisions for executive bonuses | 35 | 27 |
| Other | 106 | 172 |
| Total current liabilities | 17,897 | 17,172 |
| Non-current liabilities | | |
| Contract liabilities | 390 | 300 |
| Lease obligations | 710 | 577 |
| Long-term guarantee deposits received | 938 | 963 |
| Asset retirement obligations | 1,649 | 2,495 |
| Total non-current liabilities | 3,687 | 4,337 |
| Total liabilities | 21,585 | 21,510 |
| 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 retained earnings | | |
| General reserve | 23,150 | 23,150 |
| Retained earnings brought forward | 76,669 | 87,776 |
| Total retained earnings | 99,997 | 111,105 |
| Treasury shares | △67 | △67 |
| Total shareholders' equity | 102,896 | 114,002 |
| Valuation and translation adjustments | | |
| Deferred gains or losses on hedges | 663 | 233 |
| Total valuation and translation adjustments | 663 | 233 |
| Total net assets | 103,559 | 114,236 |
| Total liabilities and net assets | 125,145 | 135,746 |

(2) Statement of Income

(Millions of yen)

| | Previous Fiscal Year (April 1, 2021 – March 31, 2022) | Current Fiscal Year (April 1, 2022 – March 31, 2023) |
|--|--|---|
| Operating revenue | | |
| Income from franchise stores | 32,715 | 35,311 |
| Other operating revenue | 96 | 119 |
| Operating revenue | 32,812 | 35,430 |
| Net sales | 83,452 | 92,858 |
| Total operating revenue | 116,264 | 128,289 |
| Cost of sales | | |
| Beginning goods | 14,077 | 15,257 |
| Cost of purchased goods | 71,387 | 90,183 |
| Total | 85,464 | 105,440 |
| Ending goods | 15,257 | 21,911 |
| Cost of sales | 70,207 | 83,529 |
| Adjusted operating profit before SG&A | 46,056 | 44,759 |
| Selling, general and administrative expenses | 19,254 | 20,652 |
| Operating profit | 26,802 | 24,106 |
| Non-operating income | | |
| Interest income | 269 | 253 |
| Purchase discounts | 291 | 282 |
| Other | 83 | 71 |
| Total non-operating income | 643 | 607 |
| Non-operating expenses | | |
| Interest expenses | 48 | 41 |
| Other | 2 | 8 |
| Total non-operating expenses | 50 | 50 |
| Ordinary profit | 27,395 | 24,664 |
| 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 | 47 | 13 |
| Impairment loss | 36 | — |
| Total extraordinary loss | 83 | 13 |
| Profit before income taxes | 27,313 | 24,655 |
| Income taxes-current | 8,896 | 8,014 |
| Income taxes-deferred | 113 | △15 |
| Total corporate income taxes | 9,010 | 7,998 |
| Net income | 18,303 | 16,656 |

(3) Statement of Changes in Shareholders' Equity

Previous Fiscal Year (April 1, 2021 – March 31, 2022)

(Millions of yen)

| | Shareholders' equity | | | | | | | | |
|---|----------------------|-----------------------|-----------------------|-------------------------|-------------------------|-----------------------------------|-------------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | | Retained earnings | | | | Treasury shares | Total shareholders' equity |
| | | Legal capital surplus | Total capital surplus | Legal regained earnings | 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 | 63,999 | 87,327 | △67 | 90,225 |
| Cumulative effect of changed accounting policy | | | | | | △410 | △410 | | △410 |
| Balance at beginning of current period reflecting changed accounting policy | 1,622 | 1,342 | 1,342 | 178 | 23,150 | 63,588 | 86,917 | △67 | 89,815 |
| Changes of items during period | | | | | | | | | |
| Dividends of surplus | | | | | | △5,223 | △5,223 | | △5,223 |
| Net income | | | | | | 18,303 | 18,303 | | 18,303 |
| Acquisition of treasury shares | | | | | | | | — | — |
| Net changes of items during period other than shareholders' equity | | | | | | | | | |
| Total changes of items during period | — | — | — | — | — | 13,080 | 13,080 | — | 13,080 |
| Balance at end of current period | 1,622 | 1,342 | 1,342 | 178 | 23,150 | 76,669 | 99,997 | △67 | 102,896 |

| | 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 | 367 | 368 | 90,593 |
| Cumulative effect of changed accounting policy | | | | △410 |
| Balance at beginning of current period reflecting changed accounting policy | 1 | 367 | 368 | 90,183 |
| Changes of items during period | | | | |
| Dividends of surplus | | | | △5,223 |
| Net income | | | | 18,303 |
| Acquisition of treasury shares | | | | — |
| Net changes of items during period other than shareholders' equity | △1 | 296 | 295 | 295 |
| Total changes of items during period | △1 | 296 | 295 | 13,376 |
| Balance at end of current period | — | 663 | 663 | 103,559 |

Current Fiscal Year (April 1, 2022 – March 31, 2023)

(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 Retained earnings brought forward | Total regained earnings | | |
| Balance at beginning of current period | | 1,342 | 1,342 | 178 | 23,150 | 76,669 | 99,997 | △67 | 102,896 |
| Cumulative effect of changed accounting policy | | | | | | | | | — |
| Balance at beginning of current period reflecting changed accounting policy | 1,622 | 1,342 | 1,342 | 178 | 23,150 | 76,669 | 99,997 | △67 | 102,896 |
| Changes of items during period | | | | | | | | | |
| Dividends of surplus | | | | | | △5,549 | △5,549 | | △5,549 |
| Net income | | | | | | 16,656 | 16,656 | | 16,656 |
| Acquisition of treasury shares | | | | | | | | △0 | △0 |
| Net changes of items during period other than shareholders' equity | | | | | | | | | |
| Total changes of items during period | — | — | — | — | — | 11,107 | 11,107 | △0 | 11,106 |
| Balance at end of current period | 1,622 | 1,342 | 1,342 | 178 | 23,150 | 87,776 | 111,105 | △67 | 114,002 |

| | 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 | — | 663 | 663 | 103,559 |
| Cumulative effect of changed accounting policy | | | | — |
| Balance at beginning of current period reflecting changed accounting policy | — | 663 | 663 | 103,559 |
| Changes of items during period | | | | |
| Dividends of surplus | | | | △5,549 |
| Net income | | | | 16,656 |
| Acquisition of treasury shares | | | | △0 |
| Net changes of items during period other than shareholders' equity | — | △430 | △430 | △430 |
| Total changes of items during period | — | △430 | △430 | 10,676 |
| Balance at end of current period | — | 233 | 233 | 114,236 |

(4) Statement of Cash Flows

(Millions of yen)

| | Previous Fiscal Year (April 1, 2021 – March 31, 2022) | Current Fiscal Year (April 1, 2022 – March 31, 2023) |
|--|--|---|
| Cash flows from operating activities | | |
| Net income before income taxes | 27,313 | 24,655 |
| Depreciation | 1,797 | 2,064 |
| Depreciation of intangible non-current assets | 215 | 240 |
| Depreciation of long-term prepaid expenses | 30 | 37 |
| Impairment loss | 36 | — |
| Change in allowance for executive bonuses (Δ indicates decrease) | Δ 2 | Δ 7 |
| Change in allowance for doubtful accounts (Δ indicates decrease) | Δ 5 | 0 |
| Interest and dividend income received | Δ 272 | Δ 257 |
| Interest expenses paid | 48 | 41 |
| Gain on sale of non-current assets | Δ 2 | Δ 4 |
| Loss on retirement of tangible non-current assets | 47 | 13 |
| Withdrawal from accumulated impairment loss on leased assets | Δ 0 | — |
| Change in accounts receivable (Δ indicates increase) | Δ 414 | Δ 780 |
| Change in accounts receivable-due to franchise stores (Δ indicates increase) | Δ 60 | Δ 1,514 |
| Change in inventory assets (Δ indicates increase) | Δ 1,184 | Δ 6,663 |
| Decrease (increase) in consumption taxes refund receivable | — | Δ 322 |
| Change in accounts receivable-other (Δ indicates increase) | 6 | Δ 2 |
| Change in accounts payable (Δ indicates decrease) | 1,050 | 327 |
| Change in accounts payable to franchise stores (Δ indicates decrease) | 97 | Δ 21 |
| Change in accounts payable-other (Δ indicates decrease) | Δ 218 | 459 |
| Change in consumption taxes payable (Δ indicates decrease) | Δ 903 | Δ 505 |
| Change in accrued expenses (Δ indicates decrease) | 55 | 23 |
| Change in other current liabilities (Δ indicates decrease) | Δ 10 | Δ 61 |
| Change in guarantee deposits received (Δ indicates decrease) | 40 | 25 |
| Other | 93 | Δ 0 |
| Subtotal | 27,758 | 17,747 |
| Interest and dividends received | 272 | 257 |
| Interest expenses paid | Δ 48 | Δ 41 |
| Corporate income taxes paid | Δ 9,530 | Δ 9,149 |
| Cash flows from operating activities | 18,451 | 8,813 |
| Cash flows from investing activities | | |
| Net cash used for deposits in term deposits | Δ 20,000 | Δ 15,000 |
| Proceeds from refunds of term deposits | 17,000 | 20,000 |
| Net cash used for acquisition of tangible non-current assets | Δ 6,275 | Δ 4,261 |
| Proceeds from sales of tangible non-current assets | 2 | 4 |
| Net cash used for retirement of tangible non-current assets | Δ 109 | Δ 39 |
| Net cash used for acquisition of intangible non-current assets | Δ 280 | Δ 354 |
| Net cash used for acquisition of long-term prepaid expenses | Δ 127 | Δ 181 |
| Net cash used for guarantee deposits paid | Δ 242 | Δ 290 |
| Proceeds from collection of guarantee deposits | 398 | 353 |
| Other | 2 | — |
| Cash flows from investing activities | Δ 9,631 | 230 |
| Cash flows from financing activities | | |
| Net cash used for repayments of lease obligations | Δ 130 | Δ 137 |
| Dividends paid | Δ 5,220 | Δ 5,547 |
| Net cash used for acquisition of treasury shares | — | Δ 0 |
| Cash flows from financing activities | Δ 5,350 | Δ 5,685 |
| Change in cash and cash equivalents (Δ indicates decrease) | 3,469 | 3,357 |
| Cash and cash equivalents at beginning of period | 40,813 | 44,283 |
| Cash and cash equivalents at end of period | 44,283 | 47,640 |