



(7564)

WORKMAN CO., LTD.

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

August 5, 2024

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

Cumulative income statement

(Millions of yen)	FY 3/2024 Q1	FY 3/2025 Q1	YoY (%)
Sales at all chain stores	47,911	49,867	+4.1
Sales to directly managed stores	3,806	4,685	+23.1
Sales to franchise stores	44,105	45,182	+2.4
(Same store sales)	—	—	+0.6
Total operating revenue	35,305	37,049	+4.9
Cost of sales	22,238	23,515	+5.7
Adjusted OP before SG&A	13,066	13,534	+3.6
SG&A	5,955	6,499	+9.2
Operating profit	7,111	7,034	△1.1
Ordinary profit	7,264	7,189	△1.0
Net income	4,565	4,510	△1.2
EPS	55.94	55.27yen	

➤ Financial Results Highlights

● Sales at all chain stores

- Despite favorable weather conditions, sales fell short of plan targets as a result of changes in customer behavior after COVID-19 and dampened consumer sentiment due to the decline in real wages. (△1.2 points below plan)

● Total operating revenue

- Although sales at directly managed stores did not achieve plan targets, the growth rate was high (YoY +23.1%) thanks to an increase in the average number of stores during the quarter (+10).
- Product supply and sales to franchise stores: 22,230 million yen (YoY +3.1%)

● Cost of sales

- The average settlement rate rose significantly in association with the ongoing weakening of the yen, but profit related to overseas purchases maintained last year's levels through revision of prices, product change/elimination, etc.
 - Average settlement rate: 143.53 yen (Q1 for FY 3/24: 130.67 yen, increase of +12.86 yen)
 - Profit related to overseas purchases: 1,580 million yen (YoY △1.8%)
 - Direct overseas purchases: +7.3% (accounts for 55.4% of total purchases, YoY +3.5%)
- Loss on valuation of products: YoY +90 million yen

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

- Revenue from franchise stores: +183 million yen
- Gross profit from self-operated stores: +302 million yen
- Profit related to overseas purchases: △28 million yen

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



(Millions of yen)	FY 3/2024 Q1	SG&A ratio (%)	FY 3/2025 Q1	SG&A ratio (%)	Change	YoY (%)
Sales at all chain stores	47,911	—	49,867	—	—	+4.1
Labor cost	998	2.1	1,082	2.2	+84	+8.4
Selling cost	338	0.8	404	0.8	+21	+5.5
Traveling expenses	104	0.2	117	0.2	+13	+12.6
Freight cost	439	0.9	473	1.0	+34	+7.9
Rent	1,612	3.4	1,700	3.4	+88	+5.5
Supply expenses	212	0.4	197	0.4	△14	△6.9
Outsourcing expenses	934	2.0	1,114	2.2	+180	+19.3
Depreciation	640	1.3	712	1.4	+72	+11.3
Other	630	1.3	695	1.4	+65	+10.4
Total	5,955	12.4	6,499	13.0	+544	+9.2

*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: +29
- **Selling cost**
 - Sales promotion flyers +20 million yen
- **Traveling expenses**
 - Resumption of overseas business trips and in-person meetings after the end of the pandemic
- **Freight cost**
 - Revision of store deliveries (elimination of deliveries on store holidays) △20 million yen
 - +22 million yen because of the decrease in rebates due to the decrease in domestic purchases
- **Rent**
 - The average number of stores during the quarter +27, +50 million yen
 - External warehouses: +25 million yen
- **Supply expenses**
 - Store fixtures (new stores and S&B △9 stores, renovation △10 stores)
- **Outsourcing expenses**
 - SC stores operating cost: +90 million yen
 - Distribution center operating cost: +25 million yen
 - Decrease in rebates due to the decrease in domestic purchases: +16 million yen
 - Price tag replacement work: +25 million yen
- **Depreciation**
 - Acquisition costs increased due to expansion of owned property and store sites

Balance Sheet



(Millions of yen)	FY 3/2024 Q1	End of FY 3/2024	FY 3/2025 Q1	Change
Current assets	100,945	112,648	110,943	△1,704
Cash and deposits	64,598	68,187	70,691	+2,503
Accounts receivable - due from FCs	13,629	14,407	14,723	+315
Merchandise	17,642	25,270	17,474	△7,795
Other	5,075	4,782	8,054	+3,271
Non-current assets	34,308	35,714	35,580	△133
Property, plant and equipment	27,745	28,755	29,419	+663
Intangible assets	899	760	759	△1
Other investments	5,662	6,197	5,400	△796
Total assets	135,253	148,362	146,524	△1,838
Current liabilities	16,456	18,334	16,066	△2,268
Non-Current liabilities	4,431	4,599	4,646	+46
Total liabilities	20,888	22,934	20,712	△2,221
Total net assets	114,365	125,428	125,811	+382
Total liabilities and net assets	135,253	148,362	146,524	△1,838

➤ Factors of increase/decrease

●Cash and deposits

- Free cash flow: +7,985 million yen
- Payments of dividends: △5,451 million yen

●Accounts receivable - due from FCs

- Inventory per store increased due to increased carry-over of winter products

●Merchandise (factors for increase/decrease)

- Inventory decreased significantly since the end of March 2024 due to seasonal effects
- Although consumption of summer products was steady, there was only slight growth YoY due to increased inventories of winter products
- Goods in transit were down due to the rebound effect from the large increase last year during the same quarter

Factors	Changes FY 3/24	Changes FY 3/24 Q1
• Directly managed/SC stores	+34 million yen	+286 million yen
• Distribution centers	△2,580 million yen	+861 million yen
• Goods in transit	△5,234 million yen	△1,318 million yen

●Other (Current assets)

- Due to the ongoing weakening of the yen, a rise of 2,046 million yen under the impact of market-value evaluation of forward exchange contracts

●Rise in tangible fixed assets




- A total of 11 newly built stores—9 new stores and 2 S&B stores (of which 8 are company-owned stores)
- WORKMAN Plus renovation 31 stores

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

Store Openings

- Promote the expansion of areas for opening new #WORKMAN GIRL stores and the shift to business categories that meet local needs

1,020 stores at the end of June 2024 (up 9 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-Jun. 2024
			Roadside	SC※2					
	401	—	—	—	(△2)	(△31)	—	—	368
	552	3	3	—	2	31	—	—	588
	48	6	3	3	—	—	—	—	54
	10	—	—	—	—	—	—	—	10
Total ※1	1,011	9	6	3	2	31	—	—	1,020

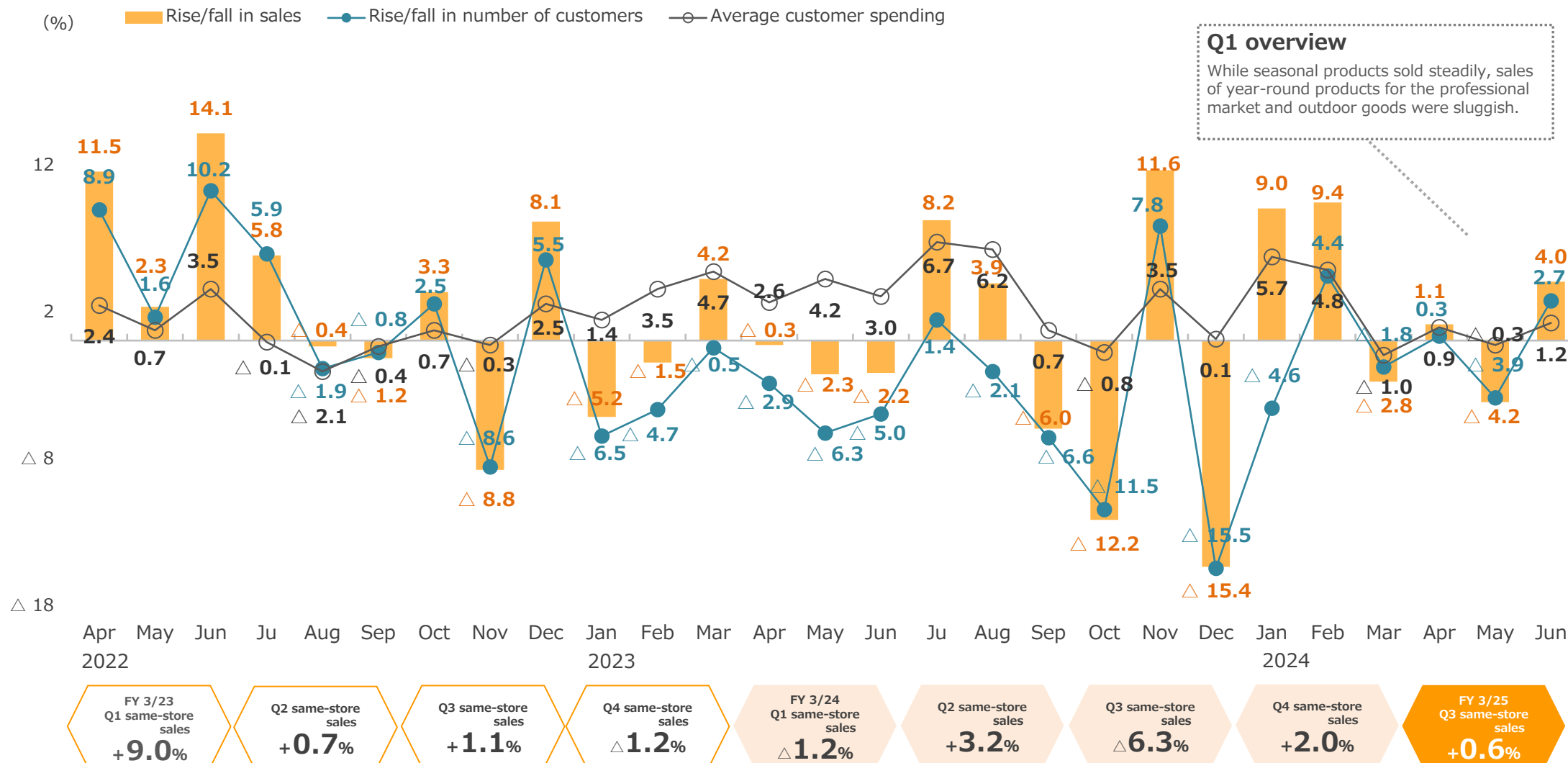
※1. The Total column shows the number of operating stores, with figures in parentheses excluded from the Total.

※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



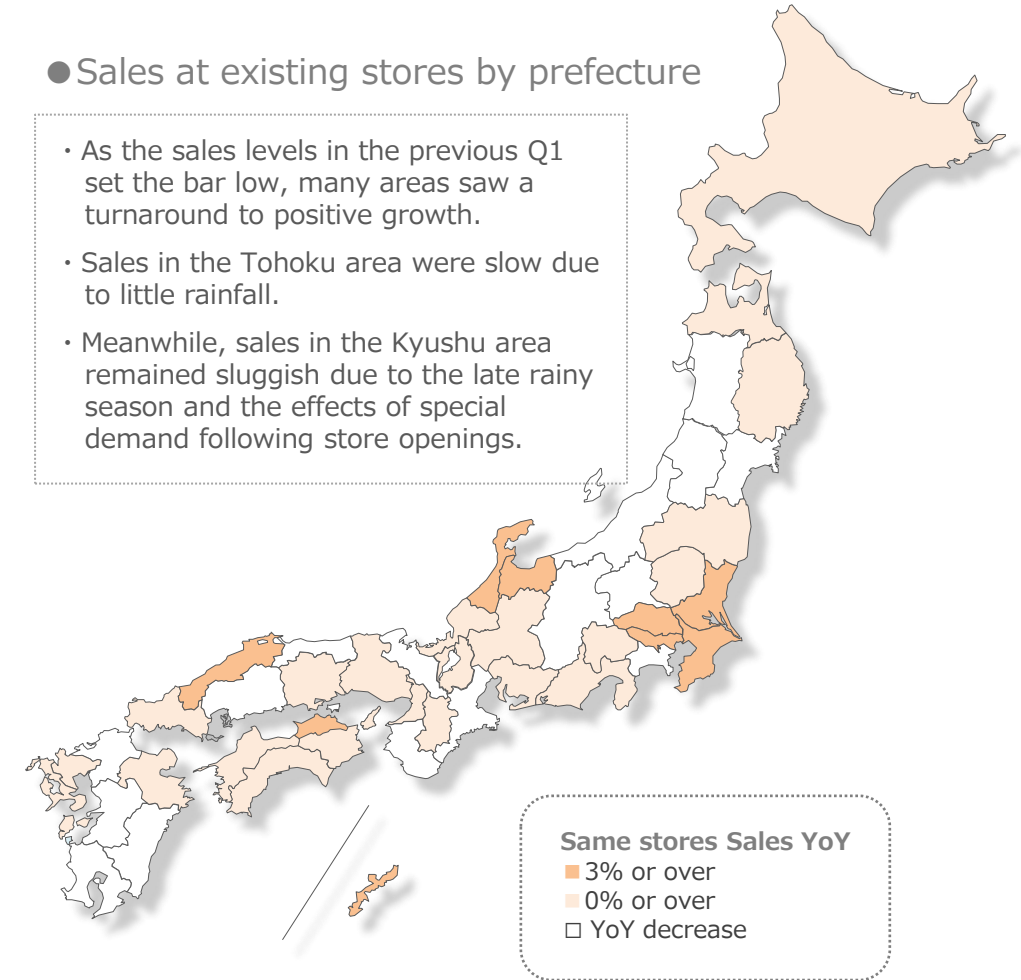
● Sales at All Chain Stores 49,867 Million Yen

	All chain stores	Existing stores
Net sales	+4.1%	+0.6%
Number of customers	+3.7%	△0.1%
Average number of customers per day	—	※182 (△0)
Average customer spending	3,023 yen (+0.4%)	3,031 yen (+0.7%)
Unit price per item	1,162 yen (△1 yen)	1,157 yen (△2 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

- As the sales levels in the previous Q1 set the bar low, many areas saw a turnaround to positive growth.
- Sales in the Tohoku area were slow due to little rainfall.
- Meanwhile, sales in the Kyushu area remained sluggish due to the late rainy season and the effects of special demand following store openings.

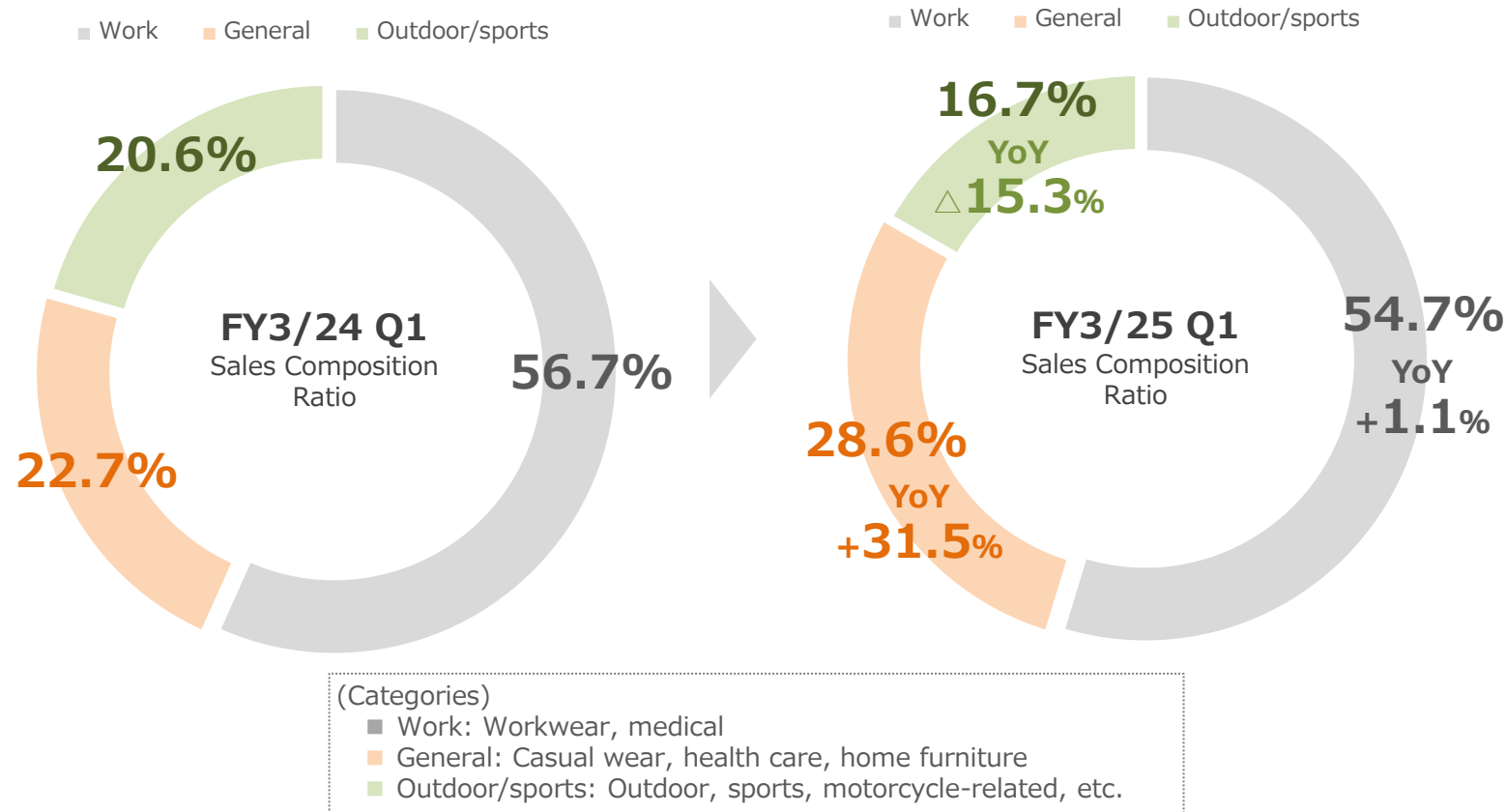


Status of Sales (Results by Product)

- Sales of products for the general market grew in line with the expansion of #WORKMAN GIRL store openings

- 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

- Sales of seasonal apparel (summer workwear, clothing with air-conditioning fans, t-shirts, etc.) were strong
- Sales of year-round workwear and gloves, shoes, and rainwear were sluggish

● General

- Sales were strong overall, including apparel, supplies, and shoes

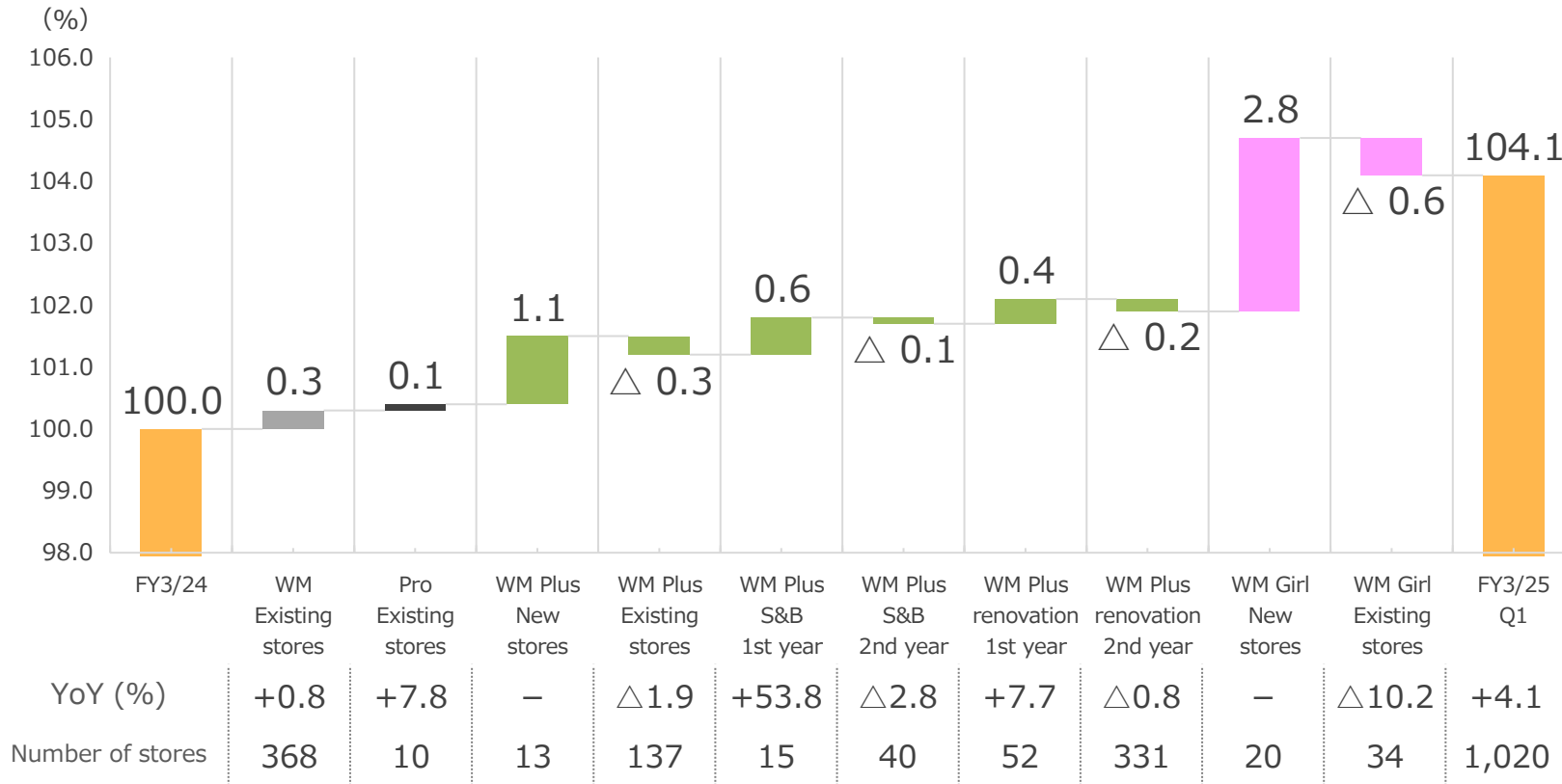
● Outdoor/sports

- Due in part to post-pandemic effects, sales were significantly lower than last year, mainly of camping gear
- The fact that development tends to focus more on products for the general market is also a factor

Sales by Business Category

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

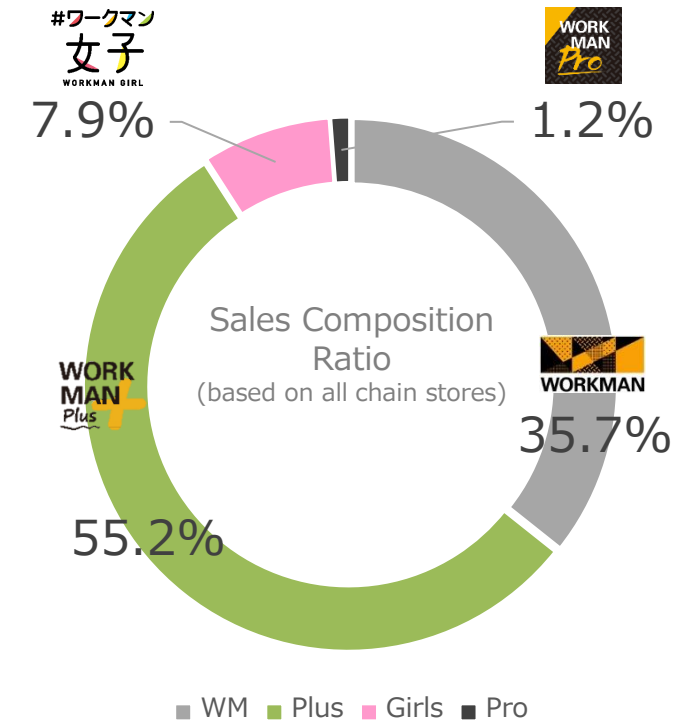
While new store openings, S&B, and renovations contribute to growth in sales, sales numbers decline starting from the second year.



※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)






- Summer products sold well in each category, with undergarments and casualwear driving sales results.

Category	FY 3/24 Q1		FY 3/25 Q1		Factors (YoY)
	Sales	YoY	Sales	YoY	
Undergarments • Socks Undergarments, socks, hats, towels, etc.	4,582	+6.1	5,225	+14.0	<ul style="list-style-type: none"> • Ladies' summer supplies (+374.6%) • Ladies' thermal undergarments (+52.5%) • Outdoor hats (+20.7%)
Casualwear • Sports Sportswear, polo shirts, etc.	7,835	+2.4	8,746	+11.6	<ul style="list-style-type: none"> • Short-sleeved T-shirts (+10.3%) • Compression wear (+12.5%) • Golf wear (+12.1%)
Workwear • Outdoor Workwear, outdoor wear, etc.	13,061	△1.9	13,440	+2.9	<ul style="list-style-type: none"> • Clothing with air-conditioning fan(s) (+7.9%) • Summer slacks (+9.0%) • Summer cargo pants (△3.8%)
Women's • Uniforms white smocks, office uniforms, etc.	4,096	+22.4	4,415	+7.8	<ul style="list-style-type: none"> • Summer women's outerwear (+68.0%) • Summer woman's tops (+108.2%) • Summer woman's bottoms (+19.8%)
Footgear Protective footwear, <i>tabi</i> stocks, high boots, kitchen shoes, etc.	7,550	+11.4	7,696	+1.9	<ul style="list-style-type: none"> • Athletic shoes (+9.5%) • Sandals (+15.5%) • Outdoor shoes (△16.4%)
Work supplies Work gloves, protective gear, rainwear, etc.	10,744	+0.7	10,261	△4.5	<ul style="list-style-type: none"> • Rain wear (△3.8%) • Outdoor gear (△34.3%) • Windbreaker (+14.9%)
Other	41	+203.7	80	+96.8	–
Total	47,911	+3.9	49,867	+4.1	

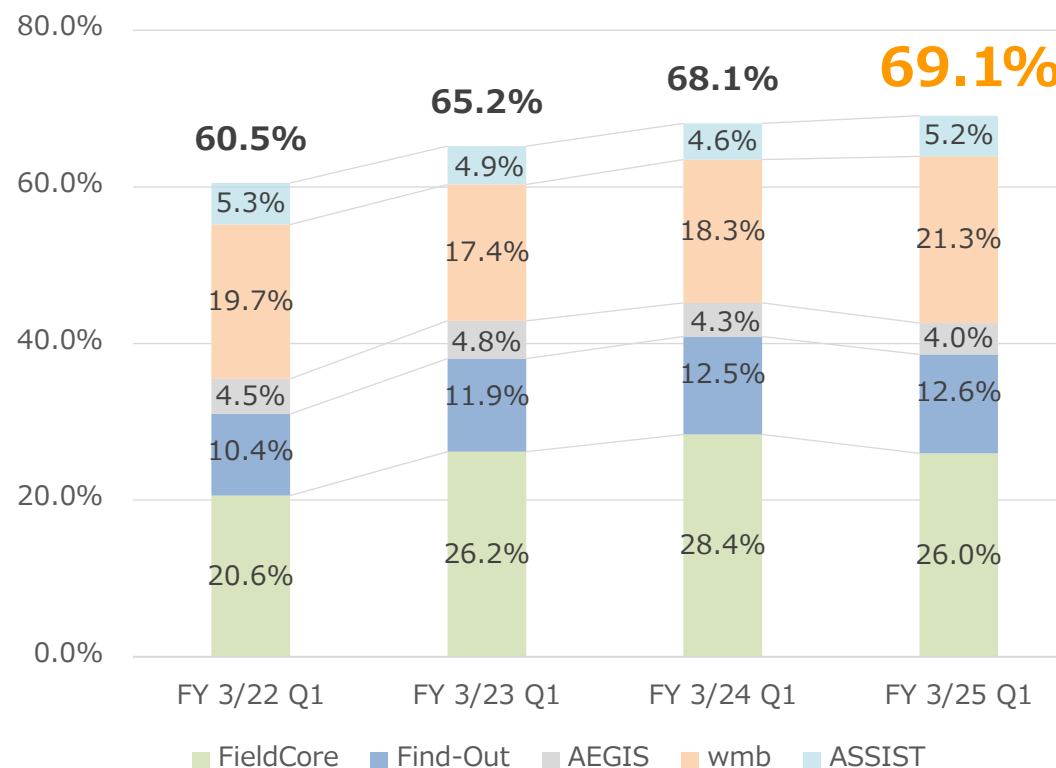
Status of Sales (Sales by Product and Factors)

● Sales of PB Products **34,401** Million Yen (Up 5.5% YoY)

● Sales results by brand

	(Millions of yen)	Number of items (the previous year)	Sales value (YoY)
 Work & Outdoor		529 (+19)	12,959 (△4.8)
 Work & Sports		242 (+21)	6,270 (+5.0)
 High-performance rainwear		35 (△2)	1,958 (△5.5)
 Work & Casual		575 (+158)	10,614 (+21.0)
 Work		88 (+14)	2,598 (+19.1)
Total for PB products		1,469 (+210)	34,401 (+5.5)

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



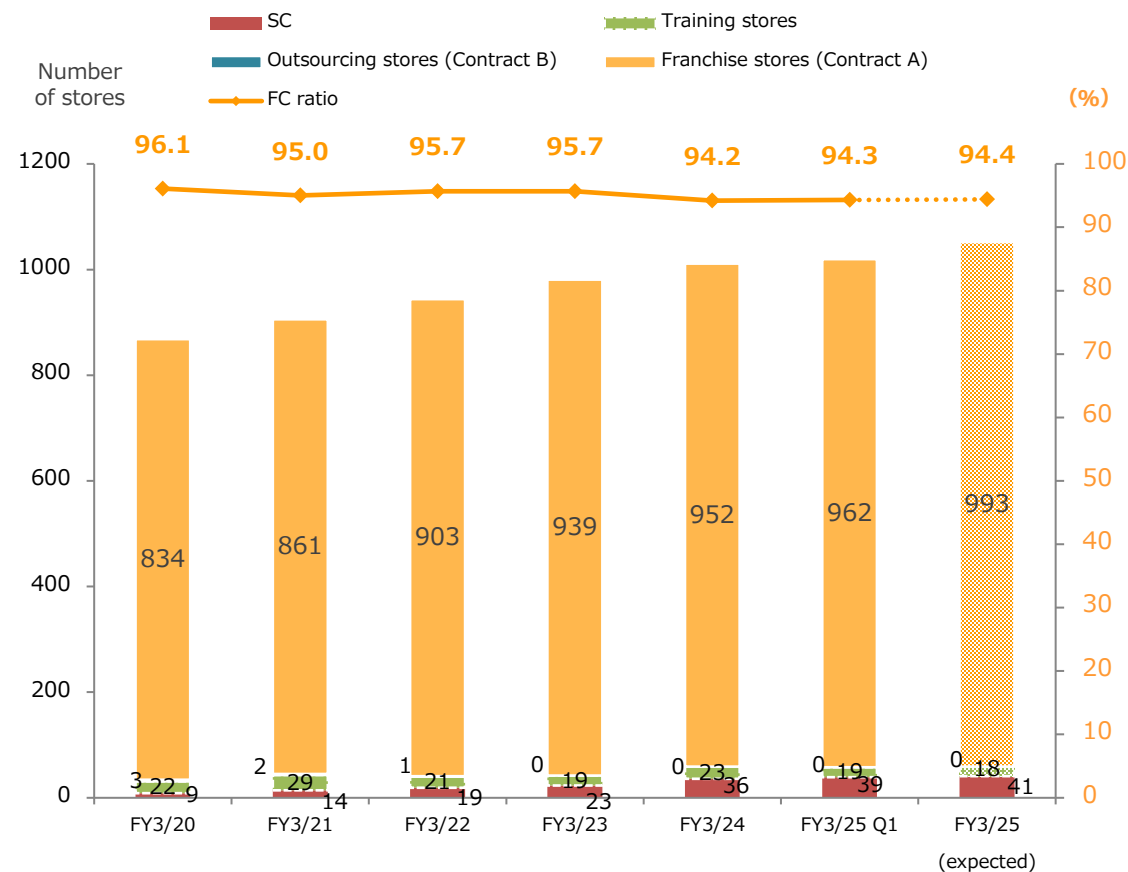
Format of Store Operations

- Ratio of Franchise Stores **94.3%** (Up 0.1 points YoY)

Format of Store Operations for FY 3/25 Q1

Format	End-March 2024	Up	Down	End-June 2024
Franchise stores	952	19	9	962
Outsourcing stores	—	—	—	—
Training stores	23	8	12	19
SC stores	36	3	—	39
Total	1,011	30	21	1,020

Number of Stores by Format of Operations

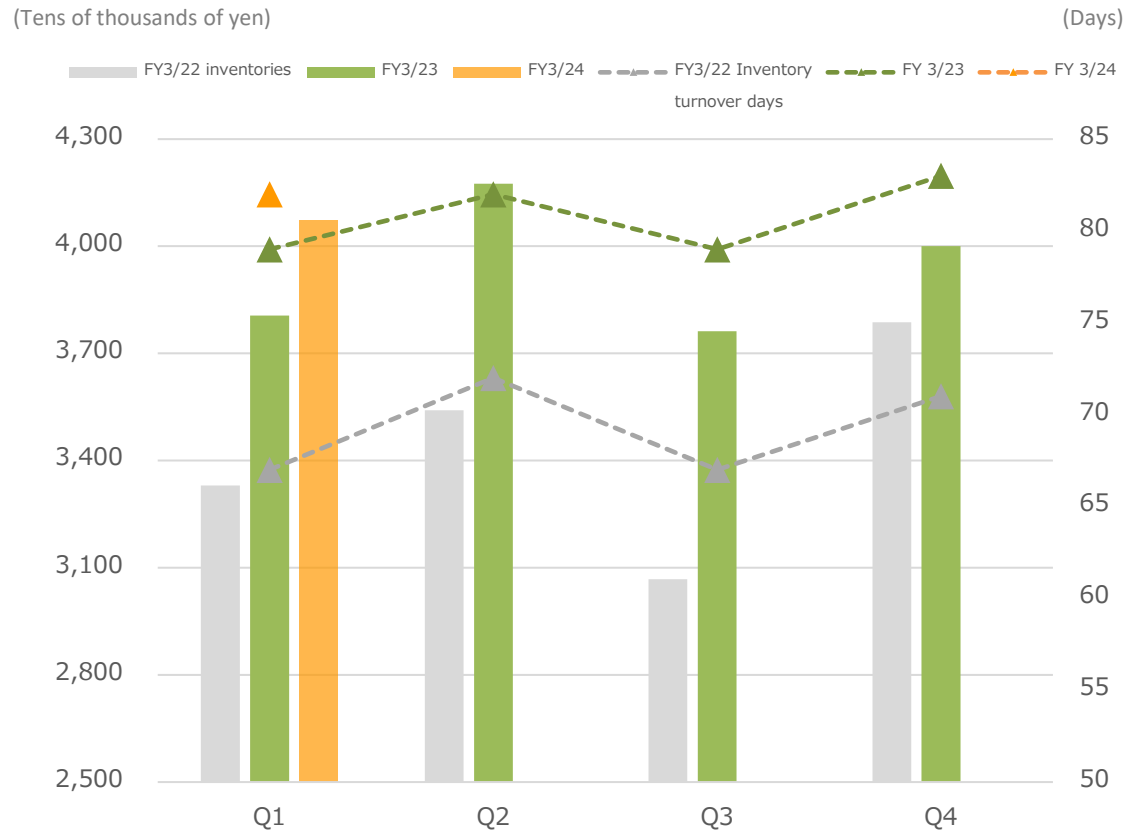


Inventories (Logistics Cost)

- Although inventories of winter products remain an issue, summer products are selling well and inventory optimization is progressing.

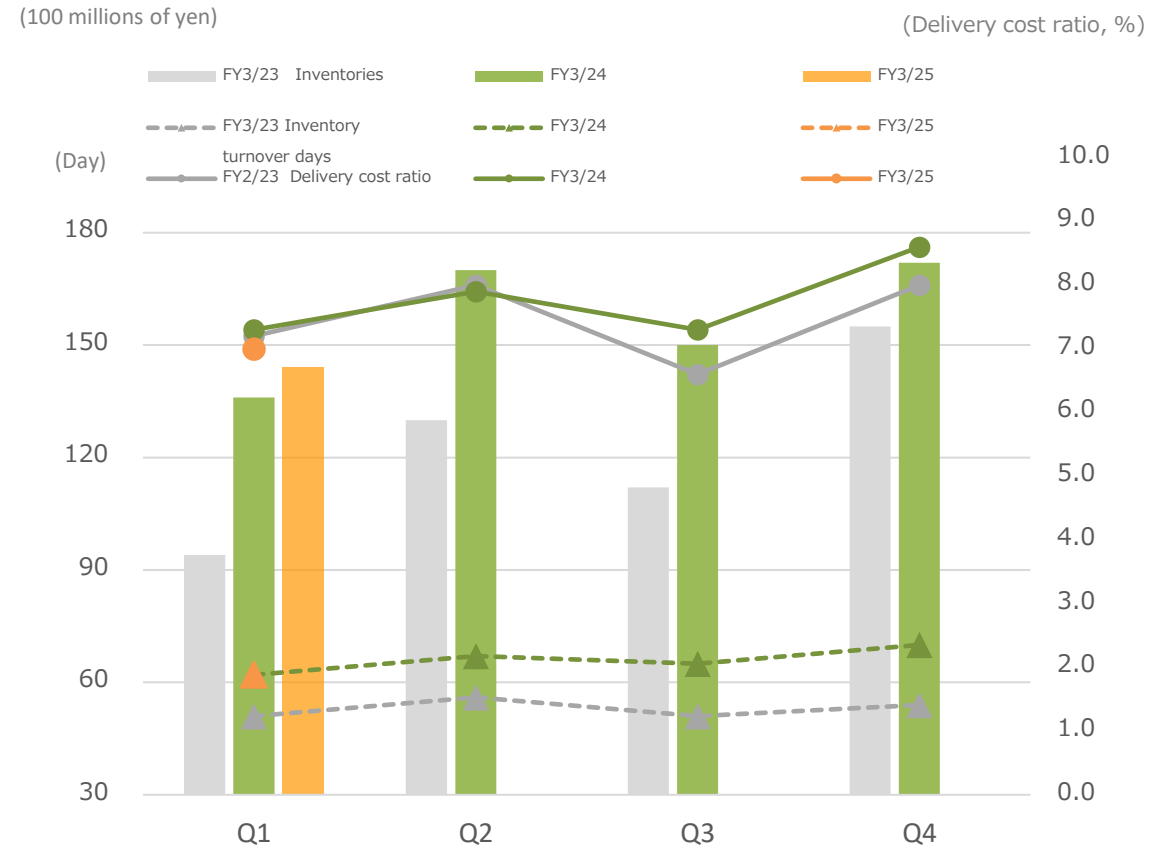
● Selling price inventories per store

- Store inventories, including summer products, are being optimized
- Hampered by the carry-over of winter products, inventory turnover days worsened



● DC inventories / delivery cost ratio

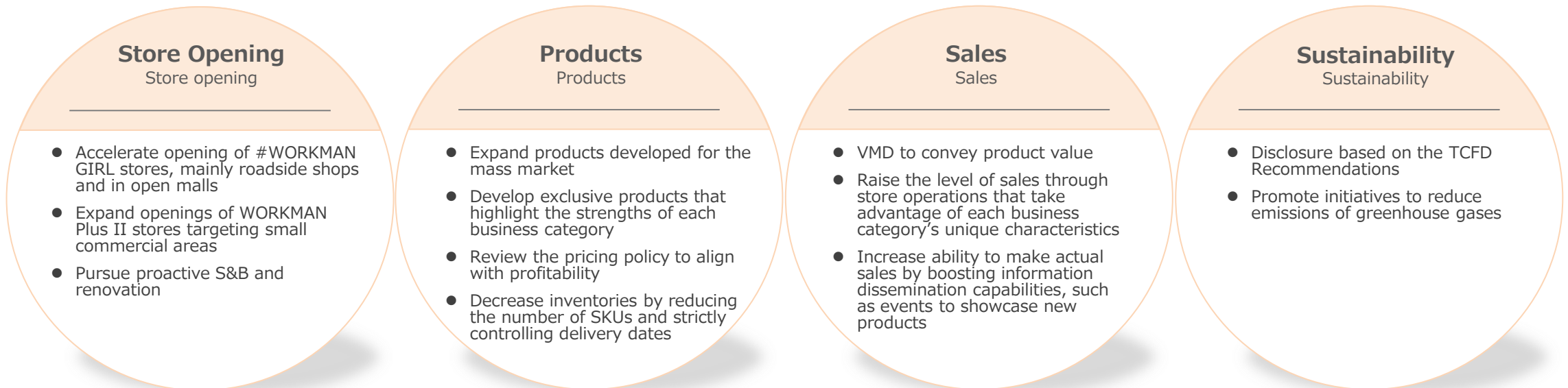
- Consumption of summer product inventories was steady and maintained the same rate as the previous year
- As winter products are the main cause of the increase in inventories, production adjustments will be made to optimize inventories



- 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.



Store Opening Plans

- Full-scale opening of #WORKMAN GIRL stores will begin in the second half of the fiscal year, aiming to establish a 400-store network.

(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
	48	32	25	7	—	—	—	—	80	400
	10	—	—	—	—	—	—	—	10	N/A
Total※1	1,011	47	40	7	13	71	—	△6	1,052	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 (for General Customers)

- Facilitate repeat customers by developing products for the mass market and enhancing the casualwear line

- Expand the undergarments lineup

Merino wool

Japanese paper x merino wool blend that is not itchy and is comfortable even in summer

1,500 yen



ICE CHARGE

As smooth as your own skin

780 yen



Seamless

Exceedingly gentle and comfortable on your skin

499 yen



Thin and breathable undergarments

Moisture-absorbing and cool to the touch

780 yen



- Undergarments, for both men and women, are selling well in all business categories
- Although the market environment is fiercely competitive, we will aim to expand our share by differentiating ourselves through function and price

- Enhance men's casualwear



outdoor 

- Strengthen development of men's products in response to input from customers
- Approach from two angles: fashion (everyday use) and athleisure (functional casualwear)
- Expand the product lineup in stages heading into spring and summer 2025

Product Development (for Professional Customers)

- Take on the challenge of creating value with comfortable work products
- Event to experience using Hata-“Raku” products



- Exhibit 87 high-functionality items for professionals
- Generate sales by providing an opportunity to experience the products' functionalities

■ Participants

- Business corporations 45 companies (28 new, 17 existing)
- Mass media 16 outlets
- Influencers 15 people

● Featured products



pickup !

Peltier vest PRO 19,800 yen

- The Peltier device that covers the largest area
- Improved cooling and thermal performance
- Verification testing performed under the supervision of Tohoku University Hospital



pickup !

Heat band (with alarm function) 1,900 yen

- Measures body temperature based on pulse wave data, informing the wearer when they are at risk of heatstroke



pickup !

Bb+Air support jacket 14,800 yen

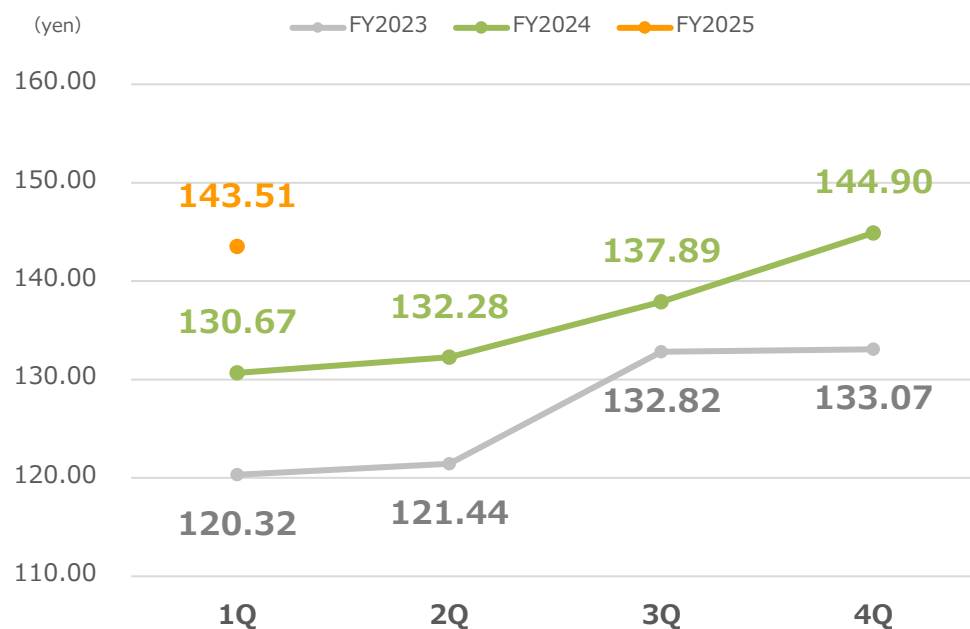
- Ergonomically designed assist suit
- Reduces muscle strain by up to 43%

Pricing Policy for the Fiscal Year Ending March 2025

- In light of the ongoing weakening of the yen, secure profitability by reviewing the prices of some products.

- Average settlement rate (accounting period)

- The depreciation of the yen caused the highest rate of increase recorded in a quarterly accounting period
- As maintaining prices for existing products is difficult in view of exchange rates, we will address the issue through product change/elimination or by raising prices



- Forward exchange contracts

Timeline	% locked in	Average rate
Q1	Approx. 90%	141.92 yen
Q2-Q4 contracts	Approx. 90%	Approx. 144.50 yen
Assumed spot rate	—	160.00 yen

Assumed rate: **145.50yen** (YoY +9.22yen)

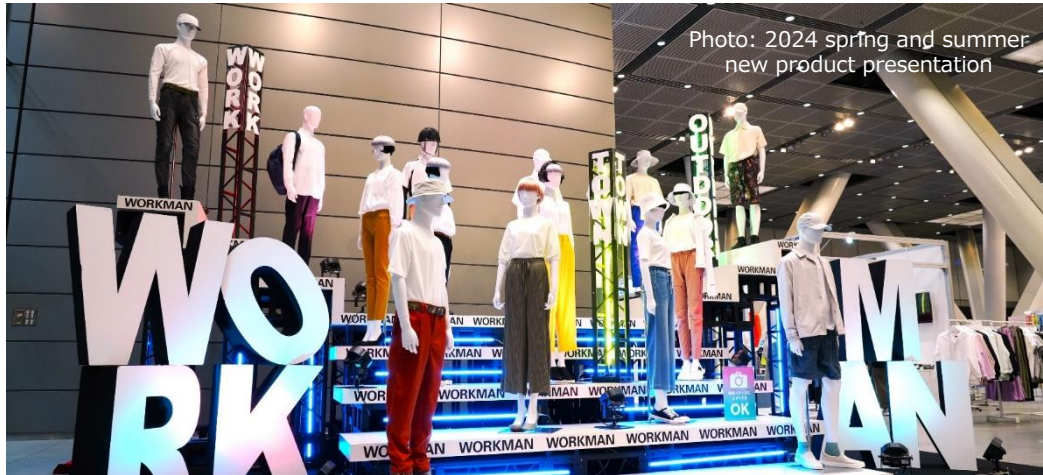
- FY 3/2025 pricing policy

- While maintaining our price advantage in the market, we will set a pricing policy that offsets the impact of the weak yen
- ⇒ This will mainly be conducted through product change/elimination, but prices will also be raised for certain products

Timing	Items covered	No. of items
Mid-June	Year-round products (mainly work-related)	27 items
Jul-Aug	Thermal products	17 items
Around Sep	Year-round products	15 items
Dec-Jan	2025 spring and summer products	Currently considering

● 2024 Autumn and Winter New Product Presentation Theme: “Functional Ratings, Start!”

● Overview



8.26 Mon for media and influencers

8.27 Tue for franchise stores

Place / Tokyo International Forum, Hall E

● Key points

①



- Visualize product characteristics by indicating the grade for each function
- Apparel companies boost their functional appeal
- Aiming to lead in functional clothing

② Rebranding: “Adult Casual” and “Workman Colors”

- Raise the recognition of casual wear for daily use and fashion as well as for outdoor purposes



Plans for the Fiscal Year Ending March 2025

- There is no change from the plan adopted at the start of the year. We aim to increase both revenue and profit for the full year.

Sales at all chain stores

183,980 Million yen YoY +5.0%

Total operating revenue

138,564 Million yen YoY +4.5%

Operating profit

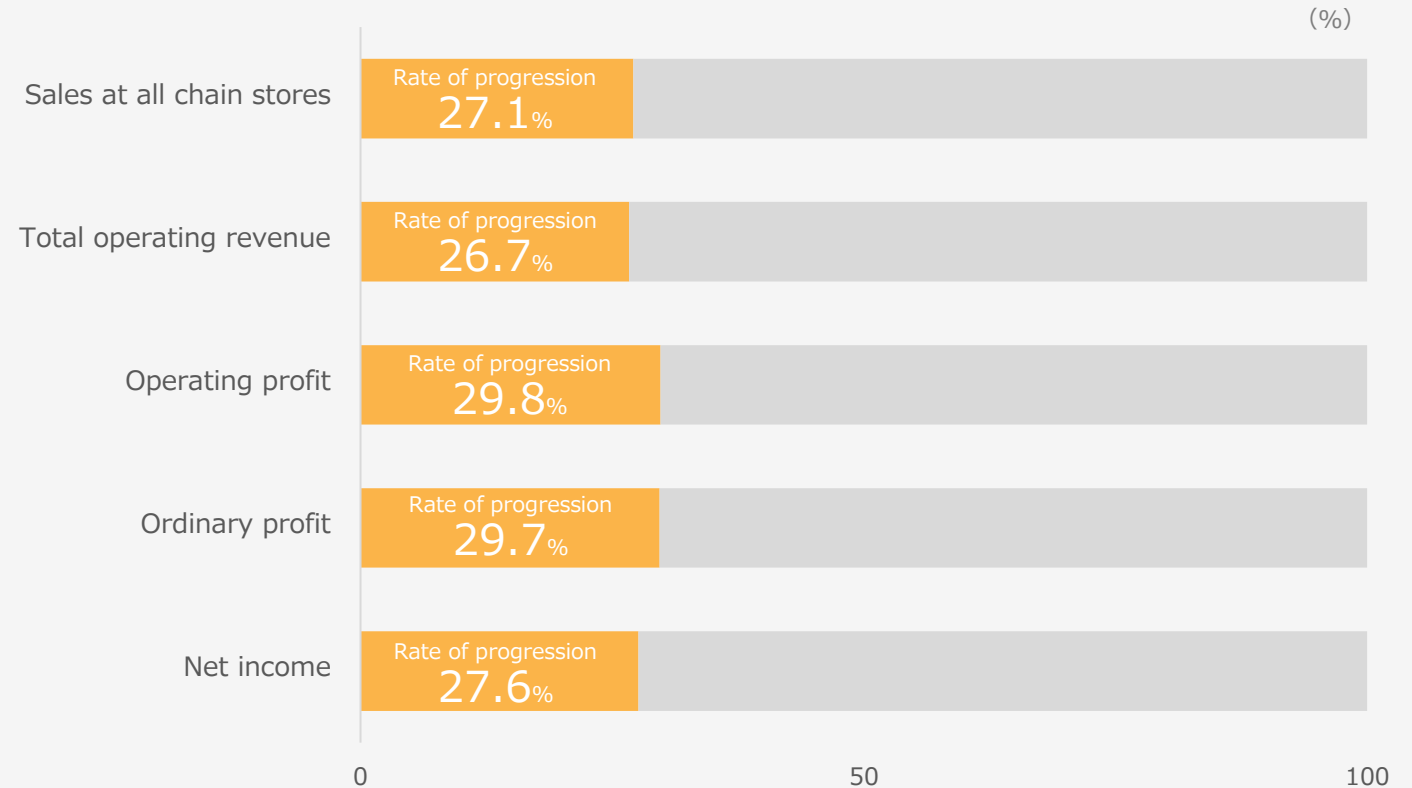
23,632 Million yen YoY +2.1%

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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