



WORKMAN CO., LTD.

Materials for Briefing Session on the Financial Results for
the First Quarter of the Fiscal Year Ending March 31, 2024

August 9, 2023

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- Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2024

Cumulative income statement

(Millions of yen)	FY 3/23 Q1	FY 3/24 Q1	YoY (%)
Sales at all chain stores	46,096	47,911	+3.9
Sales to directly managed stores	3,023	3,806	+25.9
Sales to franchise stores	43,072	44,105	+2.4
(Same store sales)	—	—	△1.4
Total operating revenue	33,327	35,305	+5.9
Cost of sales	20,750	22,238	+7.2
Adjusted OP before SG&A	12,577	13,066	+3.9
SG&A	5,117	5,955	+16.4
Operating profit	7,459	7,111	△4.7
Ordinary profit	7,610	7,264	△4.5
Net income	4,766	4,565	△4.2
EPS	58.40yen	55.94yen	

➤ Financial Results Highlights

● Sales at all chain stores

- While sales were robust at new and renovated stores, existing stores struggled due to the high bar that had been set in the previous year as well as climate-related effects, and sales came in △2.9 points from the Q1 plan.

(For reference) EC sales ratio: 1.3% (YoY △0.2 points)

● Total operating revenue

- Sales to directly managed stores: 3,806 million yen (YoY +25.9%)
The average number of stores during the quarter was up by 9, with an increase in SC stores that have large sales numbers.
- Revenue from franchise stores: 9,916 million yen (YoY +4.3%)
The average number of franchise stores during the quarter was up by 30, with a gross profit margin of 36.5% (YoY ±0.0 points)

● Cost of sales

- Profit related to overseas purchases decreased due to the weakening yen.
The profit margin related to overseas purchases has shown improvement thanks to reduced costs and the effects of product change/elimination.
Direct overseas purchases: 149.0% (accounts for 51.9% of total purchases)
Average settlement rate: 130.67 yen (Q1 for FY3/23: 120.32 yen, +10.35 yen)
Profit related to overseas purchases: 1,536 million yen (△7.0%)

● Gross operating profit (main factors for rise/drop)

- Revenue from franchise stores: up 413 million yen
- Gross profit from self-operated stores: up 235 million yen
- Profit related to overseas purchases: down 115 million yen

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



(Millions of yen)	FY 3/23 Q1	SG&A ratio (%)	FY 3/24 Q1	SG&A ratio (%)	Change	YoY (%)
Sales at all chain stores	46,096	–	47,911	–	–	+3.9
Labor cost	932	2.0	998	2.1	+65	+7.0
Selling cost	311	0.7	383	0.8	+72	+23.2
Traveling expenses	69	0.2	104	0.2	+34	+49.0
Freight cost	322	0.7	439	0.9	+116	+36.0
Rent	1,476	3.2	1,612	3.4	+135	+9.2
Supply expenses	164	0.4	212	0.4	+47	+28.9
Outsourcing expenses	724	1.6	934	2.0	+210	+29.0
Depreciation	544	1.2	640	1.3	+95	+17.6
Other	570	1.2	630	1.3	+60	+10.5
Total	5,117	11.1	5,955	12.4	+837	+16.4

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

➤ Factors of increase/decrease

● Labor cost

Regular salary increase: +5.1%. Average number of employees during the quarter: +16

● Selling cost

There was a sharp rise in the unit price of printed flyers and an increased number of store-opening sales

● Traveling expenses

There was an increase in business travel due to the easing of COVID-19 restrictions

● Freight cost

- +68 million yen because of the decrease in rebates due to the decrease in domestic purchases
- Excluding the effects of the decrease in rebates, freight cost was YoY +6.6%

● Rent

- The average number of stores during the quarter +39, +65 million yen
- Leasing costs for Kobe Distribution Center (DC): +84 million yen

● Supply expenses

- New store fixtures: Q1 newly built stores (including S&B) YoY +5
- The conversion of the Kobe DC into a mother site was approximately 80 million yen under budget due to being carried over to Q2

● Outsourcing expenses

- SC stores operating cost: +69 million yen (the average number of SC stores during the quarter: +7)
- +80 million yen because of the decrease in rebates due to the decrease in domestic purchases

● Depreciation

Acquisition costs increased due to expansion of owned property and store sites

※Logistics-related rebates are recorded as a reduction in SG&A expenses.

Balance Sheet



(Millions of yen)	FY 3/23 End of Q1	FY3/23	FY 3/24 End of Q1	Change
Current assets	93,625	101,390	100,945	△445
Cash and deposits	65,408	62,640	64,598	+1,957
Accounts receivable - due from FCs	11,571	13,459	13,629	+170
Merchandise	11,762	21,911	17,642	△4,268
Other	4,882	3,379	5,075	+1,695
Non-current assets	30,915	34,355	34,308	△47
Property, plant and equipment	24,641	27,149	27,745	+596
Intangible assets	758	884	899	+15
Other investments	5,515	6,322	5,662	△659
Total assets	124,541	135,746	135,253	△493
Current liabilities	17,196	17,172	16,456	△716
Non-Current liabilities	3,707	4,337	4,431	+94
Total liabilities	20,904	21,510	20,888	△621
Total net assets	103,637	114,236	114,365	+128
Total liabilities and net assets	124,541	135,746	135,253	△493

➤ Factors of increase/decrease

● Cash and deposits

- Free cash flow: up 7,444 million yen
- Payments of dividends: down 5,452 million yen

● Accounts receivable - due from FCs

- Inventory per store increased due to the impact of peak sales of summer products being carried over to Q2.

● Merchandise (factors for increase/decrease)

Merchandise figures were higher than in Q1 of FY 3/23 due to the impact of not achieving the sales plan, rising unit prices of individual items, and the expansion of the Kobe DC.

	FY 3/23 Q4	FY 3/23 Q1
• Directly managed/SC stores	+177 million yen	+532 million yen
• Distribution centers	△1,948 million yen	+4,144 million yen
• Goods in transit	△2,490 million yen	+1,198 million yen

● Other (Current assets)

Due to the ongoing weakening of the yen, a rise of 1.61 billion yen under the impact of market-value evaluation of forward exchange contracts

● Rise in tangible fixed assets

- A total of 20 newly built stores—15 new stores and 5 S&B stores (of which 14 are company owned stores)
- WORKMAN Plus renovation 35 stores
- WORKMAN Pro renovation 2 stores
- The building cost per store has increased in line with store development tailored to locations, such as increasing the size of stores or building two-story and/or warehouse-type facilities.





- Overview of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2024

Store Openings



- New store openings were accelerated in shopping centers and strip malls that are expected to attract many customers.

995 stores at the end of June 2023 (up 14 stores over end-March 2023)

(Number of stores)	Number of stores at end-March 2023	New store openings			S&B※2	Renovation/conversion※2			Excluding increase/decrease ※3	Closures	Number of stores at end-June 2023
			Roadside	SC※2			Full renovation	Partial renovation			
	479	—	—	—	(△5)	(△41)	—	(△41)	(+1)	△1	433
	473	4	4	—	5	35	—	35	△1	—	516
	26	11	6	5	—	—	—	—	—	—	37
	3	—	—	—	—	6	—	6	—	—	9
Total ※1	981	15	10	5	5	41	—	41	—	△1	995

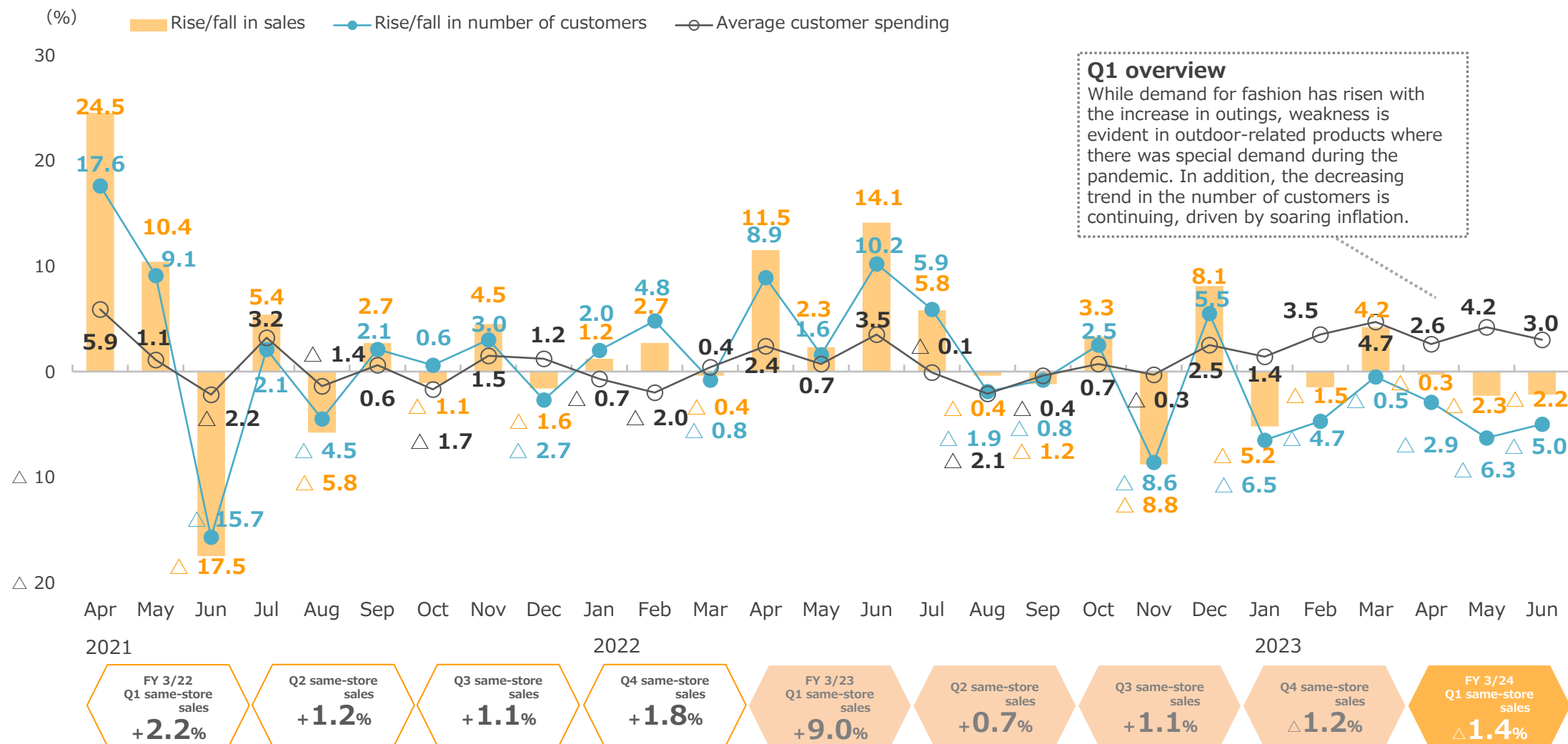
※1. The Total column shows the number of operating stores, with figures in parentheses excluded from the Total.

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

※3. This column shows the number of stores that operated as WORKMAN Plus in the past but became subject to S&B or were renovated during the period under review.

Monthly Trends and Factors

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



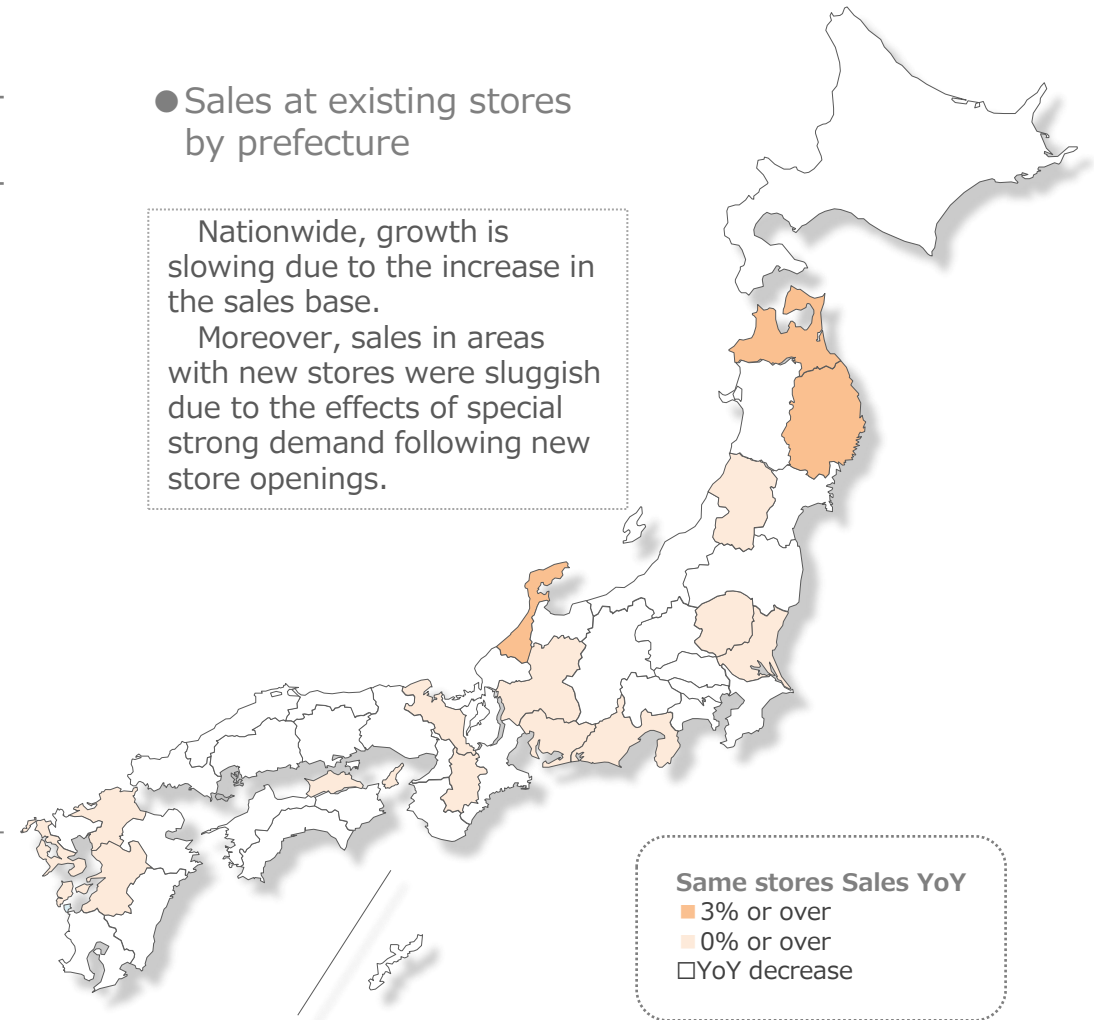
Status of Sales (FY 3/24 Q1)

● Sales at All Chain Stores 47,911 Million Yen

	All chain stores	Existing stores
Net sales	+3.9%	△1.4%
Number of customers	+0.5%	△4.5%
Average number of customers per day	—	※180 (△6)
Average customer spending	3,011 yen (+3.5%)	3,004 yen (+3.3%)
Unit price per item	1,163 yen (+56 yen)	1,155 yen (+52 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.

● Sales at existing stores by prefecture



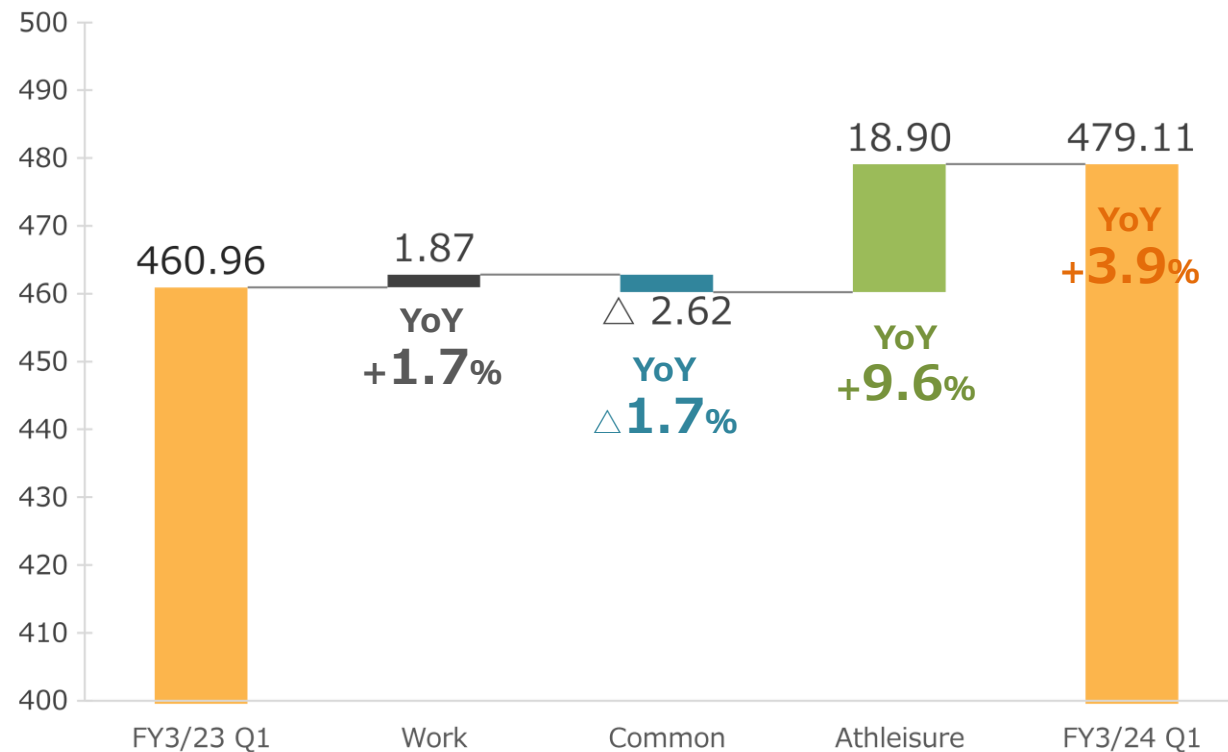
Status of Sales (Results by Product)

- Athleisure market products drove growth in sales, supported by a broad range of customers.

- Factors for Increase/Decrease in FY 3/24 Q1

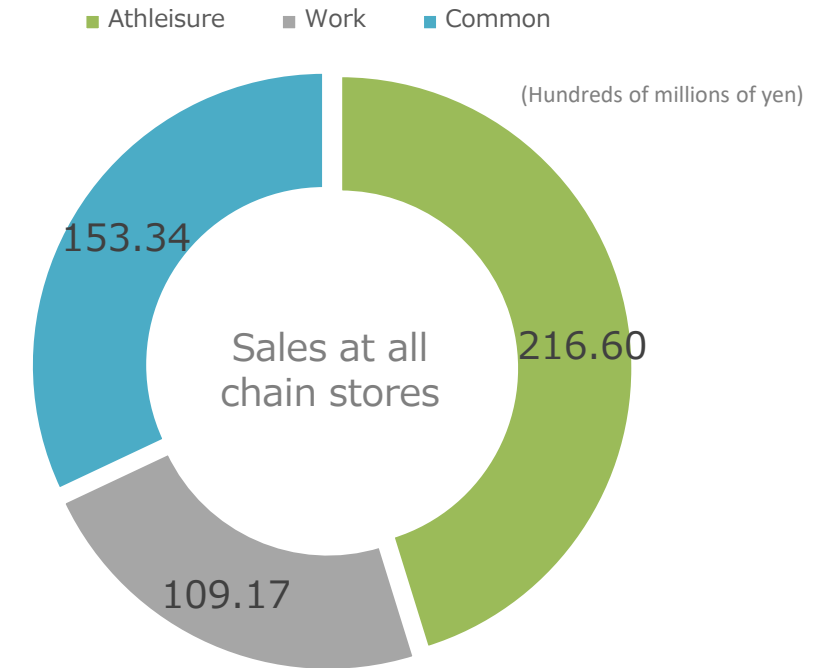
Sales at All Chain Stores

(100 millions of yen)



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

- FY 3/24 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.

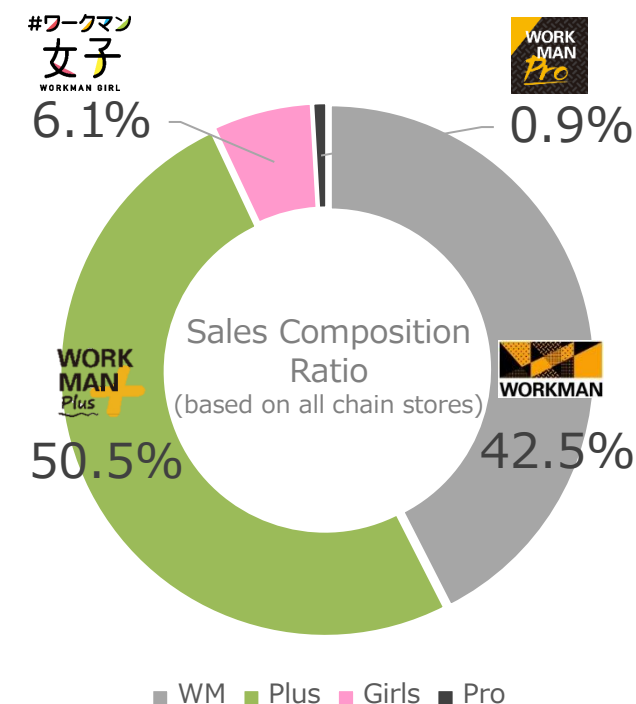
02. Athleisure market...FieldCore/Find-Out/AEGIS brands

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)

New stores contributed to growth with high sales numbers. S&B and renovation (first year) also continued to help expand the customer base.



※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.

Status of Sales (Sales by Product and Factors)








● Sales at All Chain Stores by Product

Category	FY 3/23 Q1		FY 3/24 Q1		Factors (YoY)
	Sales	YoY	Sales	YoY	
Undergarments • Socks Undergarments, socks, hats, towels, etc.	4,317	+18.5	4,582	+6.1	• Summer short Socks (+6.8%) • Rain Hat (+101.8%) • Ladies' Winter supplies (+548.5%)
Casualwear • Sports Sportswear, polo shirts, etc.	7,653	+19.6	7,835	+2.4	• Short-sleeved T-shirts (+3.6%) • Short-sleeved Polo-shirts (△15.2%) • Long-sleeved Compression wear (△8.4%)
Workwear • Outdoor Workwear, outdoor wear, etc.	13,316	+10.8	13,061	△ 1.9	• Clothing with air-conditioning fan(s) (△18.8%) • Summer Cargo pants (△9.6%) • Casual Workwear (△8.8%)
Women's • Uniforms white smocks, office uniforms, etc.	3,347	+42.2	4,096	+22.4	• Ladies' bottoms (+21.7%) • Ladies' rainwear (+5.3%) • Summer women's clothing (+35.6%)
Footgear Protective footwear, <i>tabi</i> stocks, high boots, kitchen shoes, etc.	6,778	+13.4	7,550	+11.4	• Athletic shoes (+13.9%) • Safety shoes (+4.4%) • Sandals (△11.7%)
Work supplies Work gloves, protective gear, rainwear, etc.	10,670	+13.0	10,744	+0.7	• Rain wear (+11.5%) • Outdoor gear (△21.2%) • Windbreaker (△12.7%)
Other	13	△33.2	41	+203.7	–
Total	46,096	+15.7	47,911	+3.9	

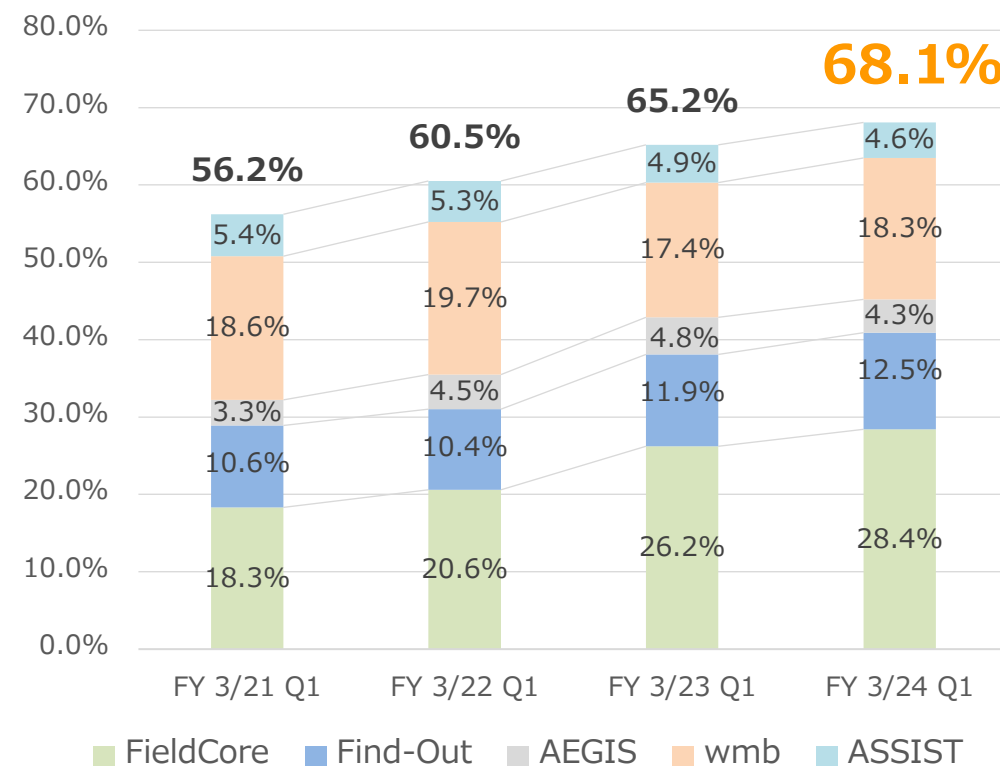
Status of Sales (Sales by Product and Factors)

● Sales of PB Products **32,616 Million Yen** (Up 8.6% YoY)

● Sales results by brand

(Millions of yen)	Number of items (the previous year)	Sales value (YoY)
 Work & Outdoor	510 (433)	13,614 (+12.9)
 Work & Sports	221 (216)	5,972 (+8.6)
 High-performance rainwear	37 (46)	2,073 (△6.1)
 Work & Casual	417 (337)	8,774 (+9.3)
 Work	74 (73)	2,181 (△2.4)
Total for PB products	1,259 (1,105)	32,616 (+8.6)

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



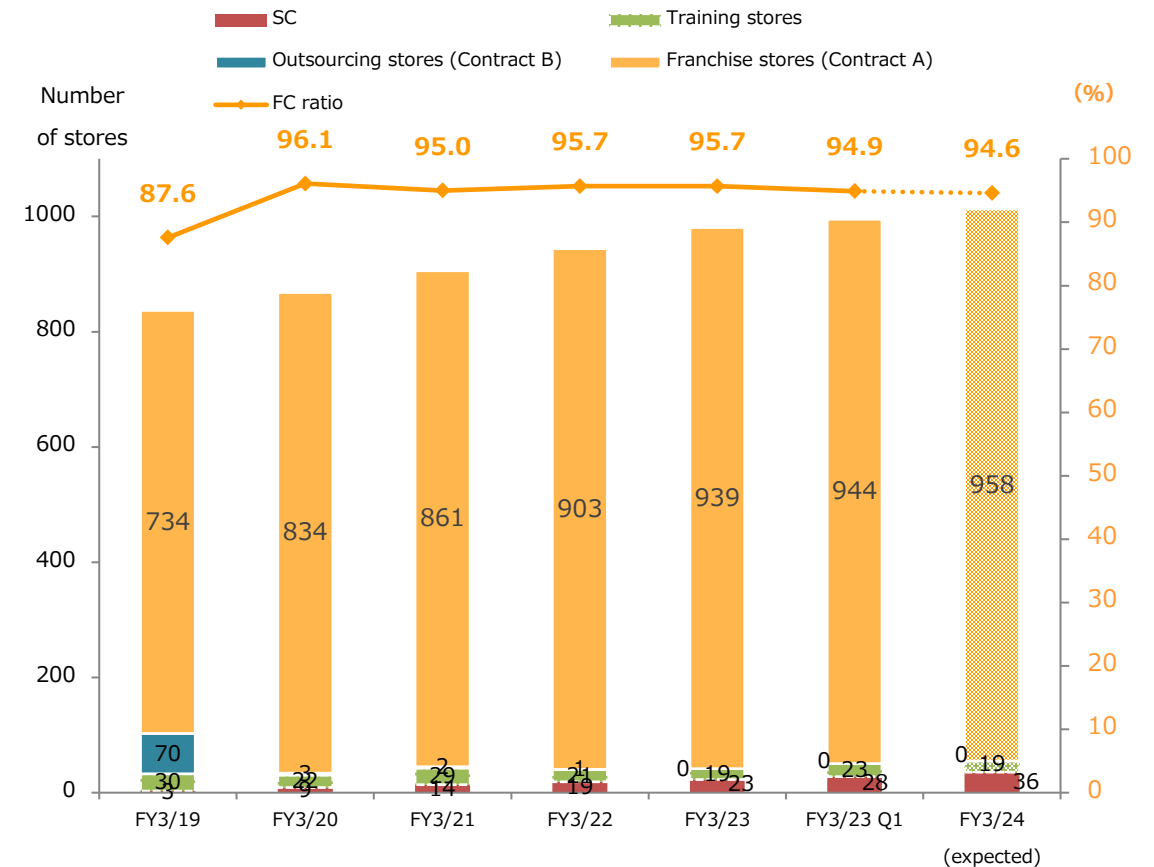
Format of Store Operations

● Ratio of Franchise Stores **94.9%** (Down 0.8 points YoY)

● Format of Store Operations for FY 3/24 Q1

Format	End-March 2023	Up	Down	End-June. 2023
Franchise stores	939	18	13	944
Outsourcing stores	—	—	—	—
Training stores	19	13	9	23
SC stores	23	5	—	28
Total	981	36	22	995

● Number of Stores by Format of Operations



Inventories (Logistics Cost)

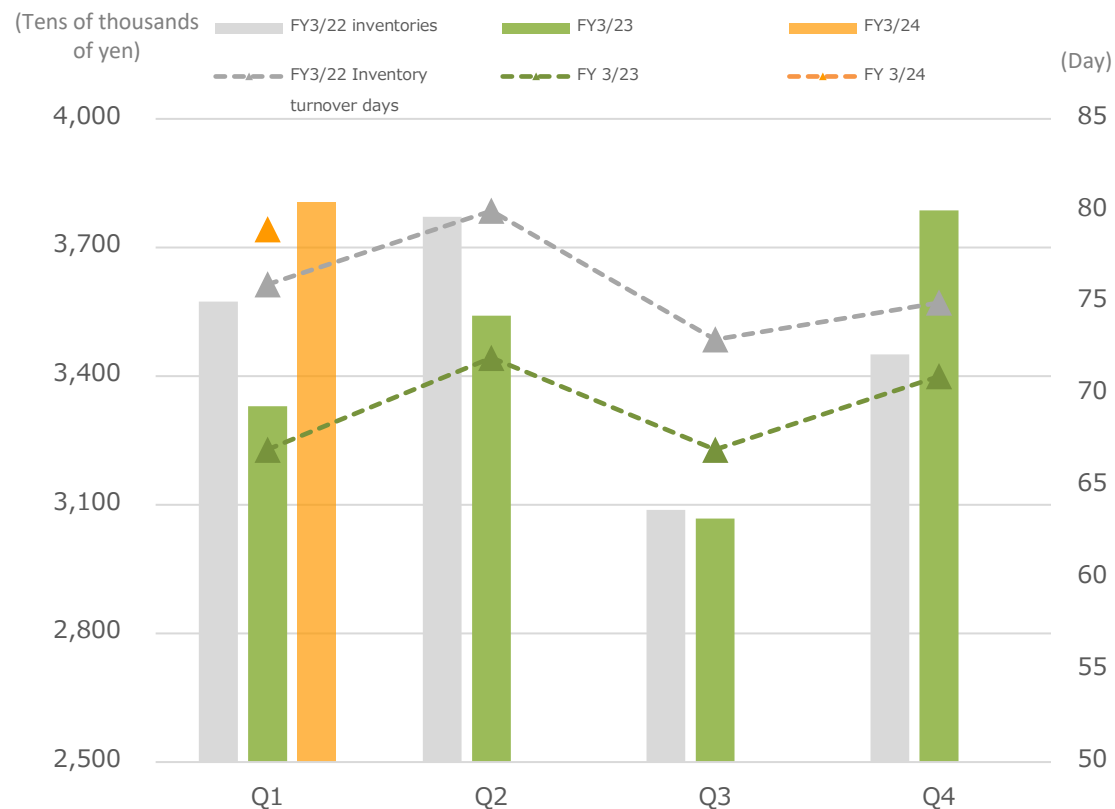
● Inventory has increased significantly due to rising unit prices of individual items and insufficient progress with the consumption of summer products.

● Selling price inventories per store

- The peak sales of summer products being carried over to Q2 resulted in a significant increase in inventory as of the end of Q1.
- While consumption was steady due to the heat wave in July, inventory levels continue to be high.

● DC inventories / delivery cost ratio

- Due to the impact of not achieving the sales plan, rising unit prices of certain items, and other factors, DC inventories as a whole were up 4.1 billion yen from Q1 in FY 3/23.
- While inventories increased at the end of the term, the delivery cost ratio has maintained generally favorable levels.



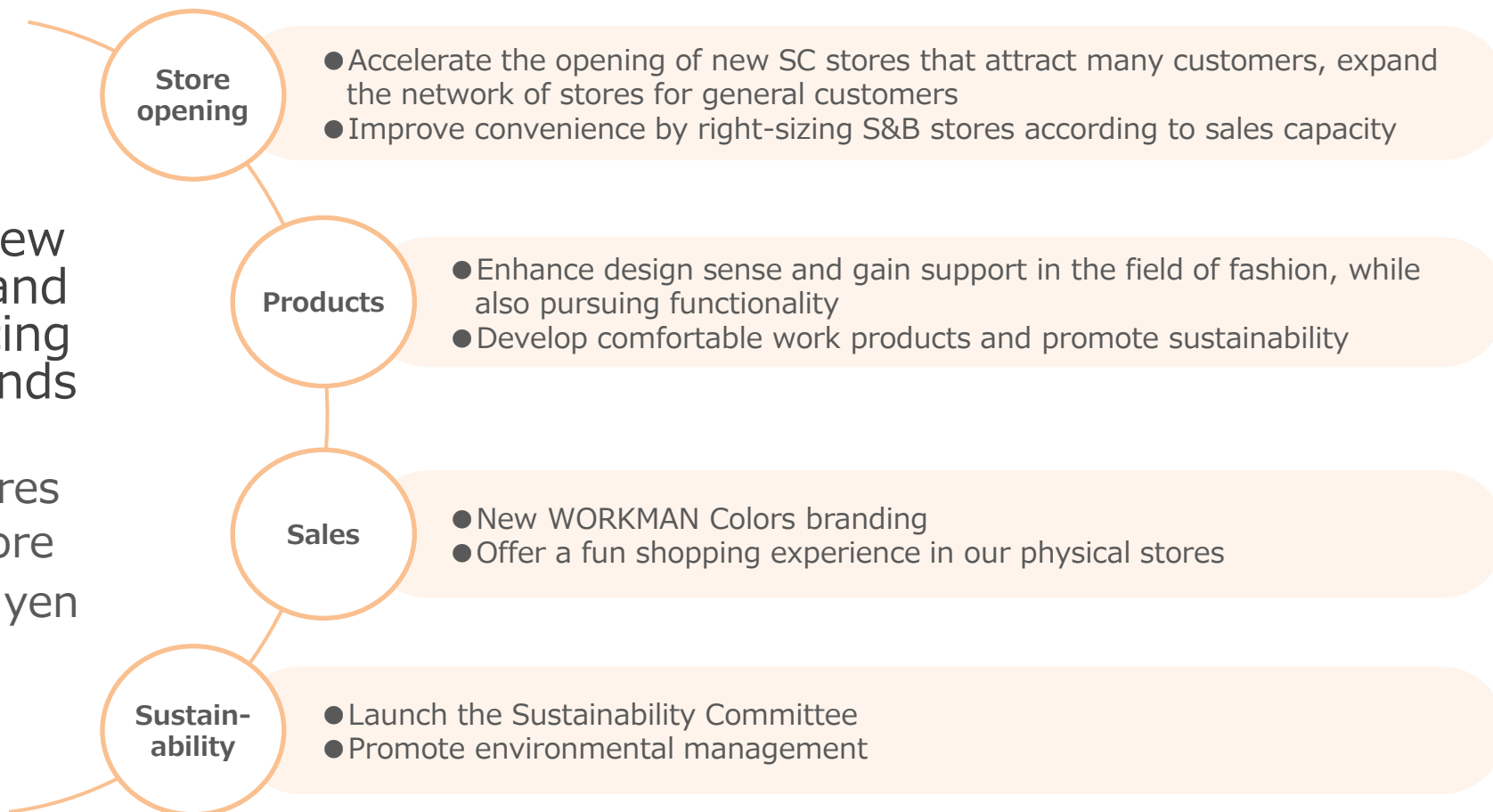
- Plans for the Fiscal Year Ending March 31, 2024

Plans for FY Ending March 31, 2024

● Management policy

Achieve sustainable growth by creating new business categories and products and enhancing the power of our brands

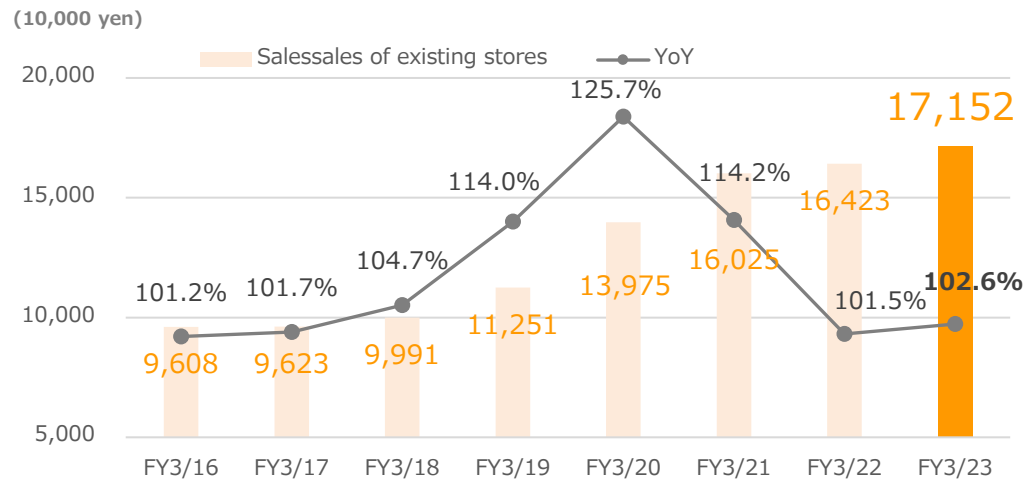
- ✓ 1,500 domestic stores
- ✓ Aim for individual store sales of 200 million yen



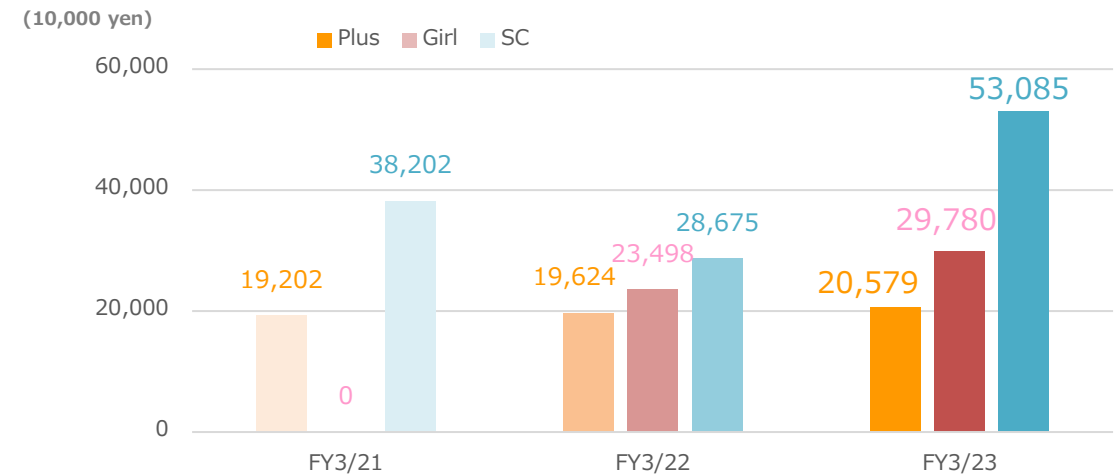
Recognized Situation and Measures Related to Existing Stores

- While new and renovated stores are steadily attracting customers, improving the rate of returning customers is a challenge.

● Average annual sales of existing stores ※1



● Sales in first year after opening (for those new stores as of end-June 2023) ※2



Recognized situation






- Despite the effects of the COVID-19 pandemic, Workman Plus stores have continued to grow and increase the sales base after new store openings. (※1)
- Given that many stores have been bustling since opening and the positive effects of renovation (P.12) also continue to be seen, we have determined that customer needs are high. (※2)
- With the increase in general demand, sales floors (product lineups) geared toward professional customers have been neglected, and the retention rate of professional customers, who tend to visit stores very frequently, has declined.

Issues and measures

- Expanding the customer base and increasing repeat business in both the general and professional markets are key issues.
 - In addition to reviewing sales floor areas and product lineups, the company as a whole will work to improve existing stores and enhance “front-line capabilities,” by strengthening collaboration between the head office, employees, and franchise stores.
- | | | | |
|-----------------------|--|---|----------------------------|
| For general customers | • Develop new categories and core products | } | Lock in existing customers |
| For professionals | • Make shelf space allocated to professional products more visible | | |
| | • Enhance lineup of products for each season's actual sales period | | |
| | • Create new professional demand with comfortable work products | | |

Store Opening Plans

- Aim for **1,500** domestic stores by accelerating the opening of SC stores and expanding the network of stores for general customers

(Number of stores)	Number of stores at end of FY 3/23	Openings set for FY 3/24			S&B※2	Renovation set for FY 3/24※2			Excluding increase/decrease ※3	Closures	Number of stores at end of FY 3/24	Medium/longer-term goals
			Roadside	SC※2			Full renovation	Partial renovation				
	479	—	—	—	(△17)	(△65)	—	(△65)	(+6)	△2	401	200
	473	12	12	—	17	58	—	58	△6	—	554	900
	26	22	9	13	—	(△1)	(△1)	—	—	—	47	400
	—	—	—	—	—	1	1	—	—	—	1	N/A
	3	—	—	—	—	7	—	7	—	—	10	N/A
Total※1	981	34	21	13	17	66	1	65	—	△2	1,013	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. SC: Shopping centers S&B: Scrap and Build

※3. This column shows the number of stores that operated as WORKMAN Plus in the past but became subject to S&B or were renovated during the period under review.

Store Opening Strategy

- Address general demand by reviewing store opening locations and developing new business categories.

- WORKMAN Colors



シン、ジブン色。

- Create a “WORKMAN style” that is not tied to any particular location, scene, or season.
- Offer new colors and shapes, outfits, and ways to enjoy clothing.

- #WORKMAN Girl (Colors specific)



- Testing out of new mannequins and display methods in preparation for the opening of the first store in September has begun, and the response from customers has been positive

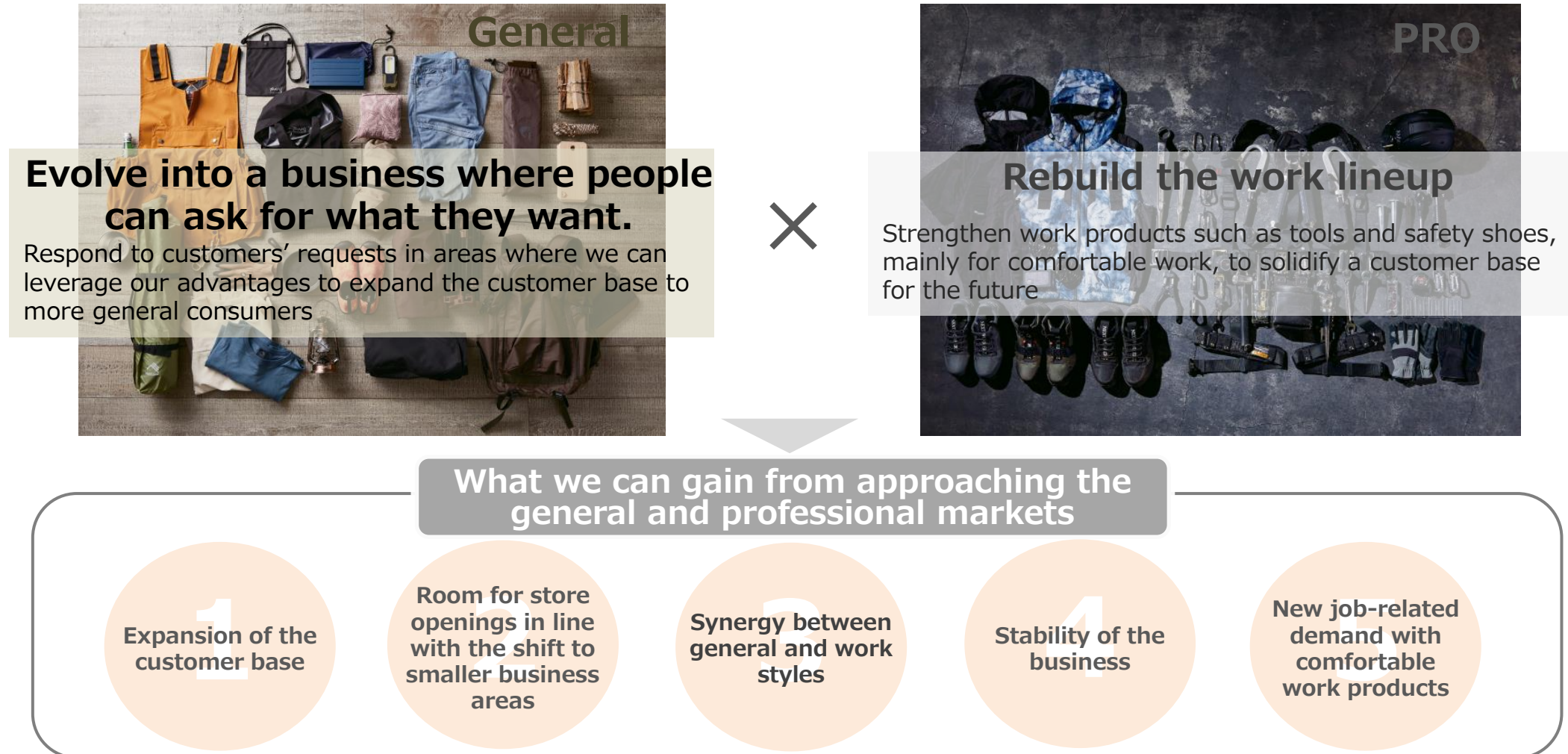
- #WORKMAN Girl strip mall stores



- Aim to expand the customer base and maintain strong sales by increasing the items available, including shoes and accessories

Product Development (PB Products)

- Develop products that will be supported by general and professional customers.



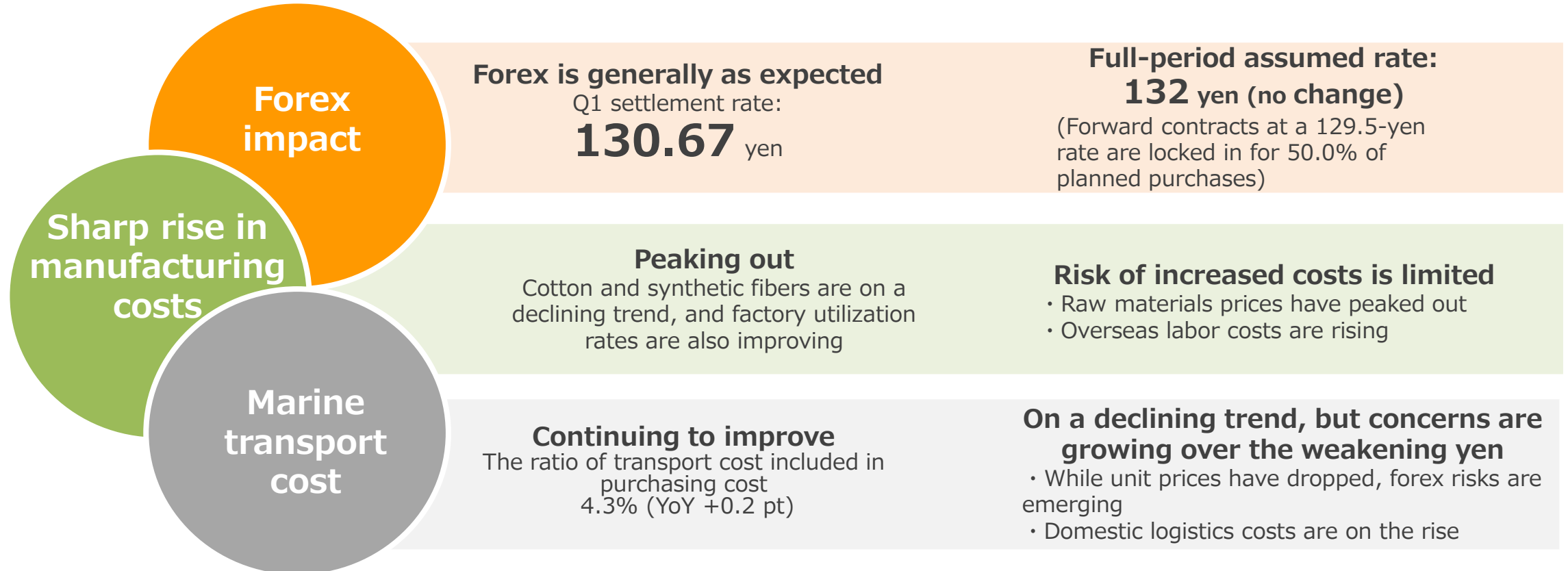
● Plan to keep prices of focus PB products unchanged

We aim to improve profitability through the development of new products with higher added value and changing/eliminating existing products

● Issues in product procurement

● Status as of FY 3/2024 Q1

● Outlook for FY 3/2024



- New product presentation at AW 2023: Strengthen dissemination of information going into the fall and winter seasons



● Overview

■ Date	August 30, 2023 (for media and influencers)
■ Venue	Shinjuku Sumitomo Building Sankaku Plaza
■ Topics	<ul style="list-style-type: none">• Various genres of fall and winter products will be on display, including camping gear and golf-related items in addition to clothing• Fashion try-on booths and photo booths will be added to strengthen the dissemination of information• Disaster prevention experience corner

● Objectives

Aim to increase the number of WORKMAN fans and grow the customer base through the value of the experiences offered and by spreading information on social media.

- **Share! Products** Share across various values, such as those held by men, women, or different generations
- **Share! Uses** Share regardless of on/off-season
- **Share! Information** Share the value of experiences from use



Plans for the Fiscal Year Ending March 2024

- Although the Q1 plan was not achieved, there is no change in the earnings forecast, and we continue to expect both revenue and profit to increase.

Sales at all chain stores

180,980 Million yen YoY +6.5%

Total operating revenue

136,576 Million yen YoY +6.5%

Operating profit

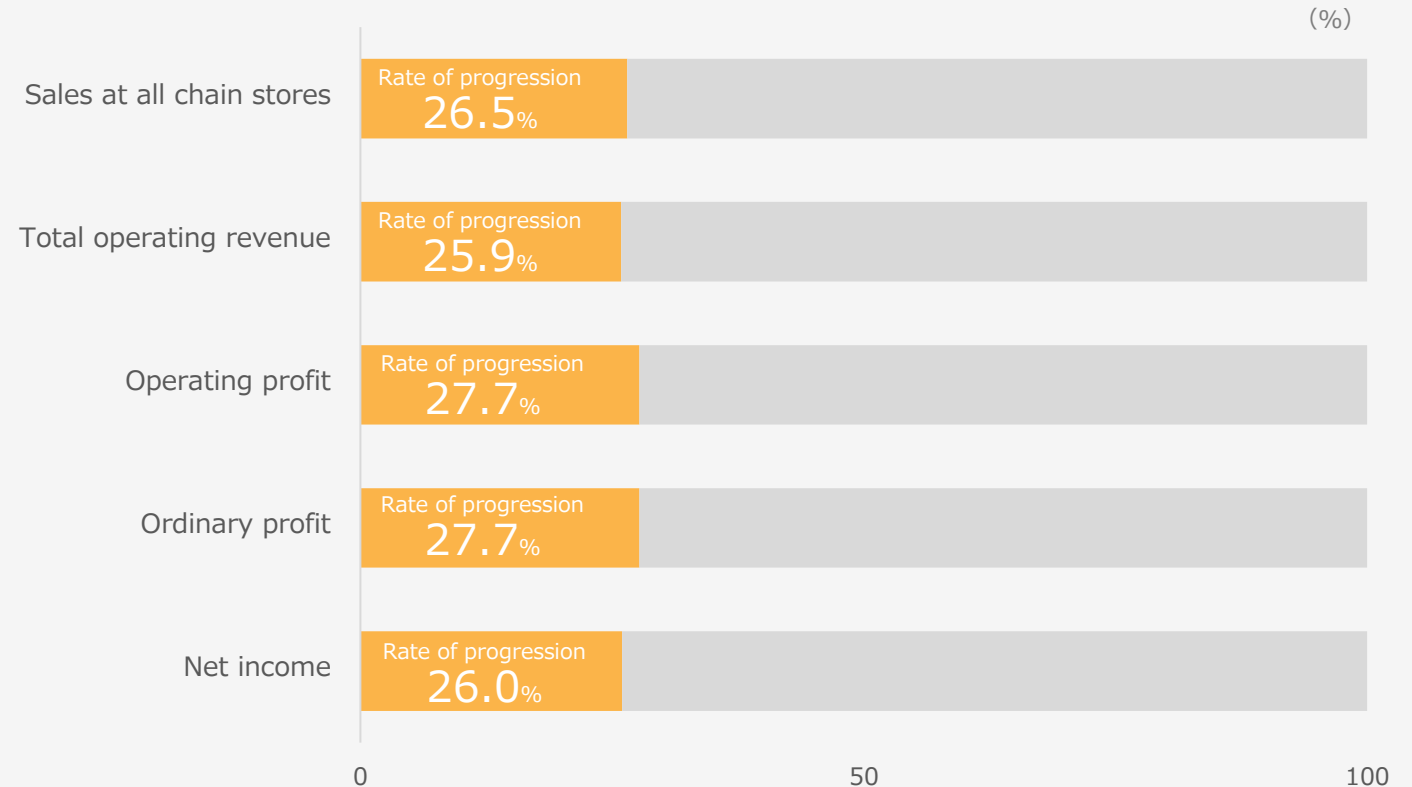
25,720 Million yen YoY +6.7%

Ordinary profit

26,214 Million yen YoY +6.3%

Net income

17,563 Million yen YoY +5.4%





■ 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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