



WORKMAN CO., LTD.

Materials for Briefing Session on the Financial Results for the
Third Quarter of the Fiscal Year Ending March 31, 2025

February 10, 2025

- Financial Results for the Third Quarter of the Fiscal Year
Ending March 31, 2025 3
- Overview of Financial Results for the Third Quarter of the
Fiscal Year Ending March 31, 2025 7
- Plans for the Fiscal Year Ending March 31, 2025 17

- Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2025

Cumulative Income Statement

(Millions of yen)	FY 3/2024 Q3	FY 3/2025 Q3	YoY (%)
Sales at all chain stores	141,368	148,214	+4.8
Sales to directly managed stores	11,300	13,563	+20.0
Sales to franchise stores	130,067	134,650	+3.5
(Same store sales)	—	—	+1.5
Total operating revenue	106,162	107,605	+1.4
Cost of sales	67,286	66,778	$\triangle 0.8$
Adjusted OP before SG&A	38,876	40,826	+5.0
SG&A	18,197	20,152	+10.7
Operating profit	20,678	20,674	$\triangle 0.0$
Ordinary profit	21,086	21,037	$\triangle 0.2$
Net income	13,086	13,018	$\triangle 0.5$
EPS	160.35 yen	159.52 yen	

➤ Financial Results Highlights

● Sales at all chain stores

- Hot weather in October caused sales to drop significantly below the planned figures, and despite growth in sales in November and December, cumulative sales for Q3 fell short of the plan ($\triangle 0.3$ points below the plan).

● Total operating revenue

- Sales at directly managed stores recorded a high growth rate (+20.0% YoY) thanks to an increase in the average number of stores during the quarter (+10 stores).
- Product supply and sales at franchise stores came in at 63,849 million yen ($\triangle 2.8\%$ YoY).
Sales of autumn/winter products were stagnant due to inventory adjustments.

● Cost of sales

- While terms and conditions worsened, profit related to overseas purchases increased thanks to a review of the pricing policy.
 - Average settlement rate: 143.35 yen (Q3 for FY 3/25: 133.78 yen, increase of +9.57 yen)
 - Direct overseas purchases: $\triangle 5.1\%$ (accounts for 61.4% of total purchases)
 - Profit related to overseas purchases: 5,614 million yen (YoY 5.0%)
- Loss on the valuation of products: YoY +708 million yen

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

- Revenue from franchise stores: +999 million yen
- Gross profit from self-operated stores: +813 million yen
- Profit related to overseas purchases: +265 million yen

● Operating profit

- While cumulative results for Q3 were +2.6% over plan and generally in line with the plan, this is the third consecutive quarter in which revenue increased, but profit declined.

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



(Millions of yen)	FY 3/2024 Q3	SG&A ratio (%)	FY 3/2025 Q3	SG&A ratio (%)	Change	YoY (%)
Sales at all chain stores	141,368	–	148,214	–	–	+4.8
Labor cost	2,995	2.1	3,288	2.2	+292	+9.8
Selling cost	1,112	0.8	1,235	0.8	+122	+11.0
Traveling expenses	322	0.2	346	0.2	+24	+7.5
Freight cost	1,486	1.1	1,631	1.1	+144	+9.7
Rent	4,946	3.5	5,244	3.6	+298	+6.0
Supply expenses	571	0.4	719	0.5	+148	+25.9
Outsourcing expenses	2,845	2.0	3,389	2.3	+544	+19.1
Depreciation	2,013	1.4	2,194	1.5	+181	+9.0
Other	1,903	1.4	2,101	1.4	+198	+10.4
Total	18,197	12.9	20,152	13.6	+1,955	+10.7

*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: +34

● Selling cost

- Physical exhibitions: +23 million yen, online and YouTube advertising: +21 million yen

● Freight cost

- Decrease in rebates due to the decrease in domestic purchases: +70 million yen
- Product freight cost: +60 million yen

● Rent

- The average number of stores during the quarter: +26, +136 million yen
- External warehouses: +99 million yen

● Supply expenses

- Decrease in rebates due to the decrease in domestic purchases: +43 million yen
- Furniture and fixtures for new stores and renovations: +106 million yen

● Outsourcing expenses

- SC stores operating cost: +144 million yen
- Increase in unit cost for outsourced stocktaking: +60 million yen
- Decrease in rebates due to the decrease in domestic purchases: +60 million yen
- Distribution center product management outsourcing: +97 million yen

● Depreciation

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

● Other

- SC stores administrative fees, credit card charges: +48 million yen

Balance Sheet

(Millions of yen)	FY 3/2024 Q3	End of FY 3/2024	FY 3/2025 Q3	Change
Current assets	108,144	112,648	120,879	+8,231
Cash and deposits	72,582	68,187	88,656	+20,468
Accounts receivable - due from FCs	12,156	14,407	8,293	△6,113
Merchandise	19,248	25,270	16,672	△8,598
Other	4,157	4,782	7,257	+2,474
Non-current assets	35,856	35,714	38,736	+3,021
Property, plant and equipment	28,344	28,755	31,717	+2,961
Intangible assets	819	760	887	+126
Other investments	6,692	6,197	6,130	△66
Total assets	144,001	148,362	159,615	+11,252
Current liabilities	18,531	18,334	21,518	+3,183
Non-Current liabilities	4,577	4,599	4,750	+150
Total liabilities	23,109	22,934	26,268	+3,334
Total net assets	120,891	125,428	133,346	+7,918
Total liabilities and net assets	144,001	148,362	159,615	+11,252

➤ Factors of increase/decrease

● Cash and deposits

- Free cash flow: +26,107 million yen
- Payments of dividends: △5,548 million yen

● Accounts receivable - due from FCs

- Steady progress is being made in winter product sales and inventory adjustments.

● Merchandise (factors for increase/decrease)

- Distribution center inventories have decreased due to production adjustments of autumn and winter products.
- The value of backlogged inventory is being reviewed in order to optimize inventory.

Factors	Changes FY 3/24	Changes FY 3/24 Q3
• Directly managed/SC stores	△3 million yen	+153 million yen
• Distribution centers	△5,857 million yen	△3,869 million yen
• Goods in transit	△2,737 million yen	△1,118 million yen

● Rise in tangible fixed assets

- A total of 43 newly built stores—31 new stores and 12 S&B stores (of which 37 are company-owned stores)
- Building costs were higher due to increases in the size of stores and soaring prices of materials and labor costs.






- Overview of Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2025

Store Openings



- # WORKMAN GIRL store openings were accelerated, along with the full-scale launch of Plus II store development.

1,037 stores at the end of December 2024 (up 26 stores over end-March 2024)

(Number of stores)	Number of stores at end-March 2024	New store openings			S&B※2	Renovation	Excluding increase / decrease ※3	Closures	Number of stores at end-Dec. 2024
			Roadside	SC※2					
	401	—	—	—	(△12)	(△71)	4	4	318
	552	12	12	—	12	71	△4	1	642
	47	19	13	6	—	—	—	—	66
	1	—	—	—	—	—	—	—	1
	10	—	—	—	—	—	—	—	10
Total ※1	1,011	31	25	6	12	71	—	5	1,037

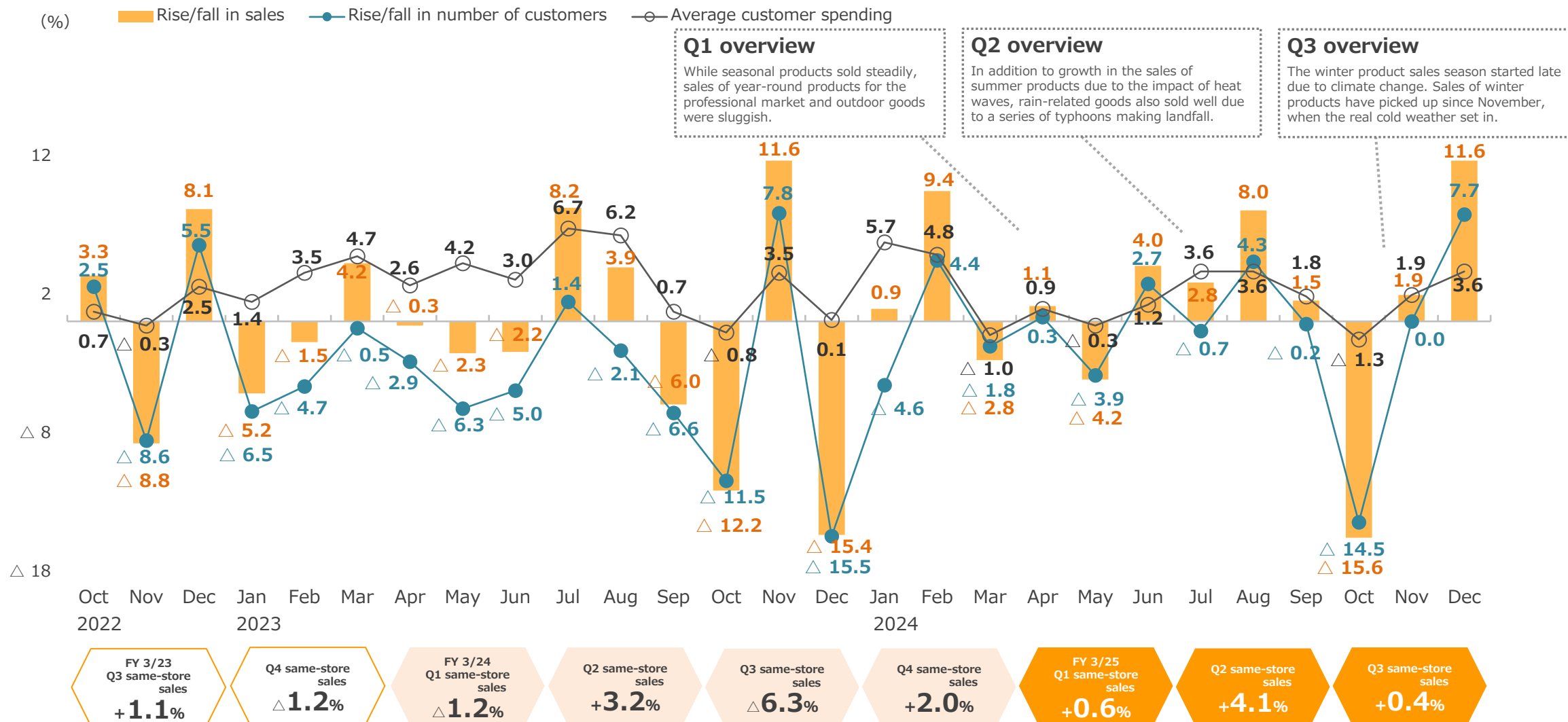
※1. The Total column shows the number of operating stores, with figures in parentheses excluded from the Total.

※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

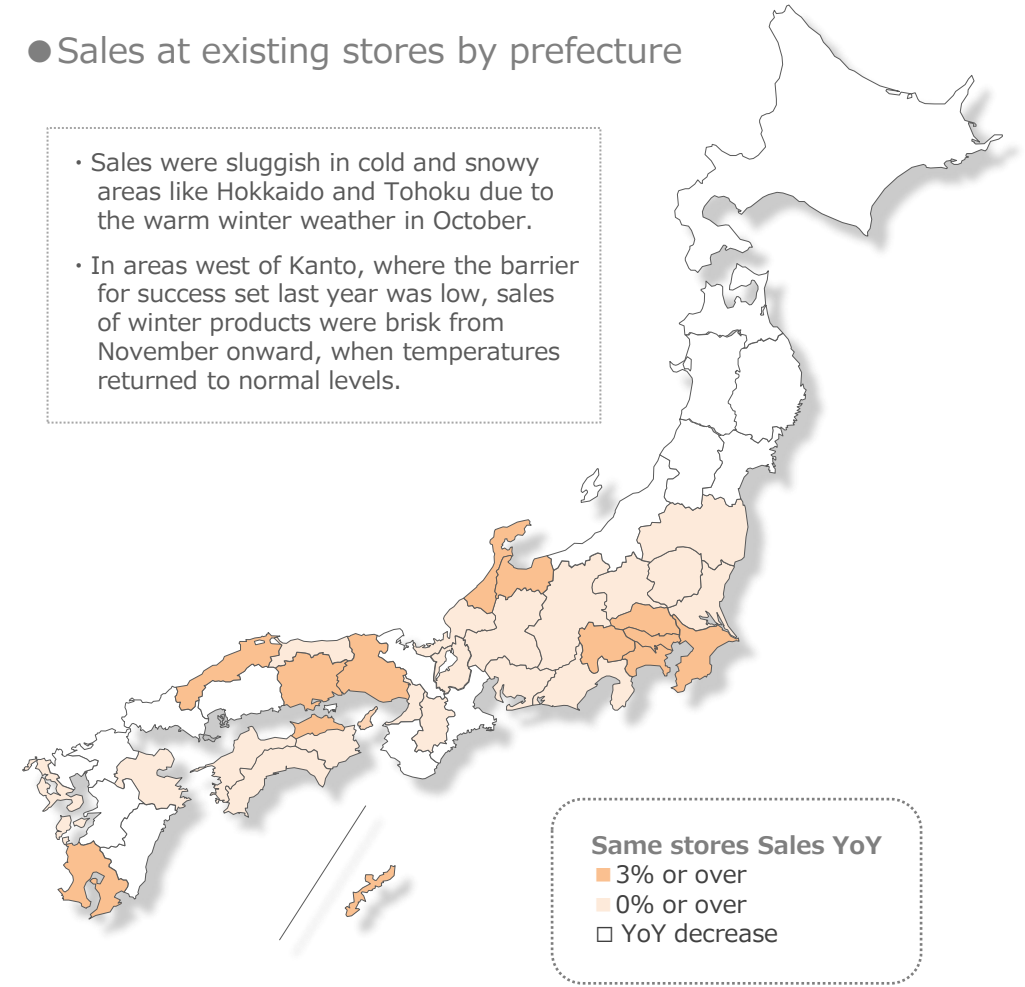


● Sales at All Chain Stores 148,214 Million Yen

	All chain stores	Existing stores
Net sales	+4.8%	+1.5%
Number of customers	+3.2%	△0.3%
Average number of customers per day	—	※175 (△1)
Average customer spending	3,081 yen (+1.6%)	3,084 yen (+1.8%)
Unit price per item	1,241 yen (+2.6%)	1,236 yen (+2.3%)
Number of items purchased	2.47 items (△0.8%)	2.49 items (+0.4%)

※ 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

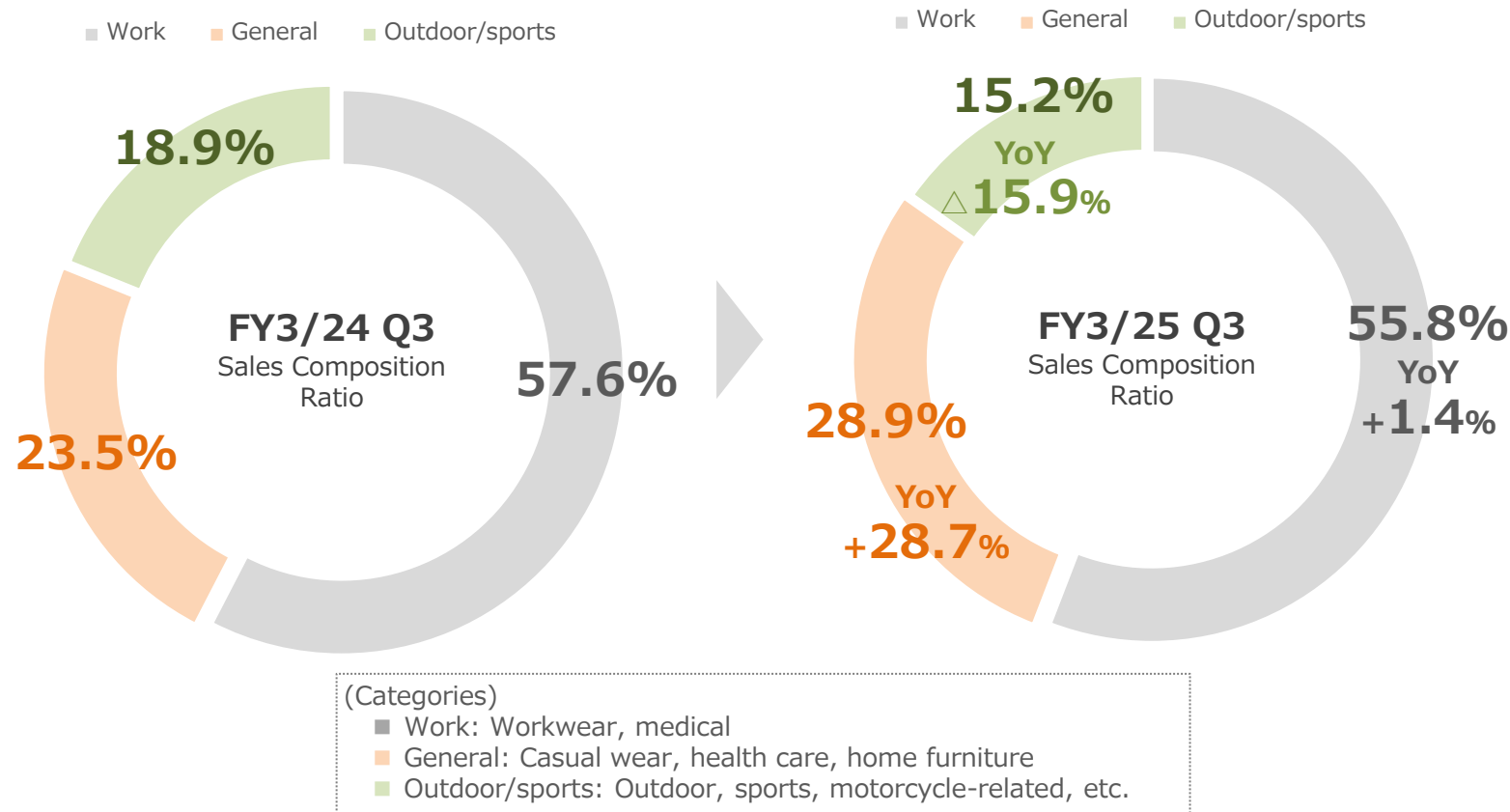


Status of Sales (Results by Product)

- Products for the general market drove sales, and while products in the work category have remained steady, there were challenges.

- Trends in the sales composition ratio by product

※1.Sales are calculated by product. These are not the product of a customer analysis.
※2.Calculations exclude products on manufacturer's catalogs and some items with low sales volume.



topics

● Work

- While summer items such as clothing with air-conditioning fans sold well due to climate change, sales of heavy thermal clothing such as clothing with built-in heaters were sluggish.
- Among year-round products, rainwear sold well due to the rainy weather, while gloves and tools were weak.

● General

- Sales were strong overall, such as in apparel, supplies, and shoes.

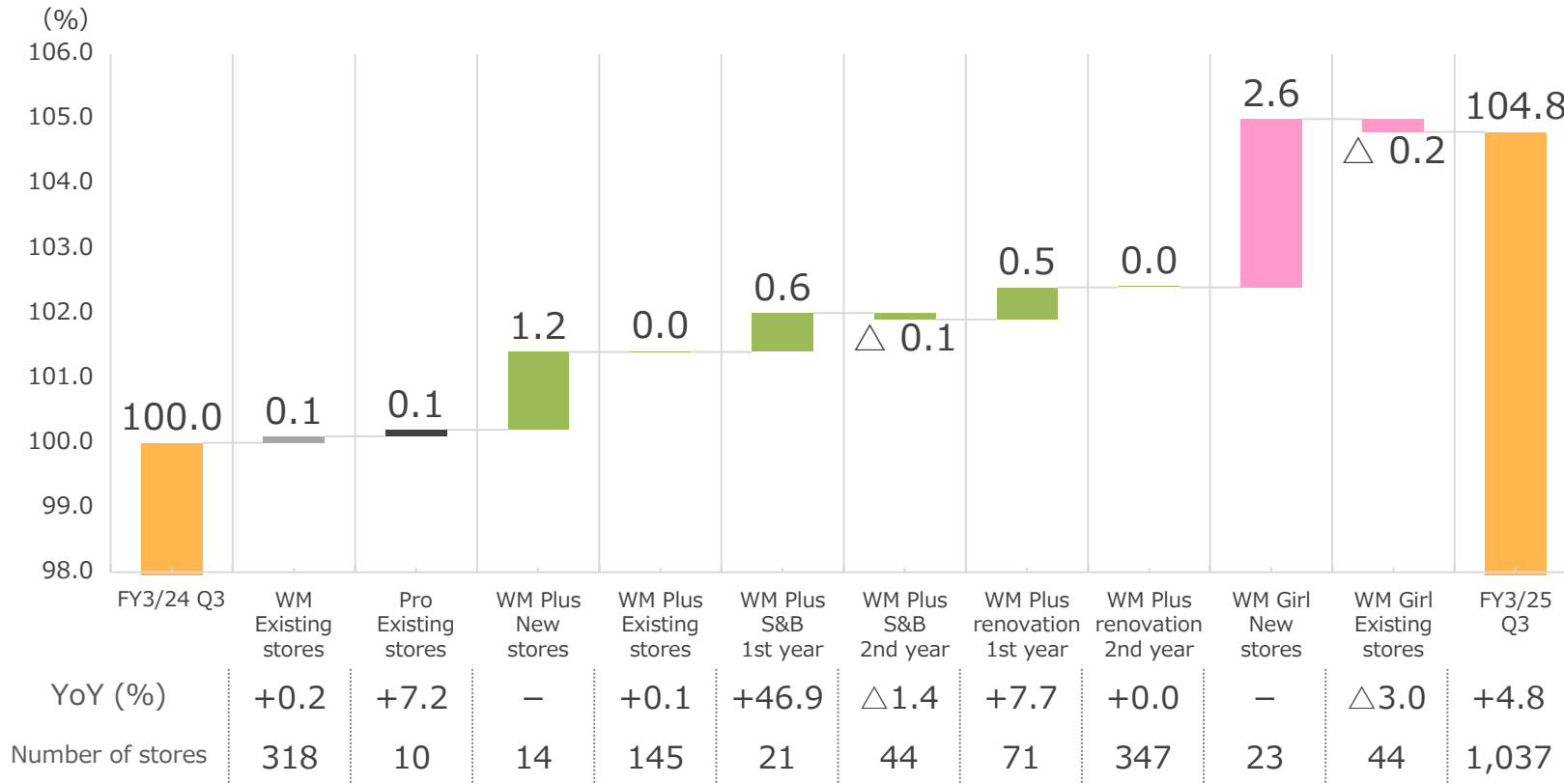
● Outdoor/sports

- Men's clothing and camping gear fell far short of last year's levels.
- Women's clothing and shoes performed well.

Sales by Business Category

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

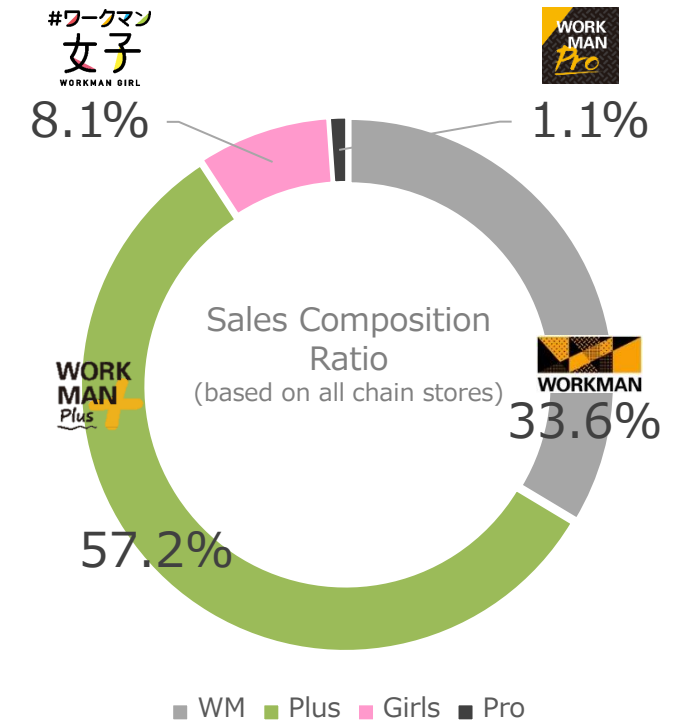
New stores and new S&B locations are maintaining robust sales. The drop in sales at existing #WORKMAN GIRL stores has lessened.



※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.

※One WORKMAN Colors store is included in WM Girl Existing stores.



Status of Sales (Sales by Product and Factors)



- Categories where women's and casual items have been enhanced performed well.

(Millions of yen)






Category	FY 3/2024 Q3		FY 3/2025 Q3		Factors (YoY)
	Sales	YoY	Sales	YoY	
Undergarments • Socks Undergarments, socks, hats, towels, etc.	14,810	+8.6	16,279	+9.9	<ul style="list-style-type: none"> • Ladies' thermal undergarments (+152.0%) • Ladies' summer supplies (+39.8%) • Ladies' summer undergarments (+343.5%)
Casualwear • Sports Sportswear, polo shirts, etc.	21,574	+4.6	22,953	+6.4	<ul style="list-style-type: none"> • Short-sleeved T-shirts (+13.2%) • Compression wear (+23.3%) • Long-sleeved T-shirts (+40.7%)
Workwear • Outdoor Workwear, outdoor wear, etc.	41,725	△0.8	42,499	+1.9	<ul style="list-style-type: none"> • Clothing with air-conditioning fan(s) (+14.7%) • Summer slacks (+12.6%) • Clothing with built-in heaters (△22.6%)
Women's • Uniforms White smocks, office uniforms, etc.	10,179	+14.9	12,065	+18.5	<ul style="list-style-type: none"> • Ladies' rainwear (+16.1%) • Women's thermal outerwear (+175.8%) • Women's summer outerwear (+102.1%)
Footgear Protective footwear, <i>tabi</i> stocks, high boots, kitchen shoes, etc.	22,142	+4.8	23,066	+4.2	<ul style="list-style-type: none"> • Athle shoes (+13.4%) • Insole (+18.2%) • Safety shoes (+3.1%)
Work supplies Work gloves, protective gear, rainwear, etc.	30,645	△2.7	31,206	+1.8	<ul style="list-style-type: none"> • Waterproof winter clothing (+32.9%) • Rainwear (+9.9%) • Outdoor gear (△39.3%)
Other	288	+373.6	142	△ 50.6	—
Total	141,368	+2.5	148,214	+4.8	

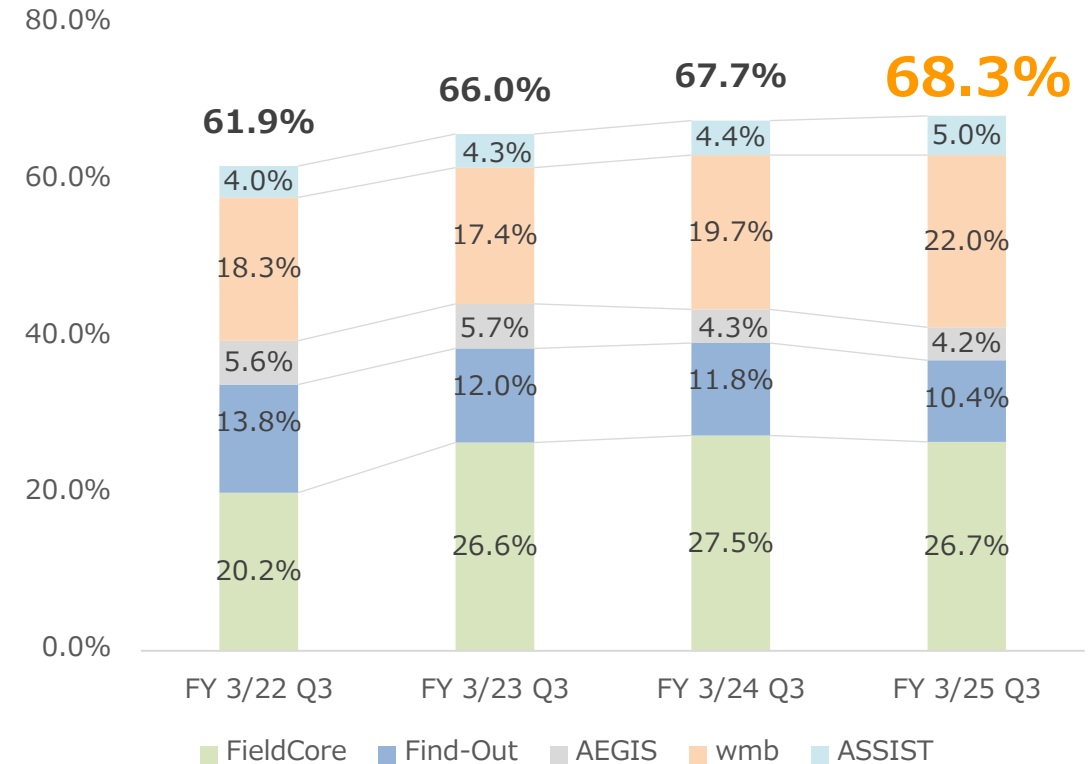
Status of Sales (Sales by Product and Factors)

● Sales of PB Products **101,145** Million Yen (Up 5.8% YoY)

● Sales results by brand

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

	(Millions of yen)	Number of items (the previous year)	Sales value (YoY)
 Work & Outdoor		1,009 (+113)	39,544 (+1.8)
 Work & Sports		381 (△1)	15,477 (△7.2)
 High-performance rainwear		69 (△ 9)	6,184 (+3.5)
 Work & Casual		924 (+261)	32,604 (+17.0)
 Work		200 (+73)	7,334 (+18.5)
Total for PB products		2,583 (+437)	101,145 (+5.8)



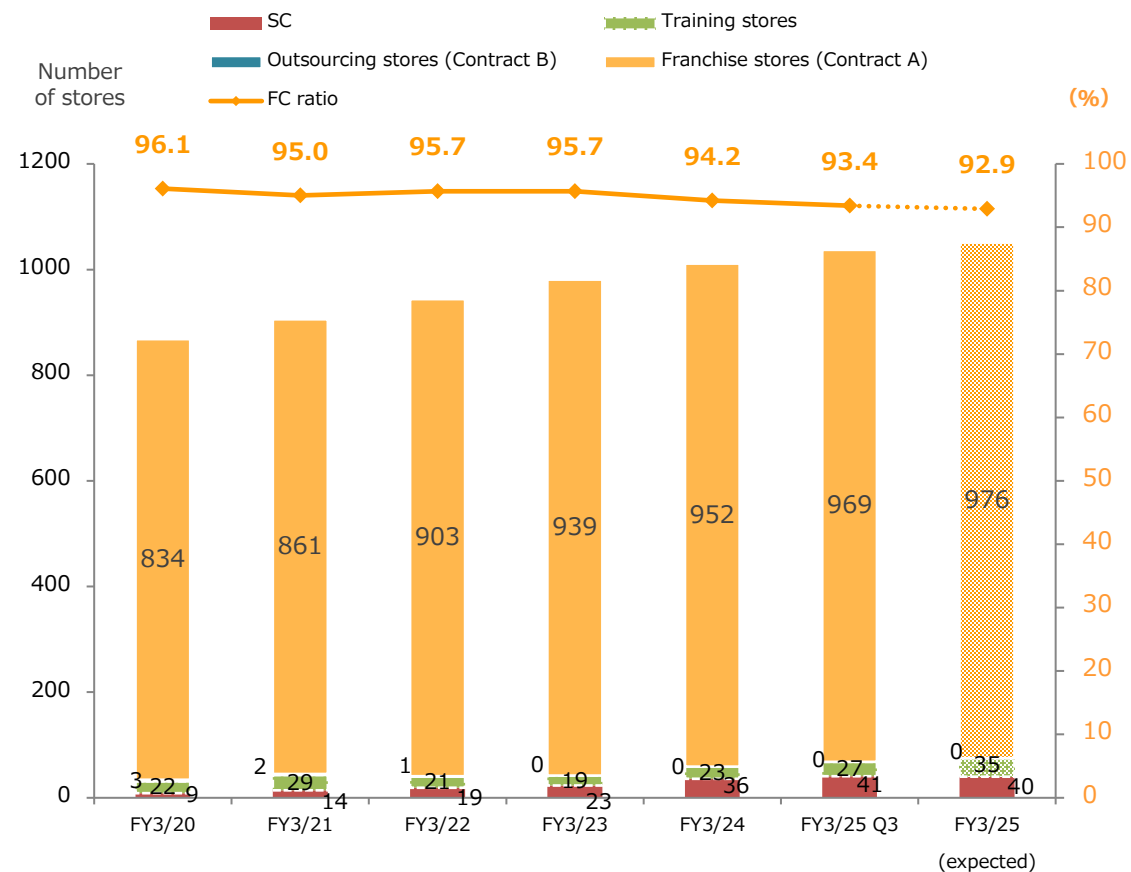
Format of Store Operations

● Ratio of Franchise Stores 93.4% ($\Delta 0.8$ pts YoY)

● Format of Store Operations for FY 3/25 Q3

Format	End-March 2024	Up	Down	End-Dec. 2024
Franchise stores	952	47	30	969
Outsourcing stores	—	—	—	—
Training stores	23	24	20	27
SC stores	36	5	—	41
Total	1,011	76	50	1,037

● Number of Stores by Format of Operations



Inventories (Logistics Cost)

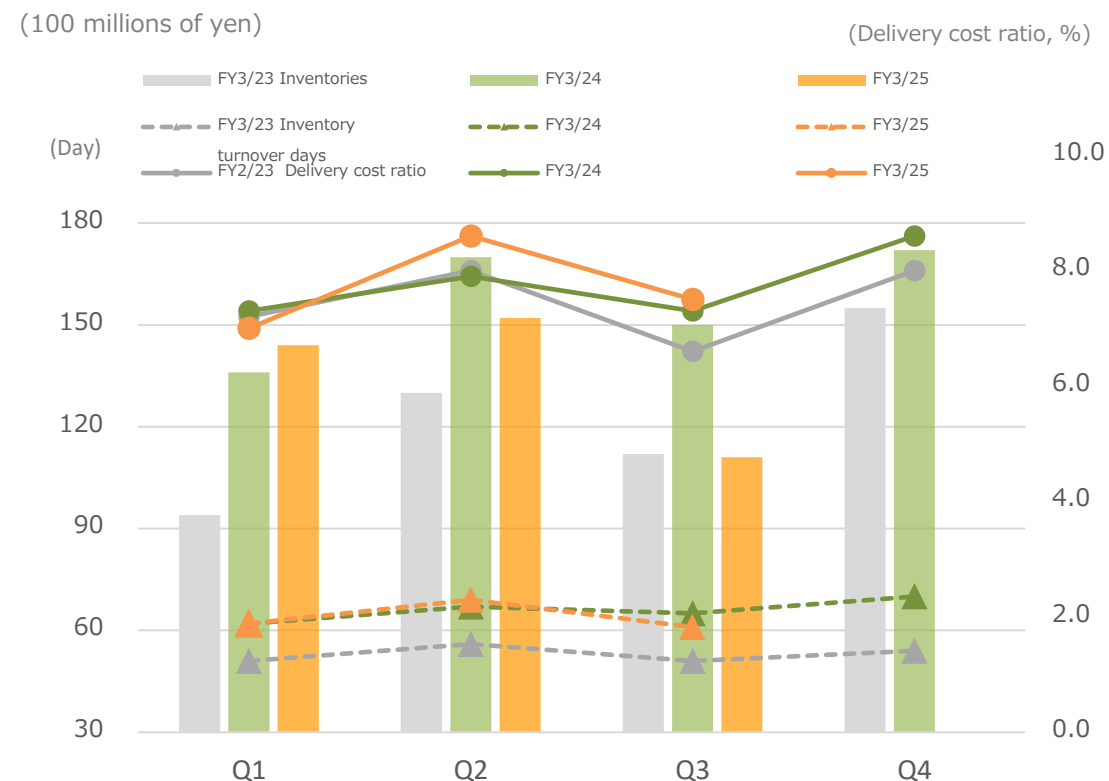
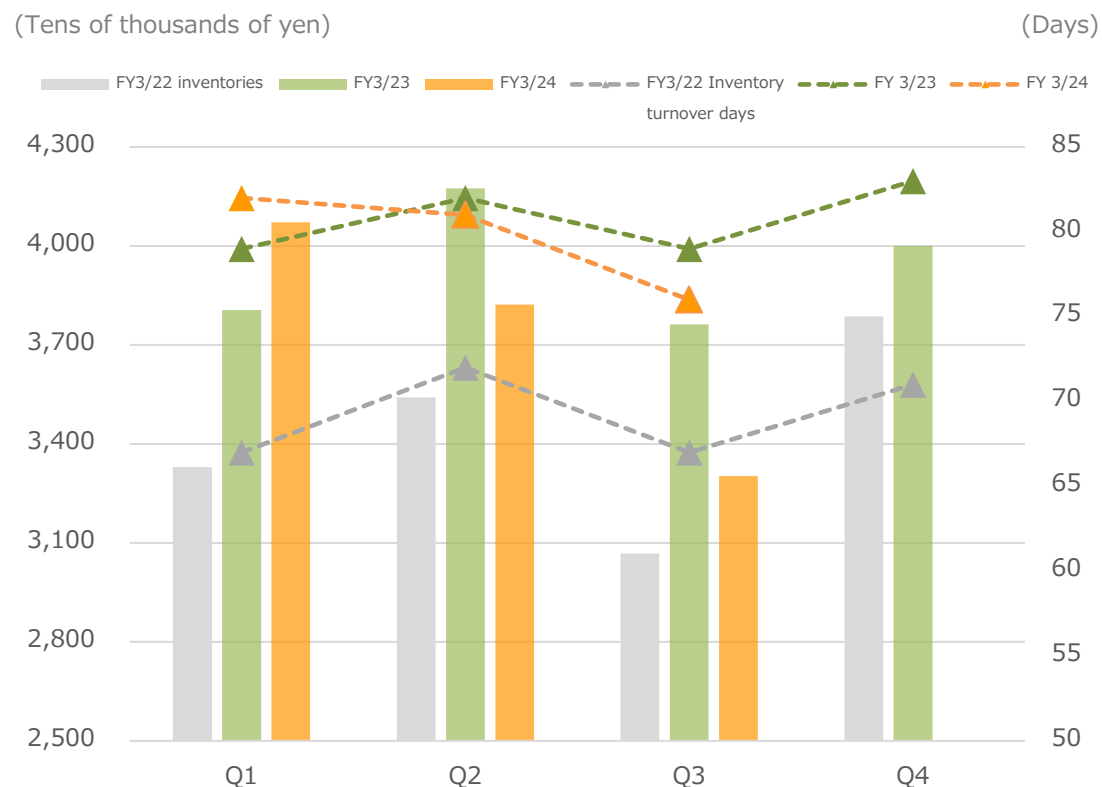
- While consumption of winter product inventories is making good progress in stores, there is still a surplus of inventories at distribution centers.

● Selling price inventories per store

- Sales of winter product inventories are proceeding smoothly and nearing reasonable levels.
- As in past years, the plan is to limit inventory carried over through price markdowns, etc.

● DC inventories / delivery cost ratio

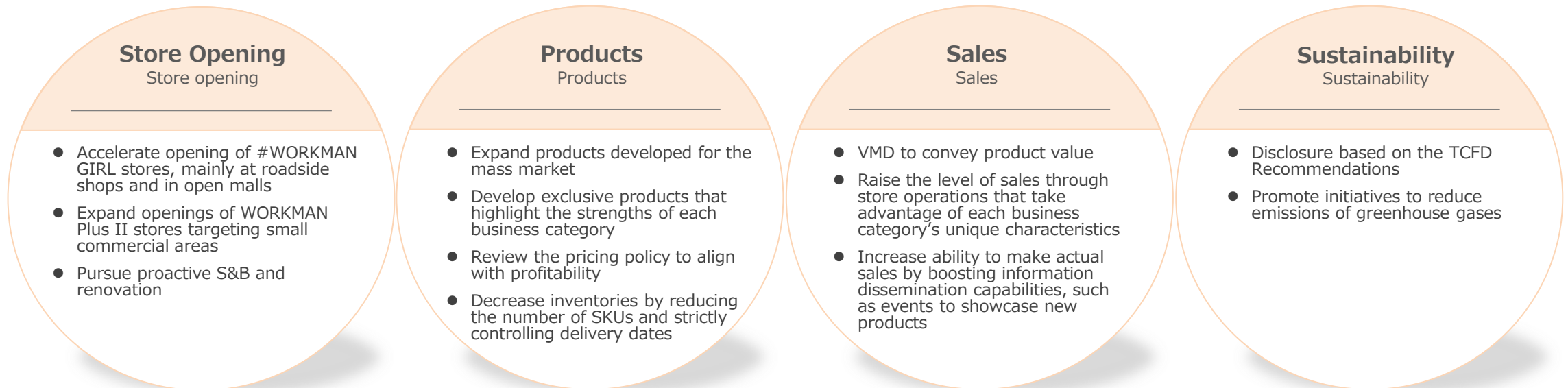
- Winter products that will not be continued in the next season will be recorded as a loss in value, and reviews will continue.
- The delivery cost ratio worsened due to increases in external warehouse rental costs and freight costs.



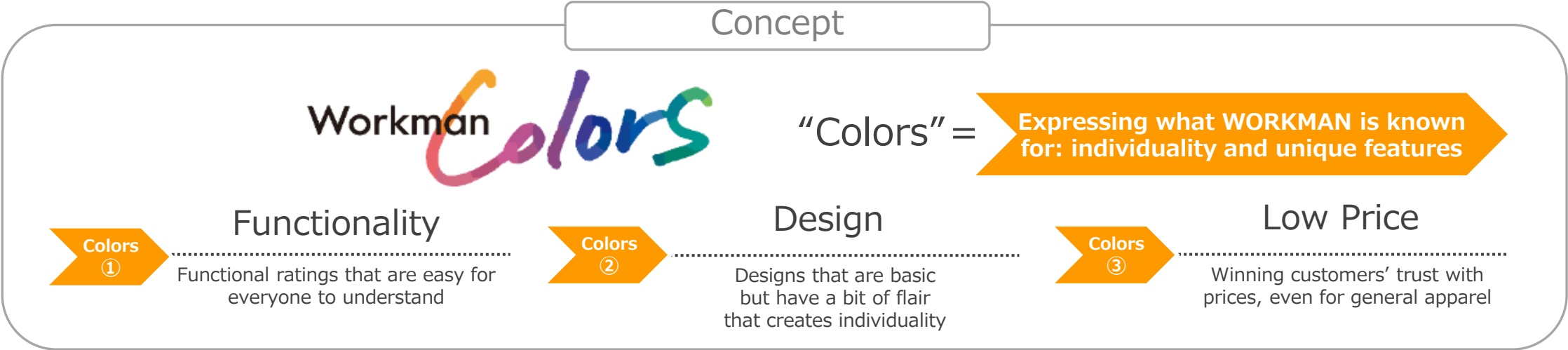
- Plans for the Fiscal Year Ending March 31, 2025

● Management Policy

1. **Maintain sales growth** by aggressively opening stores and improving operations in order to revitalize existing stores.
2. **Improve profitability** by developing products with increased added value and adopting a flexible pricing policy.

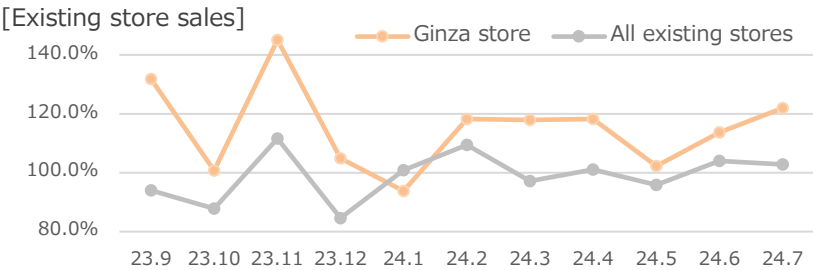


- Business categories for the general public will be integrated under “Workman Colors” in order to further expand the customer base.



● Reason for the Store Name Change

- Eliminate the mismatch between the store name and the actual products
- Expand the customer base (increasing demand from families)
- Confirm the expansion of the customer base through the renovation of the Ginza store








● Targeting

Locations	Price range	Age range	Male-Female Ratio	Styles	Consumer impression
Roadside, some in SCs	Low Ordinary price	20s to 60s	5 : 5	<div>• Good value for money</div> <div>• Basic</div> <div>• Trendy</div>	Functional, comfortable everyday clothing

items set us apart from competitors and cultivate new choices for apparel retailers

Store Opening Plans

- Opening of new Workman Colors stores and renovation starting with #WORKMAN GIRL stores will begin.

(Number of stores)	Number of stores at end of FY 3/24	Openings set for FY 3/25			S&B※2	Renovation	Excluding increase/decrease ※3	Closures	Number of stores at end of FY 3/25	Medium/longer-term goals
			Roadside	SC※2						
	401	—	—	—	(△13)	(△71)	(+4)	△4	317	200
	552	15	15	—	13	71	△4	△2	645	900
	47	19	13	6	—	(△4)	—	—	62	400
	1	12	12	—	—	4	—	—	17	N/A
	10	—	—	—	—	—	—	—	10	N/A
Total※1	1,011	46	40	6	13	75	—	△6	1,051	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.

Product Development

- In line with the store rebranding, develop exclusive products that highlight the strengths of each business category

Workman **Colors**

Promote the shift to casualwear



- Develop core products for men (comfortable everyday clothing)
Versatile pants that can be worn with any style
- Enhance trendy items for women
- Exclusive product ratio: 2024 autumn/winter: 25%, 2025 spring/summer: 30%, 2025 autumn/winter: 50%

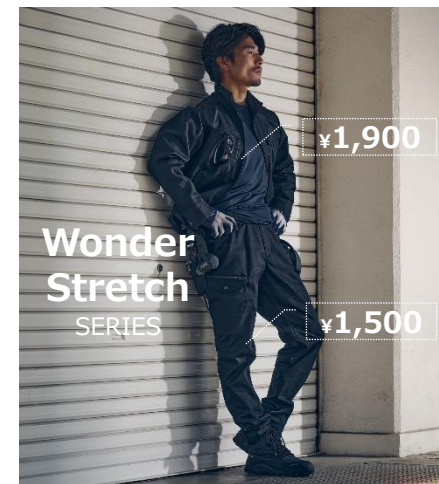


 WORKMAN

 WORKMAN Plus

 WORKMAN Pro

Reinforce workwear



Ultimate value for money

- Products created based on input from professionals
- Workwear with value for money unmatched by our peers
- Suitable for all types of companies



All features included

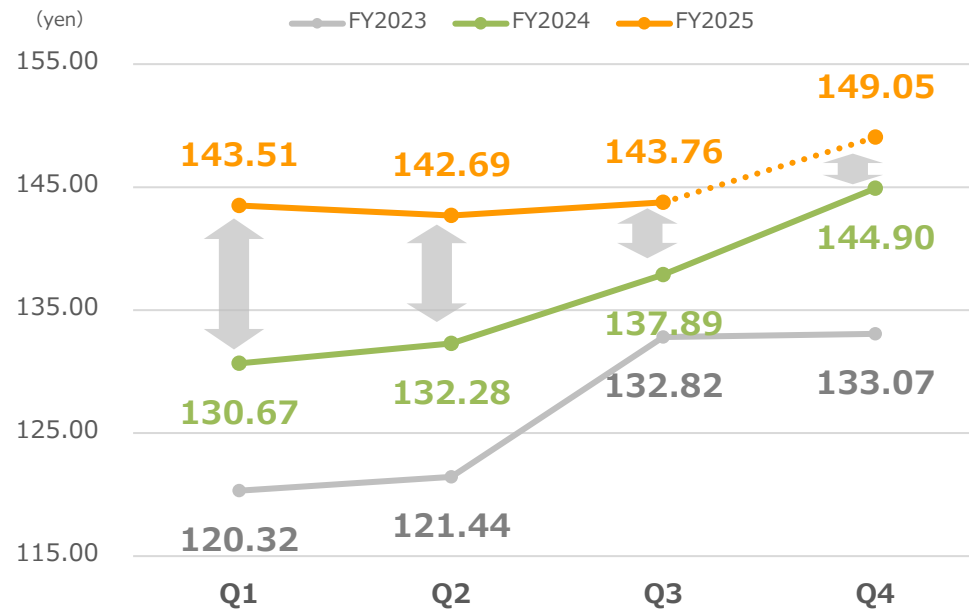
- Workwear that does the utmost to provide the functions that professionals demand
- With an enhanced design sense, the items are suitable for a wide range of customers, from individuals to corporations

Pricing Policy

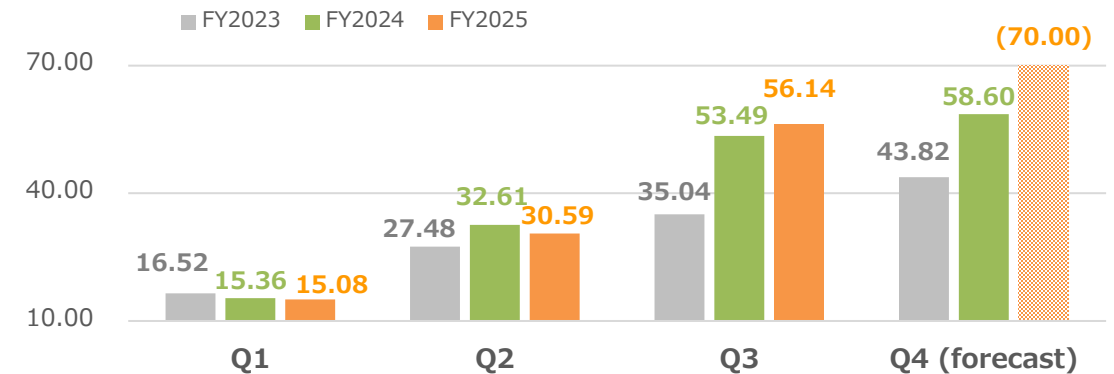
- Maintain profitability by reviewing prices from spring/summer 2025 onward

- Average settlement rate (accounting period)

- Maintain a stable settlement rate despite the ongoing weakening of the yen.
- While the contract rate will reflect a weaker yen trend through Q4, the profit margin is expected to improve as the gap with last year's rate shrinks.



- Forecast for the profit margin related to overseas purchases (cumulative)



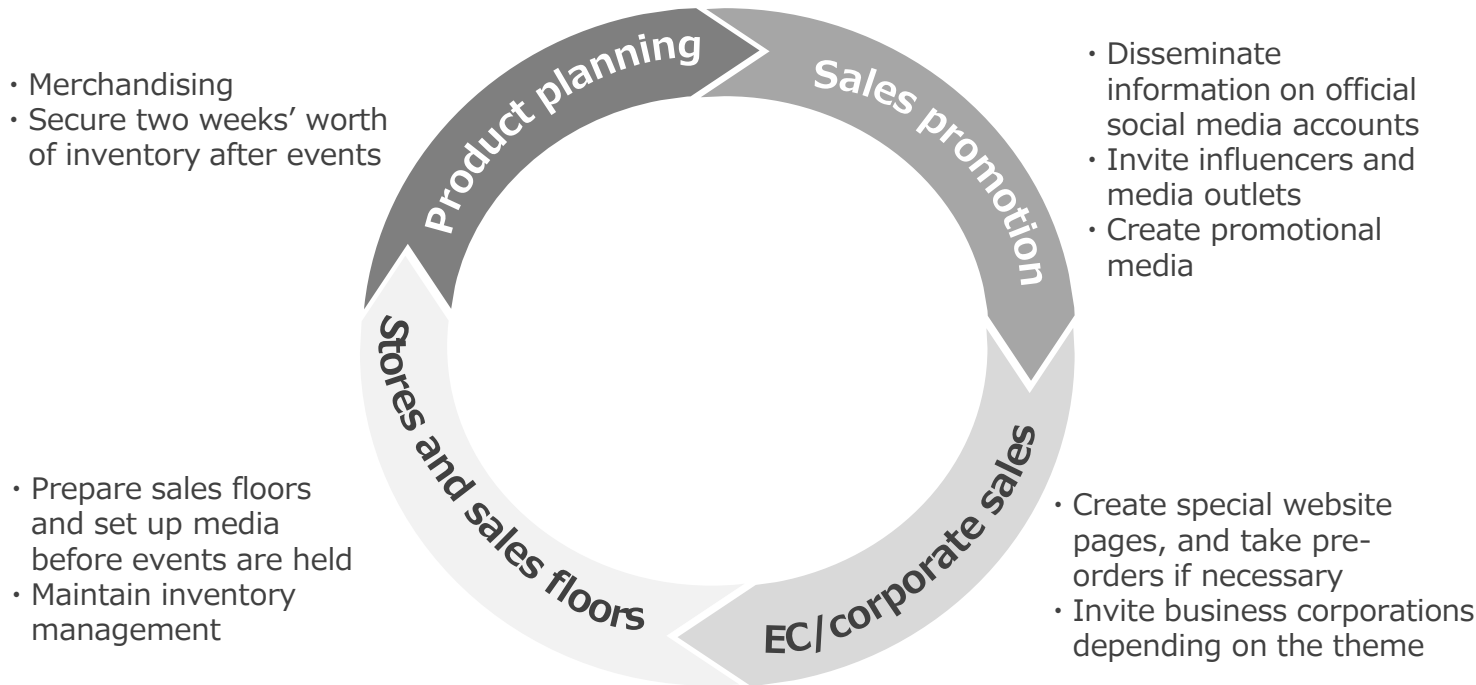
- Forward exchange contracts

- No change in the FY2025 assumed rate \Rightarrow 145.5 yen (assumed spot rate: 160 yen)
- Forward exchange contracts with a term of 1 year or less will be made in order to lock profits.

Timeline	% locked in	Average rate
FY 3/2025 Q4	Approx. 90%	Approx. 147 yen
FY 3/2026 Full year	Approx. 65%	Approx. 148.5 yen

- Hold small-scale physical exhibitions with clear themes

● Overview



● Maximize sales by linking events with sales floor planning

● Schedule (planned)

Timing	Contents
February	Workman Colors @P.O. Minami Aoyama Hall (mass media and influencers)
March	Reinforcing Workwear Collaboration between WORKMAN and famous artists (mass media, influencers, corporations)
March	Colors Ladies Casual clothing and undergarments (influencers)
March	Motorcycle Show @ Tokyo Big Sight

*Seasonal events in April and later are currently being planned

Plans for the Fiscal Year Ending March 2025

- In general, progress has been in line with the plan up to Q3. There is no change in the full-year earnings forecast.

Sales at all chain stores

183,980 Million yen YoY +5.0%

Total operating revenue

138,564 Million yen YoY +4.5%

Operating profit

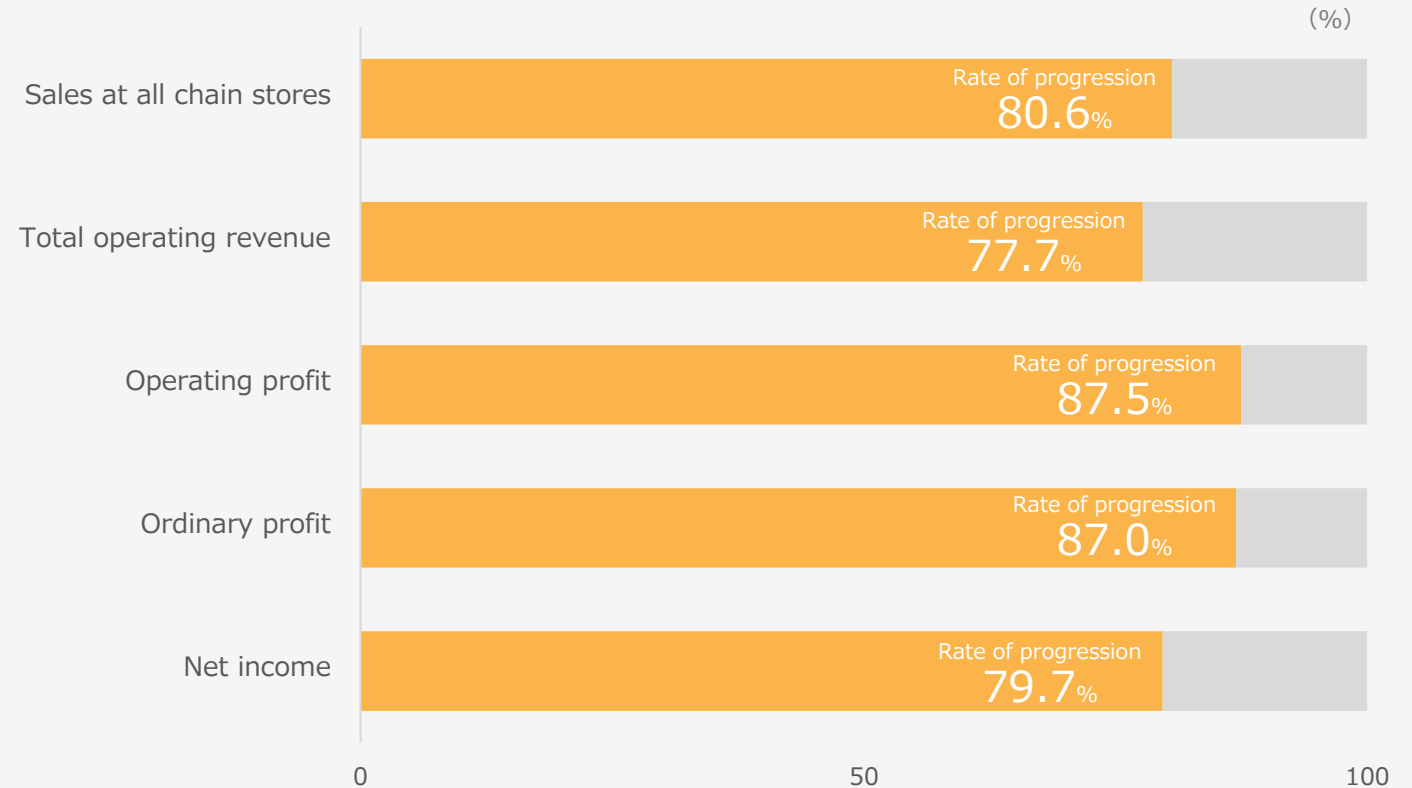
23,632 Million yen YoY +2.1%

Ordinary profit

24,167 Million yen YoY +2.1%

Net income

16,325 Million yen YoY +2.1%





- 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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