



(7564)

# WORKMAN CO., LTD.

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

November 5, 2024

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

# Cumulative Income Statement



(Millions of yen)	FY 3/2024 Q2	FY 3/2025 Q2	YoY (%)	FY 3/2025 Q2 Plans	Vs. Plans
<b>Sales at all chain stores</b>	86,498	<b>91,209</b>	<b>+5.4</b>	90,240	+1.1
Sales to directly managed stores	6,468	<b>8,024</b>	<b>+24.1</b>	8,139	△1.4
Sales to franchise stores	80,029	<b>83,184</b>	<b>+3.9</b>	82,100	+1.3
(Same store sales)	—	—	<b>+2.2</b>	+0.4	+1.8
<b>Total operating revenue</b>	65,580	<b>65,795</b>	<b>+0.3</b>	66,455	△1.0
Cost of sales	41,773	<b>41,022</b>	△ <b>1.8</b>	42,261	△2.9
Adjusted OP before SG&A	23,806	<b>24,773</b>	<b>+4.1</b>	24,194	+2.4
SG&A	11,815	<b>12,845</b>	<b>+8.7</b>	13,081	△1.8
<b>Operating profit</b>	11,991	<b>11,927</b>	△ <b>0.5</b>	11,113	+7.3
<b>Ordinary profit</b>	12,260	<b>12,179</b>	△ <b>0.7</b>	11,388	+6.9
<b>Net income</b>	7,605	<b>7,530</b>	△ <b>1.0</b>	7,064	+6.6
EPS	93.19 yen	<b>92.28 yen</b>		86.57 yen	

## ➤ Financial Results Highlights

### ● Sales at all chain stores

- Seasonal products sold briskly in the Q2 accounting period due to the impact of heat waves, and the cumulative results for the term have also exceeded the plan (+1.1 points above plan).

### ● Total operating revenue

- Sales at directly managed stores recorded a high growth rate (+24.1% YoY) thanks to an increase in the average number of stores during the quarter (+10 stores).
- Product supply and sales at franchise stores decreased to 39,150 million yen (△4.9% YoY).  
The introduction of autumn/winter products was postponed to the actual sales period.

### ● Cost of sales

- The profit margin related to overseas purchases maintained last year's levels through revision of prices and product change/elimination, etc., which mitigated the adverse effects of the weakening yen and lower transaction volume.
  - ① Average settlement rate: 143.11 yen (Q2 for FY 3/24: 131.57 yen, increase of +11.54 yen)
  - ② Profit related to overseas purchases: 3,059 million yen (YoY △6.2%)
  - ③ Direct overseas purchases: +8.1% (accounts for 58.5% of total purchases)
- Loss on valuation of products: YoY +288 million yen

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

- Revenue from franchise stores: +643 million yen
- Gross profit from self-operated stores: +528 million yen
- Profit related to overseas purchases: △202 million yen

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



(Millions of yen)	FY 3/2024 Q2	SG&A ratio (%)	FY 3/2025 Q2	SG&A ratio (%)	Change	YoY (%)
<b>Sales at all chain stores</b>	<b>86,498</b>	–	<b>91,209</b>	–	–	<b>+5.4</b>
Labor cost	1,972	2.3	<b>2,156</b>	2.4	+184	+9.3
Selling cost	682	0.8	<b>666</b>	0.7	△15	△2.3
Traveling expenses	205	0.2	<b>224</b>	0.2	+19	+9.4
Freight cost	917	1.1	<b>974</b>	1.1	+57	+6.2
Rent	3,260	3.8	<b>3,452</b>	3.8	+192	+5.9
Supply expenses	421	0.5	<b>464</b>	0.5	+43	+10.2
Outsourcing expenses	1,796	2.1	<b>2,127</b>	2.3	+330	+18.4
Depreciation	1,314	1.5	<b>1,434</b>	1.6	+119	+9.1
Other	1,245	1.4	<b>1,345</b>	1.5	+100	+8.0
<b>Total</b>	<b>11,815</b>	<b>13.7</b>	<b>12,845</b>	<b>14.1</b>	<b>+1,030</b>	<b>+8.7</b>

\*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: +30
- **Selling cost**
  - Flyers: △24 million yen, plastic shopping bags: △17 million yen, physical exhibitions: +23 million yen.
- **Freight cost**
  - Decrease in rebates due to the decrease in domestic purchases: +49 million yen
- **Rent**
  - The average number of stores during the quarter +25, +99 million yen
  - External warehouses: +58 million yen
- **Supply expenses**
  - Decrease in rebates due to the decrease in domestic purchases: +29 million yen
- **Outsourcing expenses**
  - SC stores operating cost: +144 million yen
  - Increase in unit cost for outsourced stocktaking: +43 million yen
  - Decrease in rebates due to the decrease in domestic purchases: +39 million yen
  - Price tag replacement work: +25 million yen
- **Depreciation**
  - Acquisition costs increased due to expansion of owned property and store sites
- **Other**
  - Increase in electricity use due to heat waves: +44 million yen
  - SC stores administrative fees, credit card charges: +33 million yen

# Balance Sheet



(Millions of yen)	FY 3/2024 Q2	End of FY 3/2024	FY 3/2025 Q2	Change
<b>Current assets</b>	95,869	101,390	<b>114,690</b>	<b>+2,042</b>
Cash and deposits	64,492	62,640	<b>76,698</b>	<b>+8,510</b>
Accounts receivable - due from FCs	10,977	13,459	<b>11,263</b>	<b>△3,143</b>
Merchandise	16,774	21,911	<b>23,889</b>	<b>△1,380</b>
Other	3,624	3,379	<b>2,839</b>	<b>△1,943</b>
<b>Non-current assets</b>	31,754	34,355	<b>38,334</b>	<b>+2,619</b>
Property, plant and equipment	25,180	27,149	<b>30,171</b>	<b>+1,415</b>
Intangible assets	780	884	<b>757</b>	<b>△3</b>
Other investments	5,794	6,322	<b>7,405</b>	<b>+1,207</b>
<b>Total assets</b>	127,624	135,746	<b>153,025</b>	<b>+4,662</b>
<b>Current liabilities</b>	17,854	17,172	<b>23,607</b>	<b>+5,272</b>
<b>Non-Current liabilities</b>	3,679	4,337	<b>4,652</b>	<b>+52</b>
<b>Total liabilities</b>	21,533	21,510	<b>28,259</b>	<b>+5,325</b>
<b>Total net assets</b>	106,090	114,236	<b>124,765</b>	<b>△663</b>
<b>Total liabilities and net assets</b>	127,624	135,746	<b>153,025</b>	<b>+4,662</b>

## ➤ Factors of increase/decrease

### ● Cash and deposits

- Free cash flow: +14,118 million yen
- Payments of dividends: △5,547 million yen

### ● Accounts receivable - due from FCs

- Inventory per store decreased due to autumn/winter inventory adjustments.

### ● Merchandise (factors for increase/decrease)

- Progress is being made with overall optimization of inventory through production adjustments for autumn/winter products, in addition to steady sales of spring/summer products.

Factors	Changes FY 3/24	Changes FY 3/24 Q2
• Directly managed/SC stores	+47 million yen	+84 million yen
• Distribution centers	△1,776 million yen	△1,847 million yen
• Goods in transit	+345 million yen	△624 million yen

### ● Other (Current assets)

- As the yen continued to weaken through the end of Q2, there was a 2,380 million yen rise in forward exchange contracts.

### ● Rise in tangible fixed assets






- A total of 19 newly built stores—13 new stores and 6 S&B stores (of which 15 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 Second Quarter of the Fiscal Year Ending March 31, 2025

# Store Openings

- Progress is on track according to the plan adopted at the start of the year. Stand-alone #WORKMAN GIRL roadside stores opened.

**1,021** stores at the end of September 2024 (up 10 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	—	—	—	(△6)	(△31)	1	2	363
	552	4	4	—	6	31	△1	1	591
 	48	9	5	4	—	—	—	—	57
	10	—	—	—	—	—	—	—	10
Total ※1	1,011	13	9	4	6	31	—	3	1,021

※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

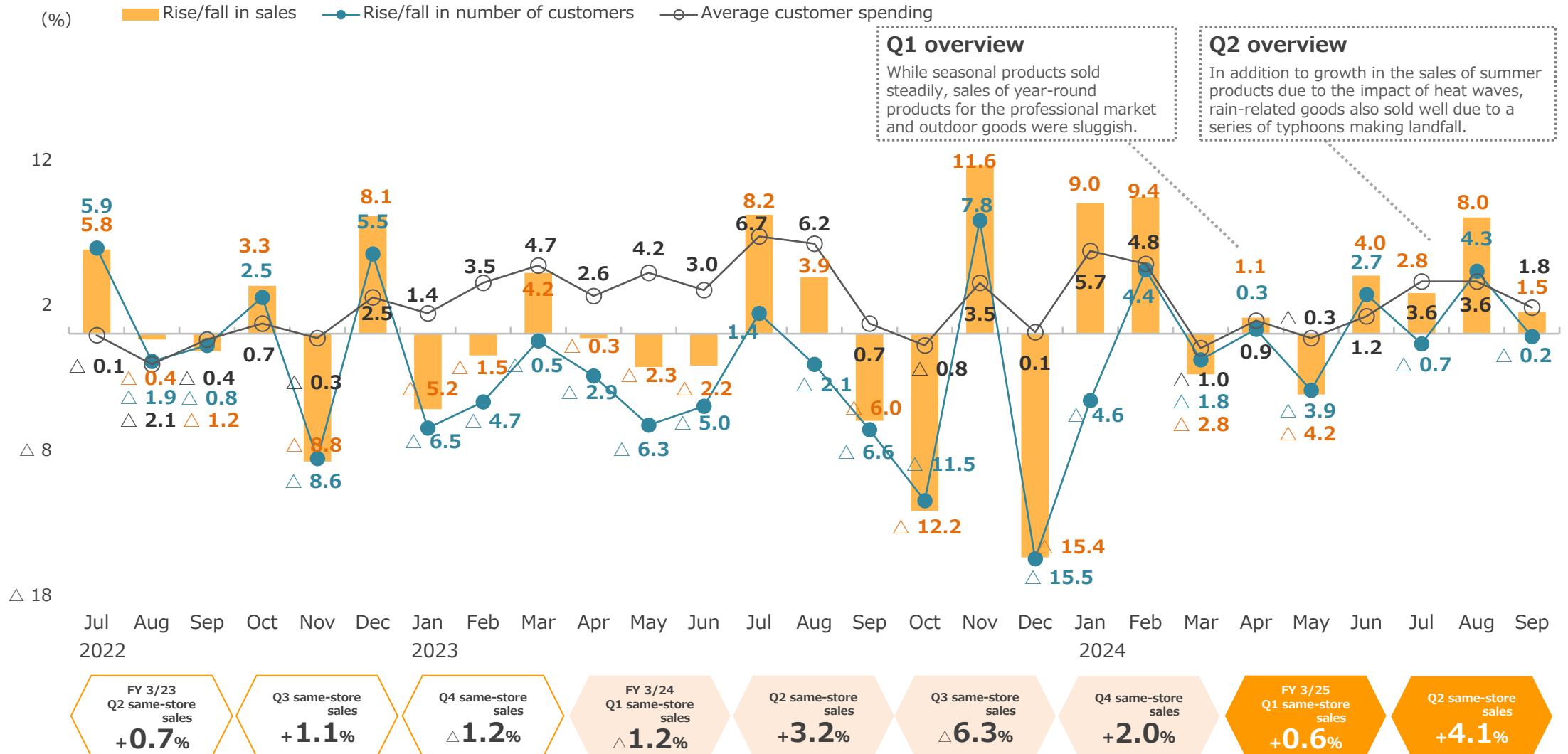
※3. This column shows the number of stores that operated as WORKMAN Plus in the past but became subject to S&B or were renovated during the period under review.



# Monthly Trends and Factors



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



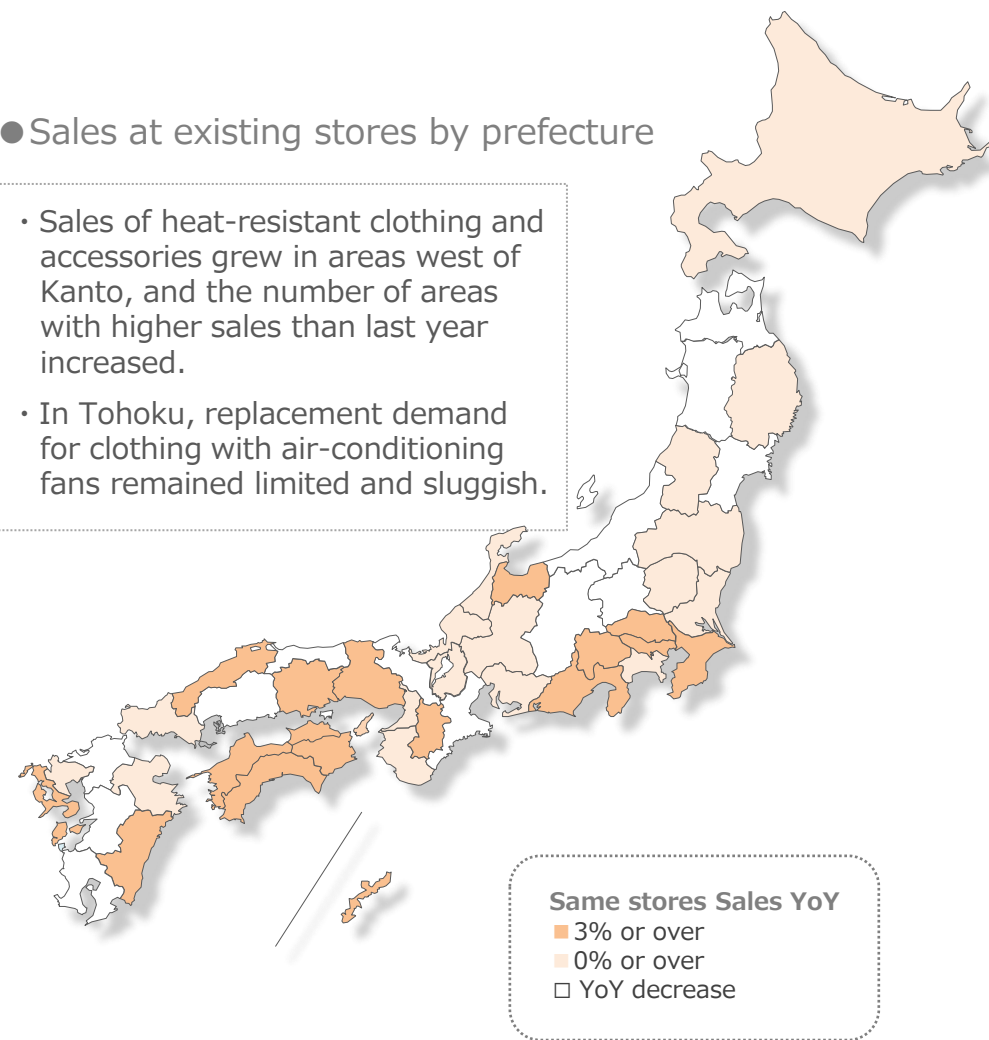
## ● Sales at All Chain Stores **91,209** Million Yen

	All chain stores	Existing stores
Net sales	+5.4%	+2.2%
Number of customers	+3.9%	△0.4%
Average number of customers per day	—	※171 (+3)
Average customer spending	2,982 yen (+1.5%)	2,991 yen (+1.8%)
Unit price per item	1,183 yen (+1.8%)	1,182 yen (+1.6%)
Number of items purchased	2.5 items (△0.4%)	2.5 items (+0.1%)

※ 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

- Sales of heat-resistant clothing and accessories grew in areas west of Kanto, and the number of areas with higher sales than last year increased.
- In Tohoku, replacement demand for clothing with air-conditioning fans remained limited and sluggish.

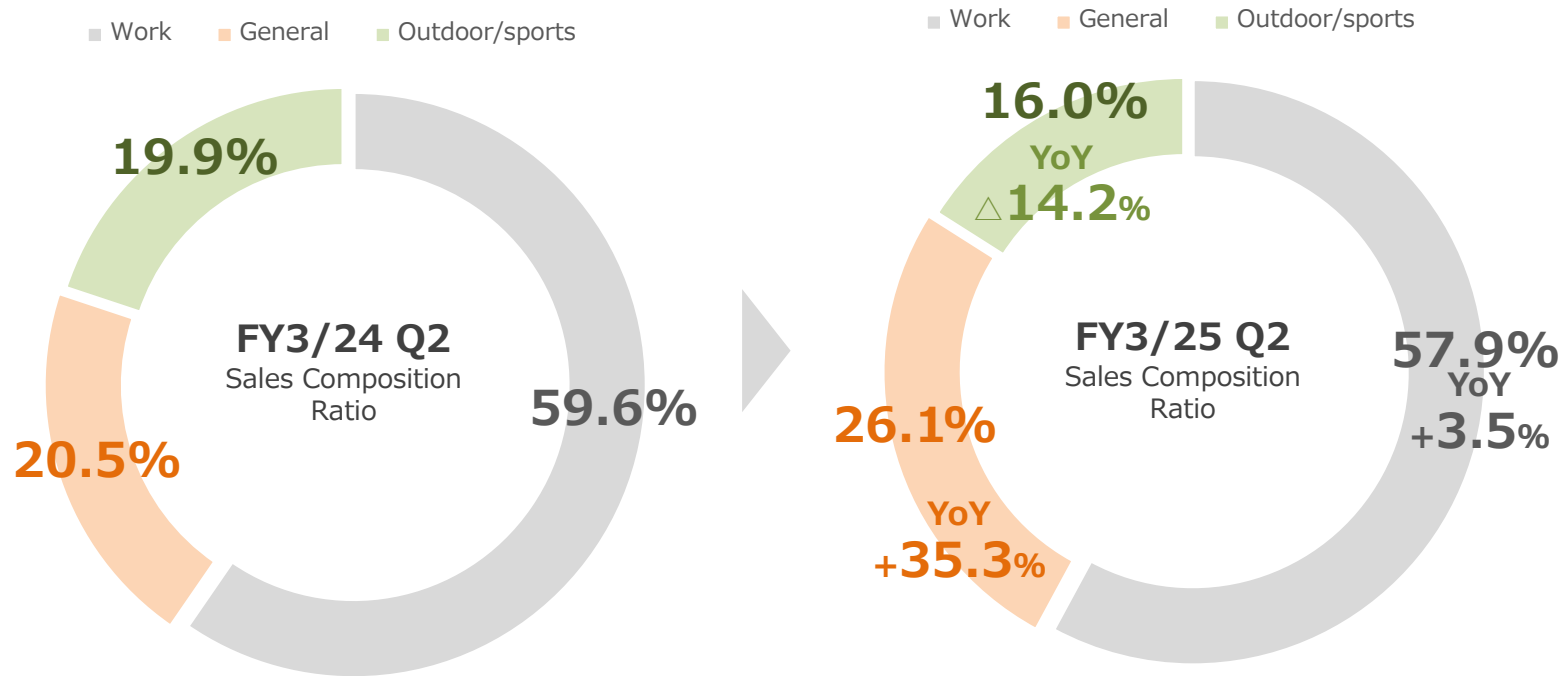


# Status of Sales (Results by Product)

- Products for the general market drove sales, while workwear remained steady, benefiting from the high temperatures.

- 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.



(Categories)  
 ■ Work: Workwear, medical  
 ■ General: Casual wear, health care, home furniture  
 ■ Outdoor/sports: Outdoor, sports, motorcycle-related, etc.

## topics

### ● Work

- Changes in the preferences of tradesmen are being seen, with items like clothing with air-conditioning fans, compression wear, and t-shirts driving sales. On the other hand, sales of summer workwear such as long-sleeved shirts 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, including apparel, supplies, and shoes, with particularly high growth in men's casualwear.

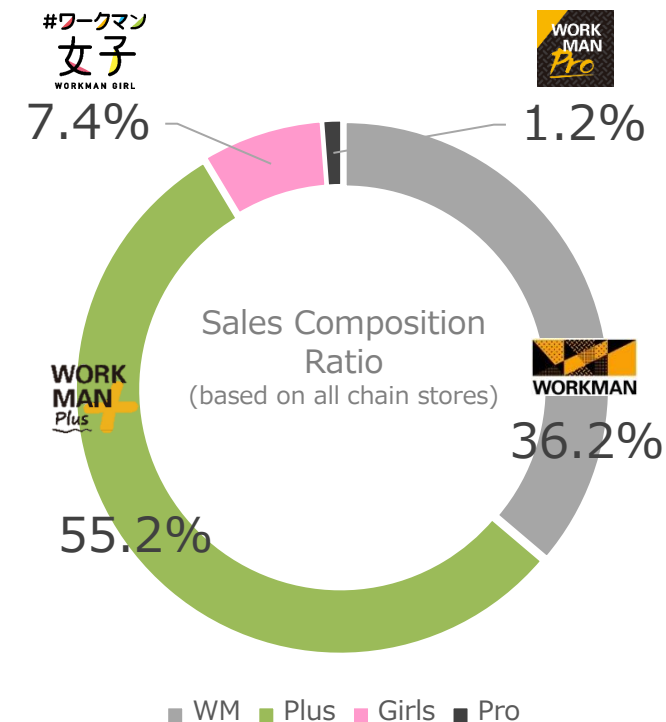
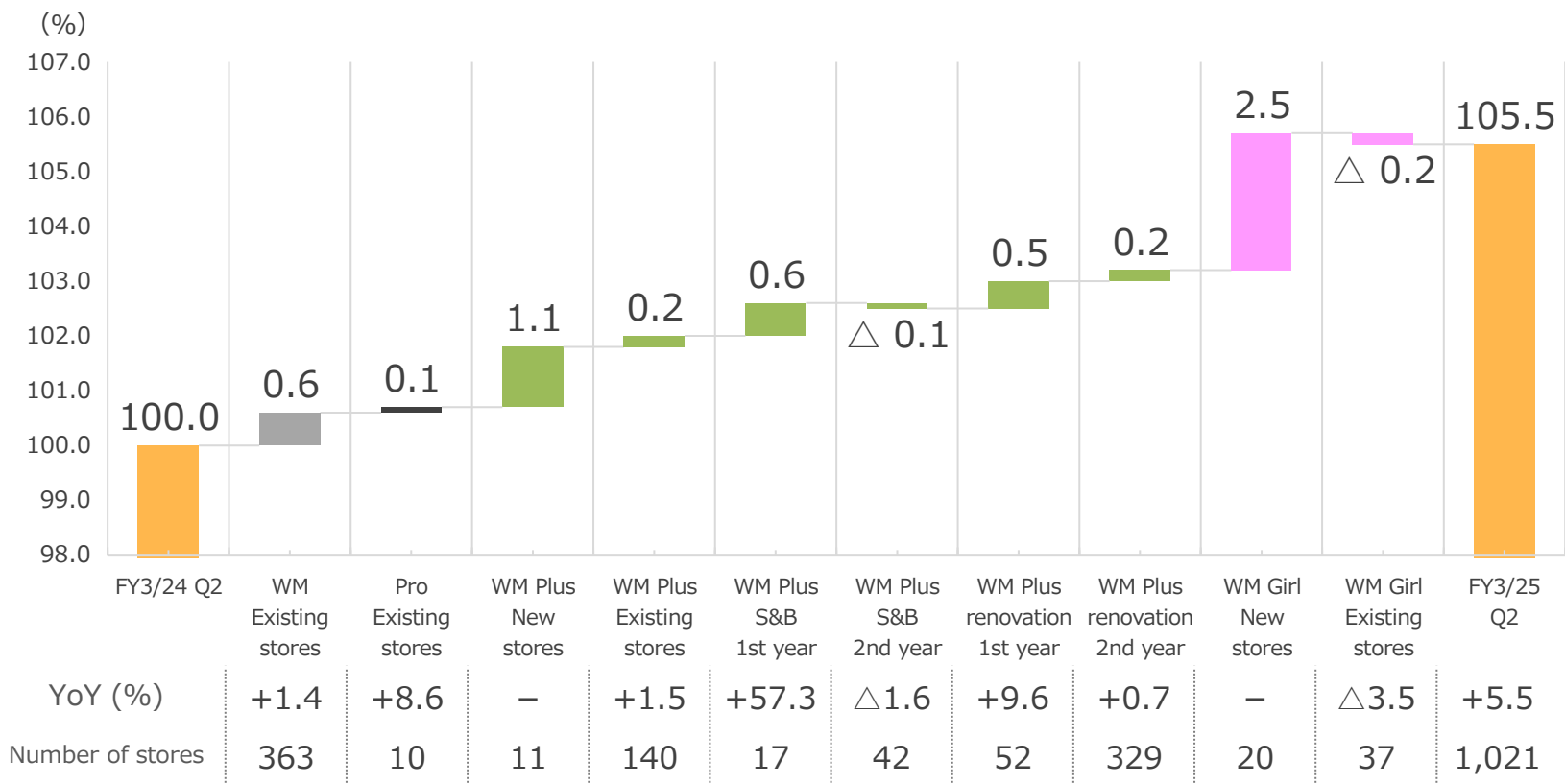
### ● Outdoor/sports

- Continuing from Q1, sales failed to reach last year's levels, particularly for camping gear.
- Trekking products, which have been showcased in promotional corners since September, performed well.

# Sales by Business Category

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

Sales at existing stores are driving growth exceeding the plan.



※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)

- Products related to extreme hot weather drove sales. Both men's and women's casualwear performed well.






Category	FY 3/2024 Q2		FY 3/2025 Q2		Factors (YoY)
	Sales	YoY	Sales	YoY	
<b>Undergarments · Socks</b> Undergarments, socks, hats, towels, etc.	8,706	+11.3	<b>9,628</b>	<b>+10.6</b>	<ul style="list-style-type: none"> <li>• Summer supplies (+14.4%)</li> <li>• Ladies' summer supplies (+48.9%)</li> <li>• Ladies' thermal undergarments (+378.0%)</li> </ul>
<b>Casualwear · Sports</b> Sportswear, polo shirts, etc.	12,981	+3.0	<b>14,496</b>	<b>+11.7</b>	<ul style="list-style-type: none"> <li>• Short-sleeved T-shirts (+14.6%)</li> <li>• Compression wear (+24.4%)</li> <li>• Summer pants (+26.3%)</li> </ul>
<b>Workwear · Outdoor</b> Workwear, outdoor wear, etc.	26,030	+6.2	<b>27,073</b>	<b>+4.0</b>	<ul style="list-style-type: none"> <li>• Clothing with air-conditioning fan(s) (+14.9%)</li> <li>• Summer slacks (+14.4%)</li> <li>• Summer long-sleeved shirts (△13.4%)</li> </ul>
<b>Women's · Uniforms</b> White smocks, office uniforms, etc.	6,119	+15.8	<b>7,185</b>	<b>+17.4</b>	<ul style="list-style-type: none"> <li>• Ladies' Rain wear (+14.4%)</li> <li>• Summer woman's tops (+45.6%)</li> <li>• Summer woman's bottoms (+20.7%)</li> </ul>
<b>Footgear</b> Protective footwear, <i>tabi</i> stocks, high boots, kitchen shoes, etc.	13,651	+8.9	<b>14,240</b>	<b>+4.3</b>	<ul style="list-style-type: none"> <li>• Athle shoes (+15.5%)</li> <li>• Sandals (+16.3%)</li> <li>• Outdoor shoes (△5.5%)</li> </ul>
<b>Work supplies</b> Work gloves, protective gear, rainwear, etc.	18,874	△1.3	<b>18,486</b>	△2.1	<ul style="list-style-type: none"> <li>• Bag (△16.5%)</li> <li>• Outdoor gear (△38.2%)</li> <li>• Windbreaker (+11.3%)</li> </ul>
<b>Other</b>	135	+221.5	<b>98</b>	△27.4	–
<b>Total</b>	<b>86,498</b>	<b>+5.6</b>	<b>91,209</b>	<b>+5.4</b>	

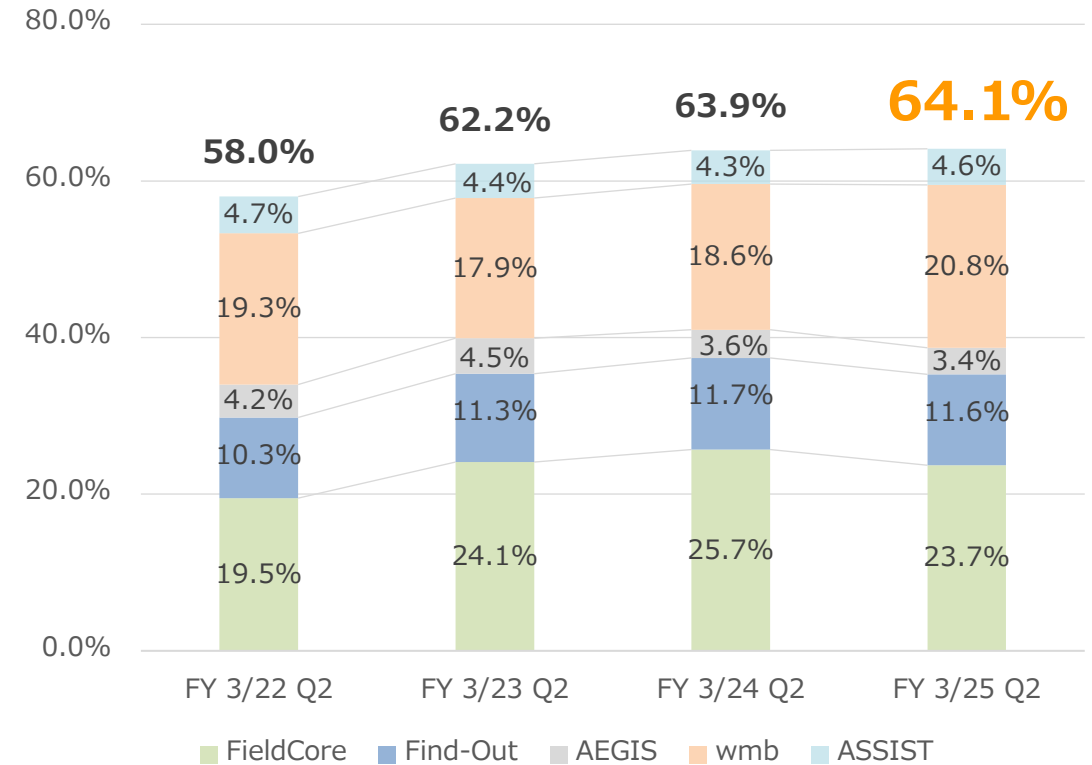
# Status of Sales (Sales by Product and Factors)

● Sales of PB Products **58,442** Million Yen (Up 5.9% 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		699 (△64)	21,639 (△2.6)
 Work & Sports		301 (△7)	10,540 (+4.3)
 High-performance rainwear		42 (△11)	3,112 (+0.8)
 Work & Casual		726 (+181)	18,939 (+17.9)
 Work		123 (+17)	4,209 (+13.4)
<b>Total for PB products</b>		<b>1,891 (+116)</b>	<b>58,442 (+5.9)</b>



# Format of Store Operations

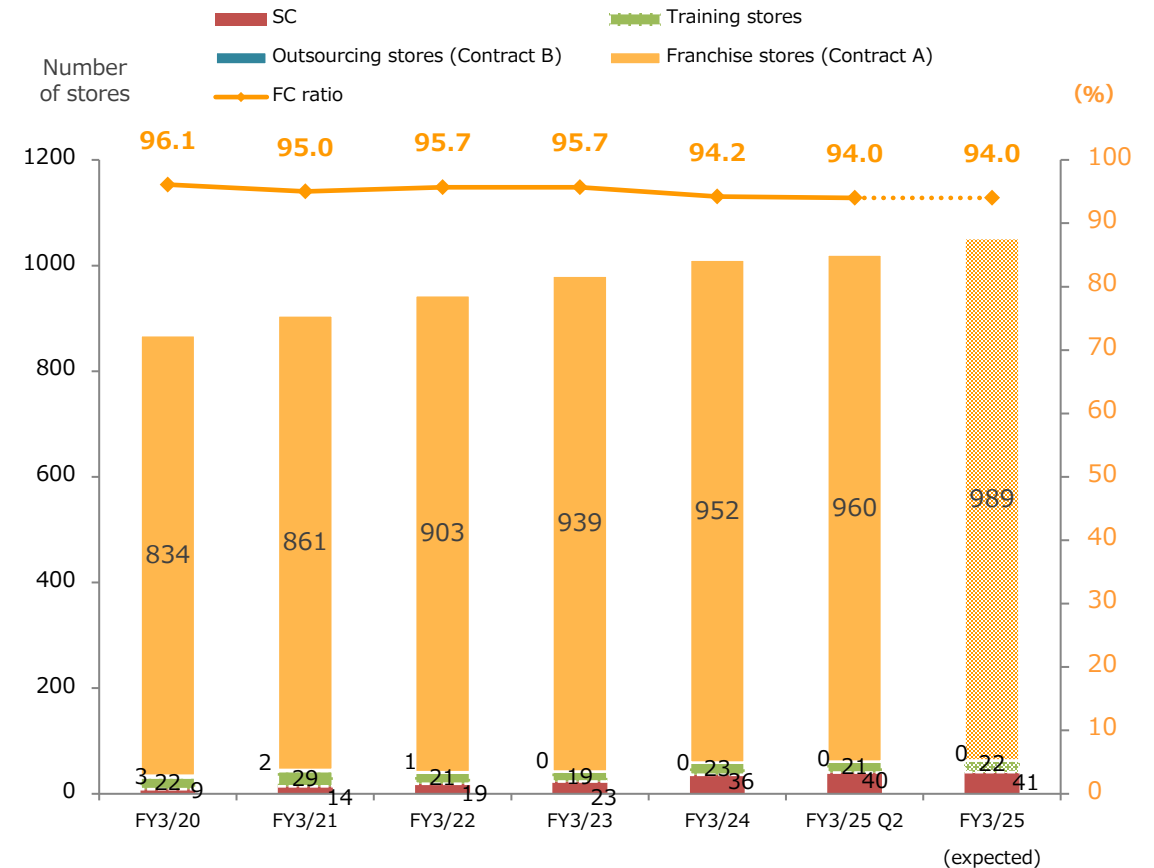


● Ratio of Franchise Stores **94.0%** (Down 0.2 points YoY)

● Format of Store Operations for FY 3/25 Q2

Format	End-March 2024	Up	Down	End-Sep. 2024
Franchise stores	952	26	18	960
Outsourcing stores	—	—	—	—
Training stores	23	13	15	21
SC stores	36	4	—	40
<b>Total</b>	<b>1,011</b>	<b>43</b>	<b>33</b>	<b>1,021</b>

● Number of Stores by Format of Operations

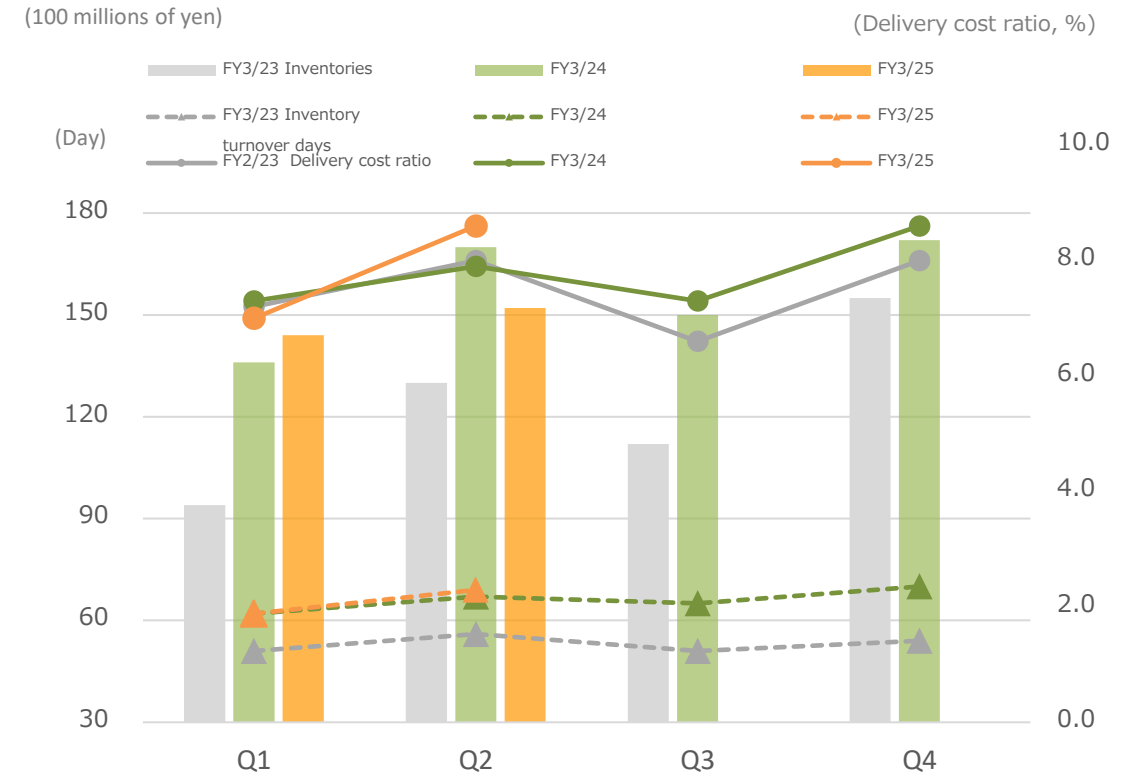


# Inventories (Logistics Cost)

- Overall inventory optimization is progressing, but selling autumn/winter products carried over from last year is a challenge.
- Selling price inventories per store
  - In order to adjust inventories, in addition to steady sales of summer products, the introduction of autumn/winter products will be postponed to coincide with the actual sales period.

## ● DC inventories / delivery cost ratio

- Consumption of summer products was steady, and production of autumn/winter products will be curbed through adjustments.
- Turnover days worsened as product shipments decreased in line with adjustment of store inventory.
- Rebates, which are offset by SG&A expenses, are decreasing, and the delivery cost ratio is rising.

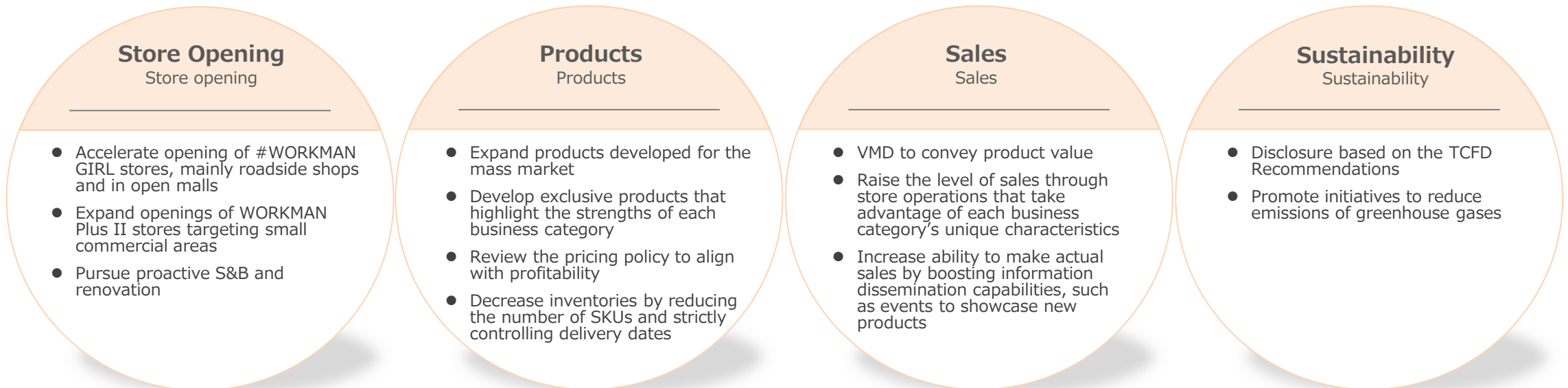




- Plans for the Fiscal Year Ending March 31, 2025





## ● 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

- There are no changes in the plan in terms of store openings, closures, or renovations. In the second half of the year, opening of #WORKMAN GIRL stores will accelerate.

(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.

- Enhance casualwear in line with the expansion of the network of stores for general customers
- Enhance the casualwear line-up



- Differentiate the line from other business categories by expanding products sold exclusively at #WORKMAN GIRL.
- Develop the basic casual line-up supported by a wide range of customers.
- Plan to increase the ratio of exclusive products to 60% by the 2025 autumn/winter products release.

- Pursue functionality



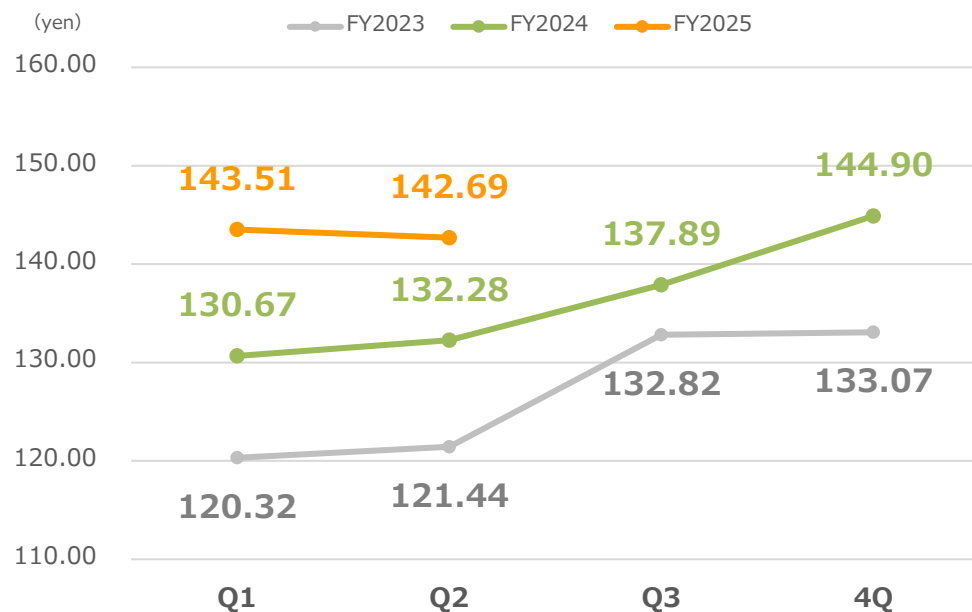
- Develop clothing that meets demands arising from changes in the external environment due to climate change.  
⇒ Further polish our strengths in “functionality” to further differentiate our products.
- Launch “functional ratings”

# 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)

- A stable rate was maintained in the Q2 accounting period through forward exchange contracts.
- The yen is continuing to weaken significantly year-on-year. Profitability will be maintained through product change/elimination and raising the prices of some products.



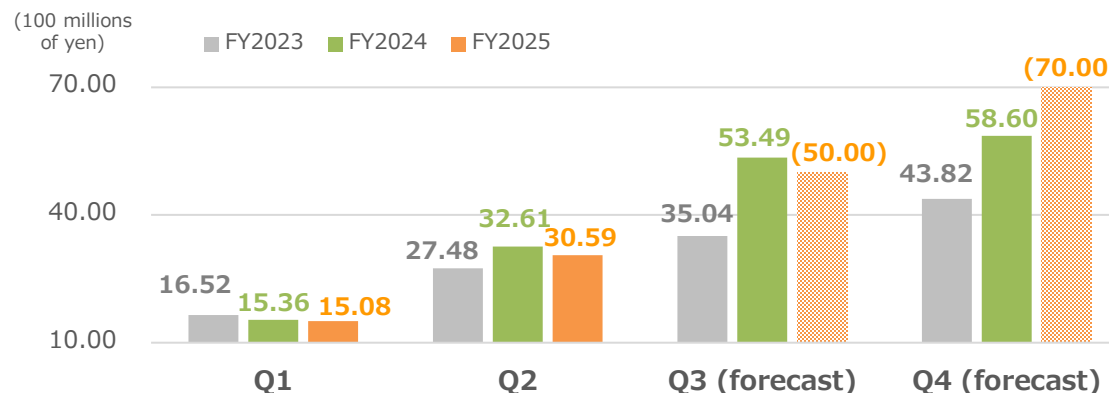
- Forward exchange contracts

- No additional contracts were booked during the quarter.
- The contract rate will reflect a slightly weaker yen trend through Q4.

Timeline	% locked in	Average rate
Second half of the year forward exchange contracts	Approx. 90%	Approx. 145.19 yen
Assumed spot rate	-	160.00 yen

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

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



- Motivate customers to visit stores and overhaul sales floors, aiming to increase customer satisfaction.
- Presentation of new 2024 autumn/winter products



Creators and ambassadors	Mass media	People involved with store openings	Business corporations	Franchise stores
280 teams 571 people	97 companies	76 teams	30 teams	470 stores 910 people

- **Record high number** of media-affiliated attendees
- Increased dissemination of information through social media after the event was held

- Sales strategy for the second half of the year

## Optimize inventory

1. Manage inventory taking into account carry-over of autumn/winter products from last year, and keep sales floors fresh by introducing products in line with the actual sales period.

## Sales floor presentation that conveys product value

2.
  - Sales floor proposals based on sales promotions and seasons\*
  - Visualize functions with functional rating POP advertising
  - Pitch men's "Adult Casual" line at #WM GIRLS stores

## Start renewal and renovation

3.
  - Renovate the initial Workman plus stores to specifications equivalent to the new stores.
  - Renovate Workman stores to layouts that have a stronger emphasis on work products

※



- Set up trekking corners for the autumn holiday season



# Plans for the Fiscal Year Ending March 2025

- Progress has exceeded plan targets up to Q2. Revision of the full-year earnings forecast will be considered based on Q3 sales.

## Sales at all chain stores

**183,980** Million yen YoY +5.0%

## Total operating revenue

**138,564** Million yen YoY +4.5%

## Operating profit

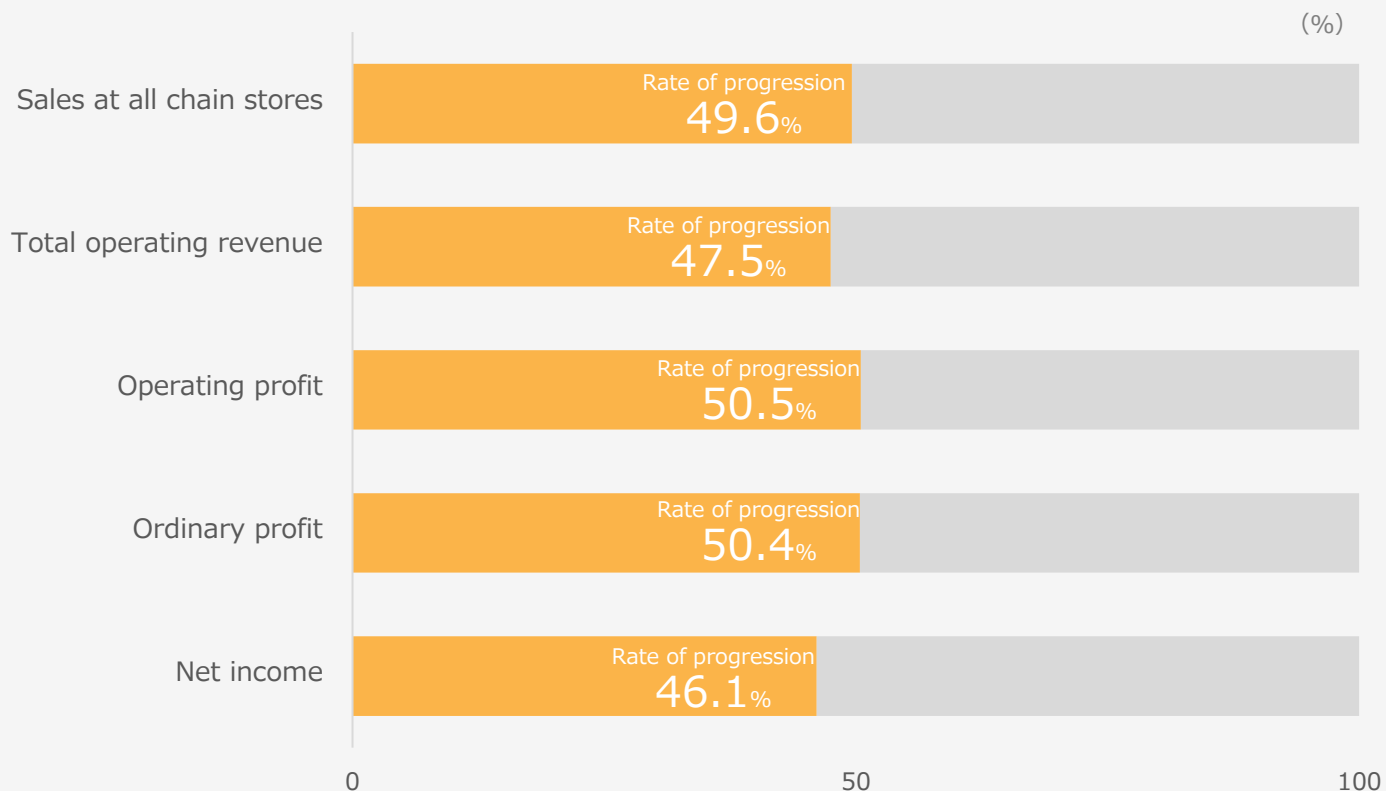
**23,632** Million yen YoY +2.1%

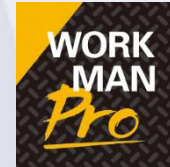
## Ordinary profit

**24,167** Million yen YoY +2.1%

## Net income

**16,325** Million yen YoY +2.1%





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