



WORKMAN CO., LTD.

Company Briefing Materials

- 1. Company Information**
- 2. Domestic Market Share**
- 3. Growth Strategy**
- 4. Business Performance, Shareholder Return and Other Information**

1. Company Information

- Management Philosophy
- Business Activities
- Group Companies
- Company Information
- Franchise System
- Store Information
- EC (Online Shopping)
- Distribution Network

■ Management Philosophy

For the Customers

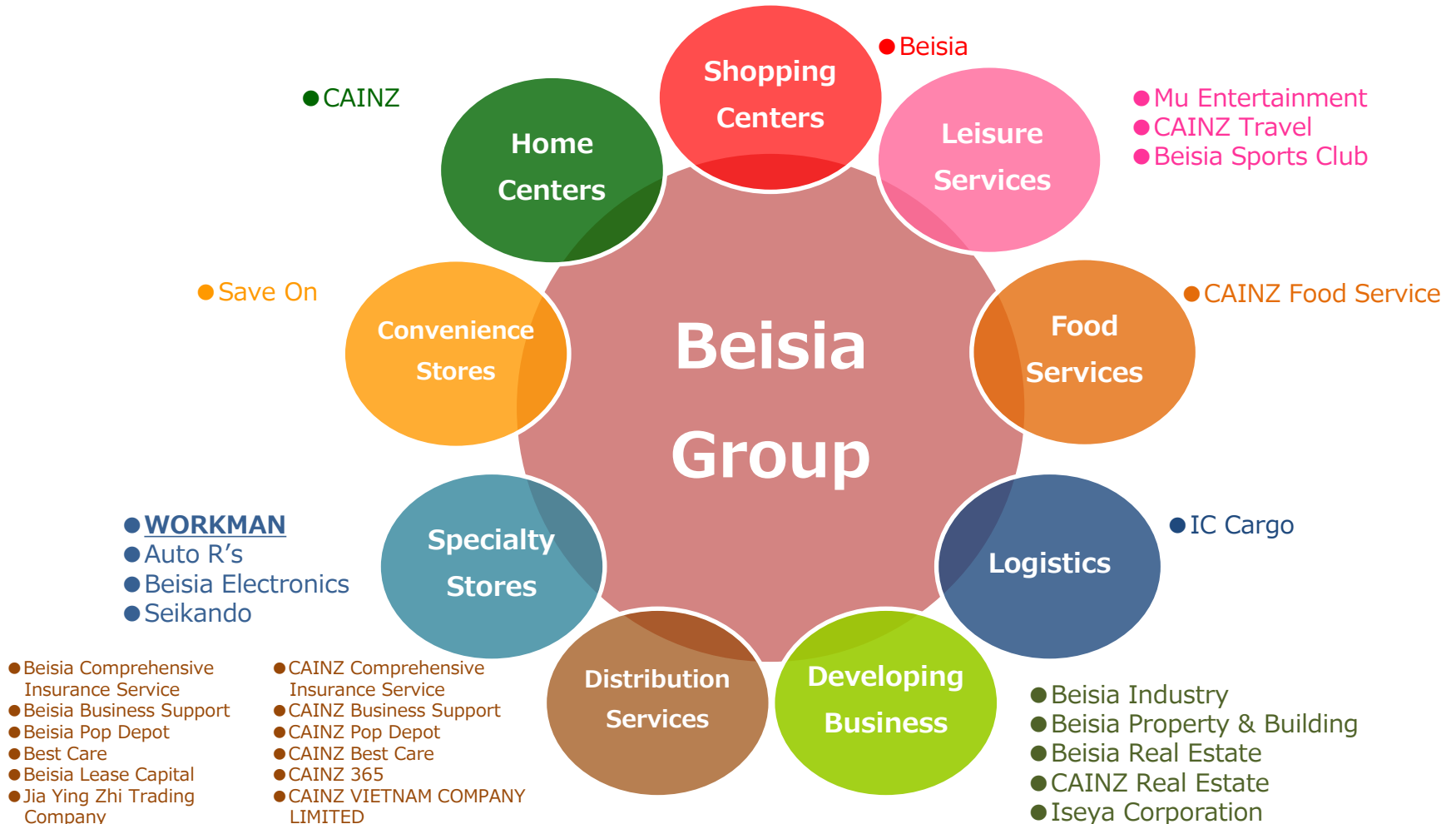
Greater convenience, better quality and lower prices for working people

■ Business Activities

Leveraging WORKMAN's franchise system, we operate a chain of specialty retail stores offering workwear, athleisure attire and work-related products.

Group Companies

- WORKMAN is the core company of the Beisia Group.
Approx. 1,900 Group stores generating annual sales of approx. ¥900 billion
- We aim to achieve **annual sales of ¥1 trillion on a Group-wide basis.**



Company Information

Establishment	August 1982	
Securities code	7564, JASDAQ of TSE	(Listed in September 1997)
Share capital	¥1,622 million	
Net sales	¥122,044 million (Net sales at all chain stores)	(Fiscal year ended March 31, 2020)
Ordinary profit	¥20,666 million	(Fiscal year ended March 31, 2020)
Profit	¥13,369 million	(Fiscal year ended March 31, 2020)
Number of employees	305	(As of March 31, 2020)

A
type

Franchise agreement

Income increases as sales (gross profit) increase

The contract type is determined based on store sales.

B
type

Outsourcing agreement

Guarantee of a fixed amount of income (¥500 thousand per month + percentage of sales)

Length of contract

6 years

Contract renewable per agreement with HQ after six years

Required funds

¥**3.70** million (incl. tax)

Of which, ¥1.50 million is refunded upon contract expiration

Length of contract

1 year

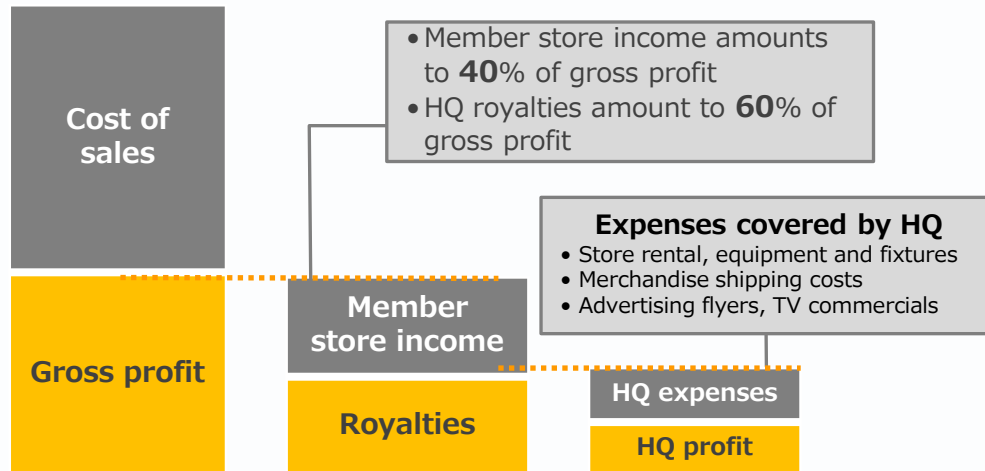
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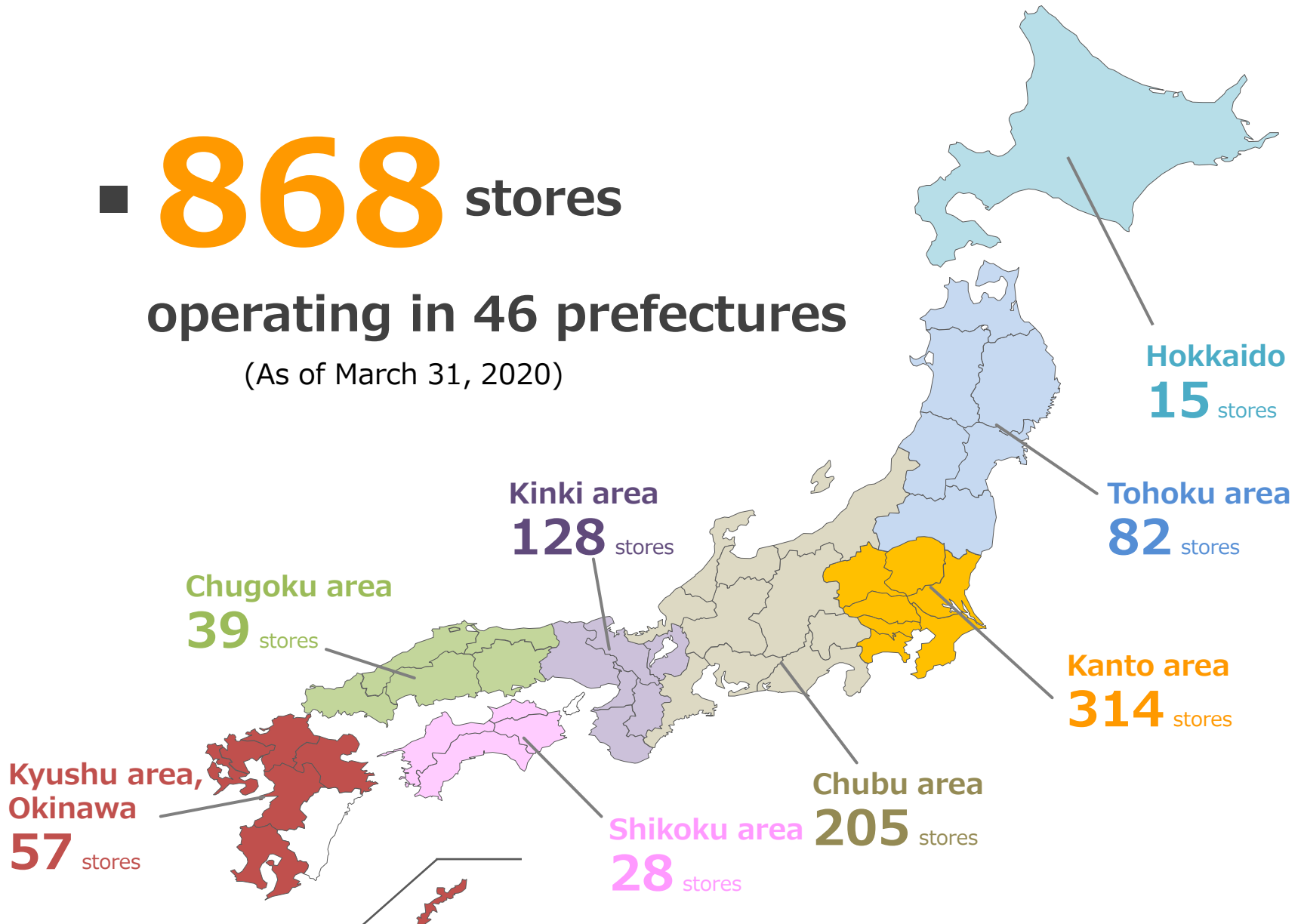
Distribution of franchise store gross profit



Advantages of WORKMAN franchises



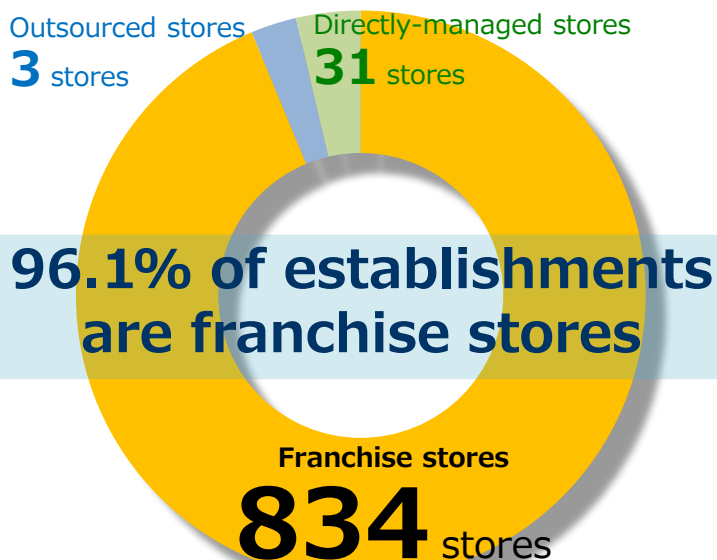
■ **868** stores
operating in **46** prefectures
(As of March 31, 2020)



Store Information (Business Format)

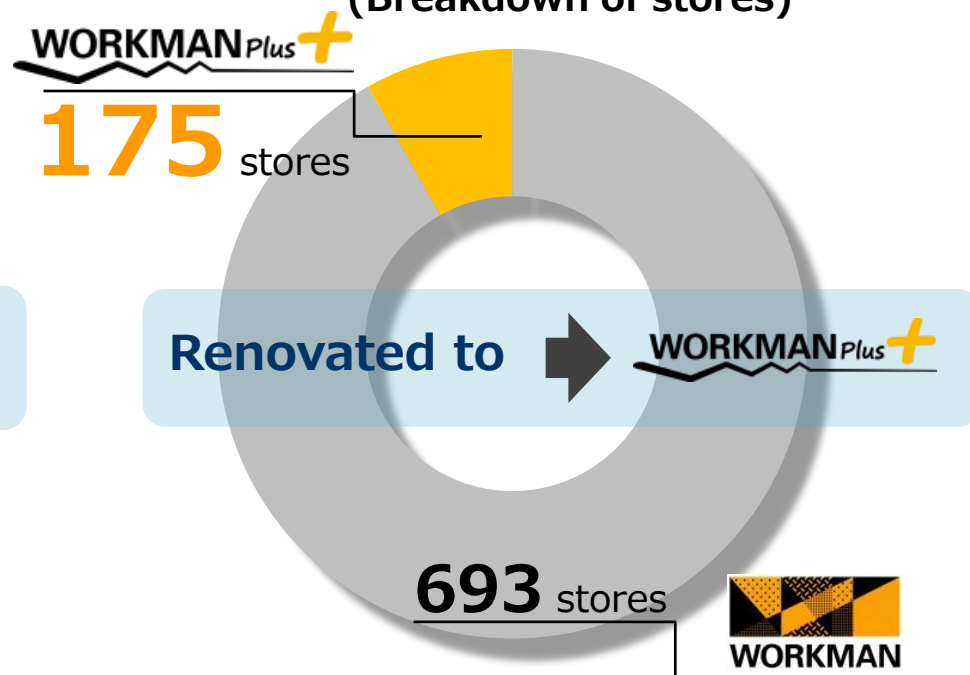
Location	● Roadside (859 stores)	● Shopping centers (9 stores)
Business hours	7:00 a.m. – 8:00 p.m.	Business hours of shopping center in which store is located
Standard store (1 <i>tsubo</i> ≈ 3.3 m ²)	100 <i>tsubo</i> building on a 300 <i>tsubo</i> site	Sales floor area of approx. 50 to 80 <i>tsubo</i>
Current status of stores (As of March 31, 2020)	<ul style="list-style-type: none"> ● Avg. number of customers per day ● Avg. spend per customer ● Avg. annual sales per store 	145 ¥2,801 ¥139.75 million

(Breakdown of business formats)



(As of December 31, 2019)

(Breakdown of stores)



(As of December 31, 2019)

Store Information (WORKMAN Plus)



Concept: Offering something for everyone at unexpectedly high performance combined with affordable pricing

We offer high-quality, high-performance merchandise capable of withstanding the severe conditions of professional use, at reliably low prices for people to wear in their everyday lives.

Trigger: The number of skilled construction workers and other tradesmen has been decreasing.

Upon seeking new business formats in order to reach a wider customer base, we find that our products appeal to sports and outdoor enthusiasts and those seeking training wear for a particular endeavor. Furthermore, we find that there is an untapped market for low-priced, performance apparel.

Lineup: Private brand products



FieldCore
Work & Outdoor



Find-Out
Work & Sports



AEGIS
High-performance rainwear

Stores: Shopping center locations (catering to the general public) and roadside locations (catering to the general public and professionals)



(Shopping center)



(Roadside)



The same merchandise in every store, only the exteriors, fixtures and layout differ.

- E-commerce operations helps member stores



- The aim is to get customers into physical stores
 1. Shoppers can make purchases **24 hours a day**
 2. **Free in-store pickup available** regardless price/quantity
(HQ covers expense because items are shipped in conjunction with normal deliveries)
 3. Net sales amount **passed on to member stores**

■ We have two WORKMAN distribution centers serving **1,000** store locations

(2) Ryuo Distribution Center (Shiga Prefecture)



Warehouse for private brand products

(1) Iseaki Distribution Center (Gunma Prefecture)



■ Under our distribution framework, products are delivered before business hours two days after an order has been placed, making use of our warehouse distribution centers located in Gunma Prefecture's Iseaki City and Shiga Prefecture's Ryuo Town.

2. Domestic Market Share

- Workwear Market
- Athleisure Market

Top share
of Japan's retail
market for
workwear

Japan's entire workwear market is valued at
¥476.7 billion
(Direct sales to public agencies and large
corporations amount to ¥333.7 billion)

Retail market for workwear
(Retail sales to sole proprietors and the general
public amount to ¥143.0 billion)

(WORKMAN's sales of workwear amount to ¥38.4 billion for a 26.8% share of the retail market)

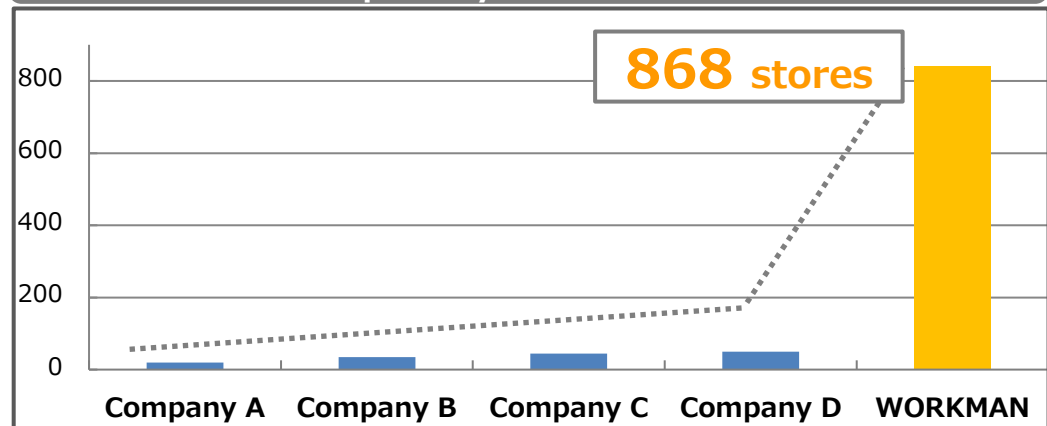
Notes:

1. Figures calculated on the basis of retail value
2. Source: Calculations and preparation by WORKMAN based on "Uniform Market 2019," published by Yano Research Institute Ltd.

We operate a chain of retail stores across Japan nationwide, using our franchise system.

Note: The numbers of store locations of the respective companies are based on estimated values, prepared based on sources such as websites and company brochures of the respective companies as of March 31, 2020.

Numbers of stores operated by the top five workwear specialty retail chains



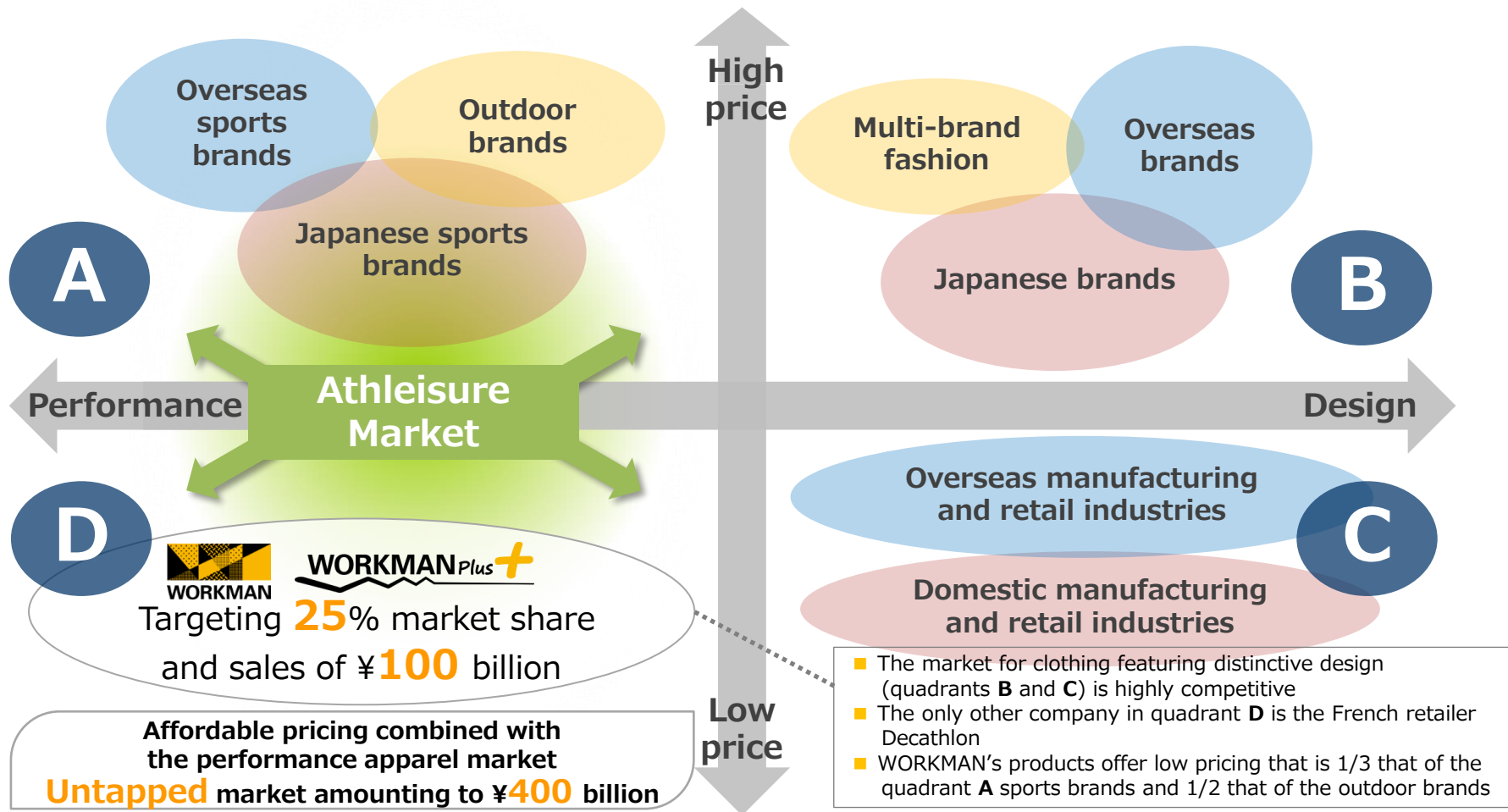
Athleisure Market

■ Perceptual map of the apparel market (athleisure market: ¥855.8 billion)

According to survey by Yano Research Institute Ltd.

Athleisure:

A combination of the words “athletic” and “leisure,” the term “athleisure” refers to a style of clothing where performance apparel is also worn as part of people’s everyday wardrobes.



3. Growth Strategy

- Store Openings
- WORKMAN Plus
- Private Brand Products
- Marketing
- Data-driven Management

■ Expansion of WORKMAN Plus (extension of customer base)

- Acceleration of new store openings and promotion of store renovation in order to sustain a ripple effect with respect to the existing stores
- Development of private brand products
- Engagement in continuous marketing initiatives

■ Enhancement of products for corporations (attracting professional and corporate customers)

- Products created in further pursuit of better quality, performance and pricing
 - Upgrade and expand the EDLP (everyday low prices) product category
 - Enhance the G-NEXT series of low-priced workwear for corporations

■ Data-driven management

- Seamless application of data from production to sales
 - Promote use of a replenishment system for placing orders based on demand forecasts of distribution centers and retail stores

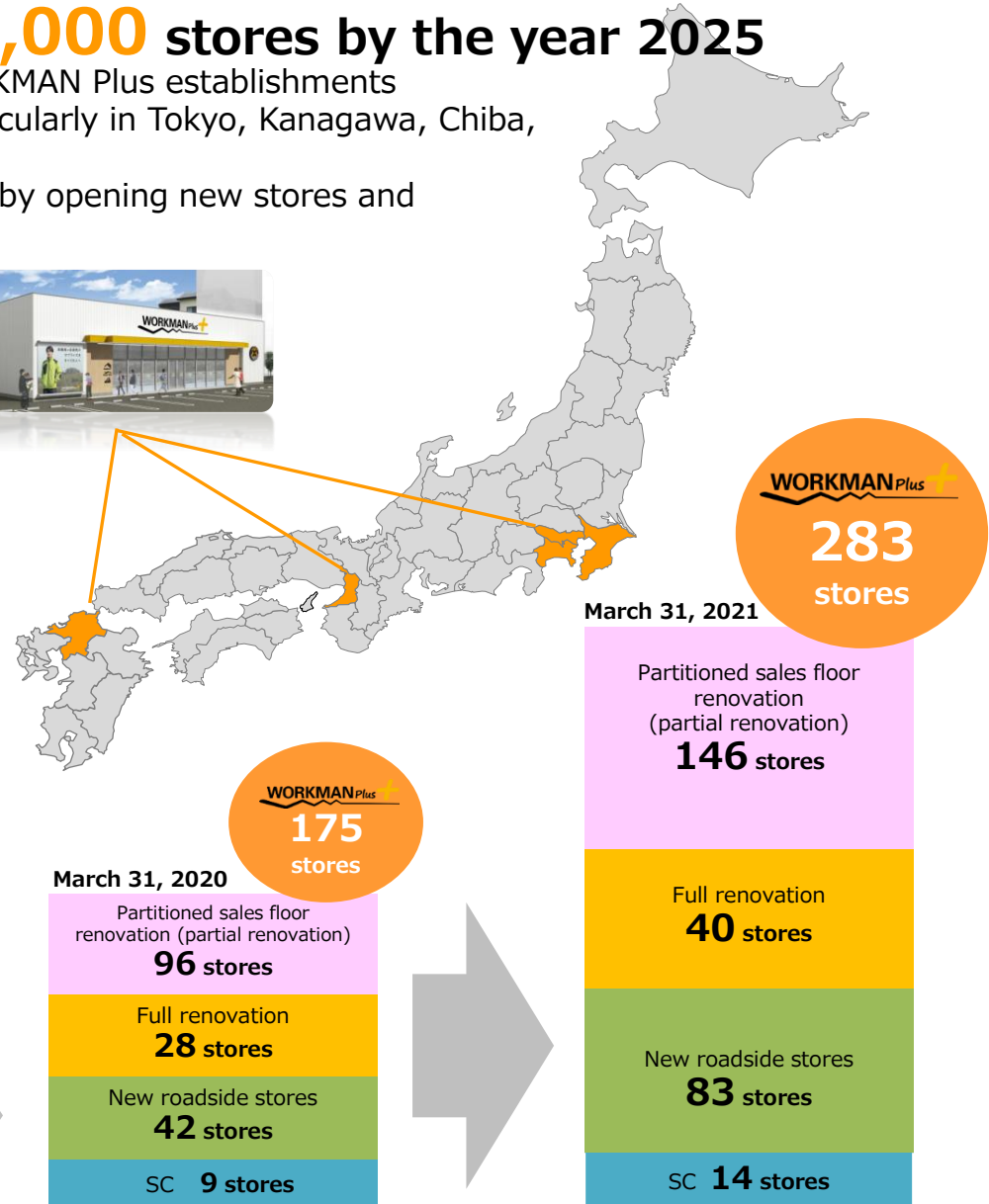
Store Openings

■ Establish a framework of **1,000** stores by the year 2025

- All stores opened going forward will be WORKMAN Plus establishments
- We will heighten our market dominance particularly in Tokyo, Kanagawa, Chiba, Osaka and Fukuoka
- We will accelerate the rate of store openings by opening new stores and renovating

Planned new store openings Numbers in parenthesis indicate scrap-and-build.

Area	Store openings in FY ending Mar. 2021
Hokkaido, Tohoku	4(3)
Kanto	8(1)
Chubu	3(2)
Kinki	4(1)
Shikoku	1
Chugoku	2
Kyushu, Okinawa	12
Total	34+5(7)



Shopping centers



- New stores being opened in prominent shopping centers where they will act as **advertising pillars**
- Task of store management outsourced to sales professionals
- Investment: approx. ¥15–20 million per store

Roadside



- **Heighten market dominance** by opening stores in populated communities
- Renovate and convert neighboring WORKMAN stores in conjunction with new store openings
- Investment: approx. ¥60 million per store

● Full renovation (Existing WORKMAN stores)



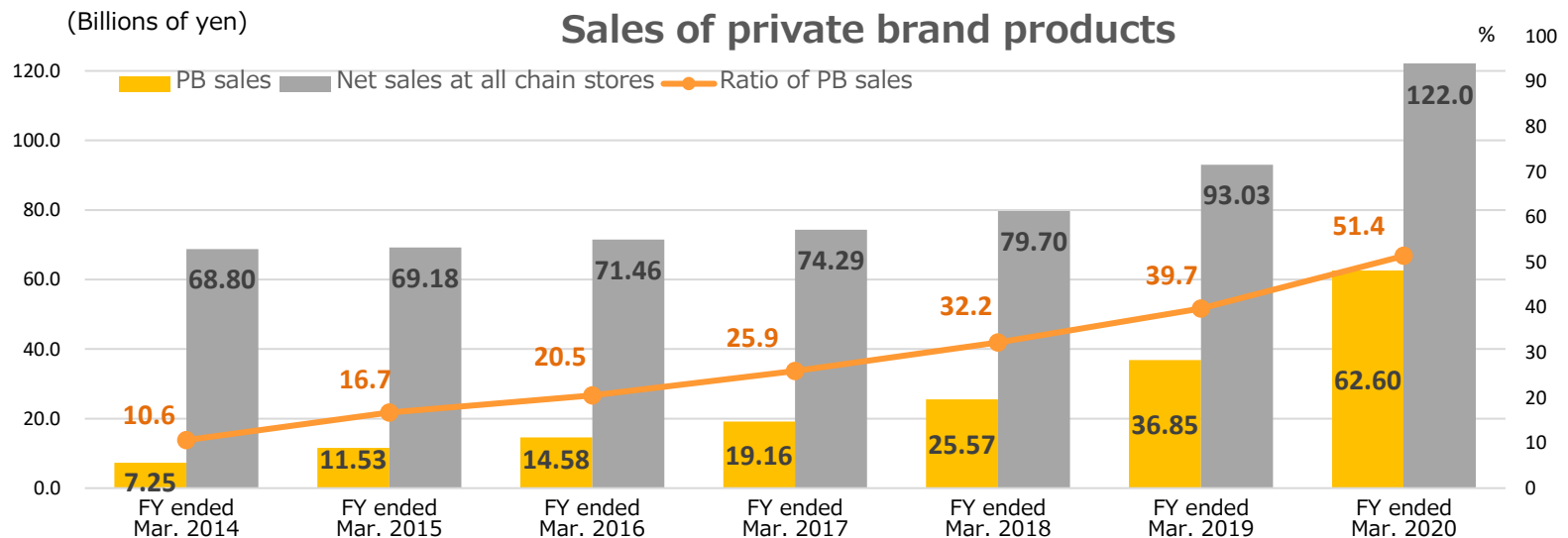
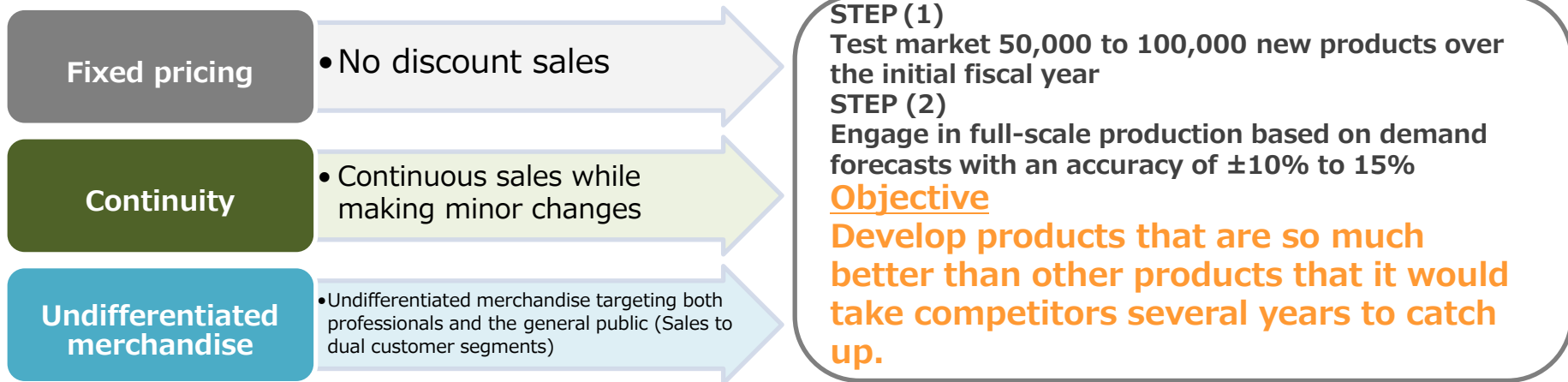
- Convert to WORKMAN Plus format which involves **fully renovating exteriors, interiors and fixtures** of existing WORKMAN stores
- Aim to increase sales by **expanding the customer base** mainly with respect to stores with growth potential
- Investment: approx. ¥15 million per store

● Partial renovation (Existing WORKMAN stores)



- **Revamp image** of stores by partitioning sales floors into separate general and professional sections and upgrading store interiors to WORKMAN Plus specifications
- Because partial renovation makes it possible to **upgrade more rapidly**, the ripple effect of having more WORKMAN Plus stores will translate to more actual sales
- Investment: approx. ¥3–5 million per store

- Redouble efforts to develop private brand products, **expand customer base and achieve differentiation from competitors**



Promotion of three mainstay brands: **FieldCore** **Find-Out** **AEGIS**

- Target the general public and female segments by promoting quality, performance and pricing



Sales growth across three brands of products = Expansion of customer base

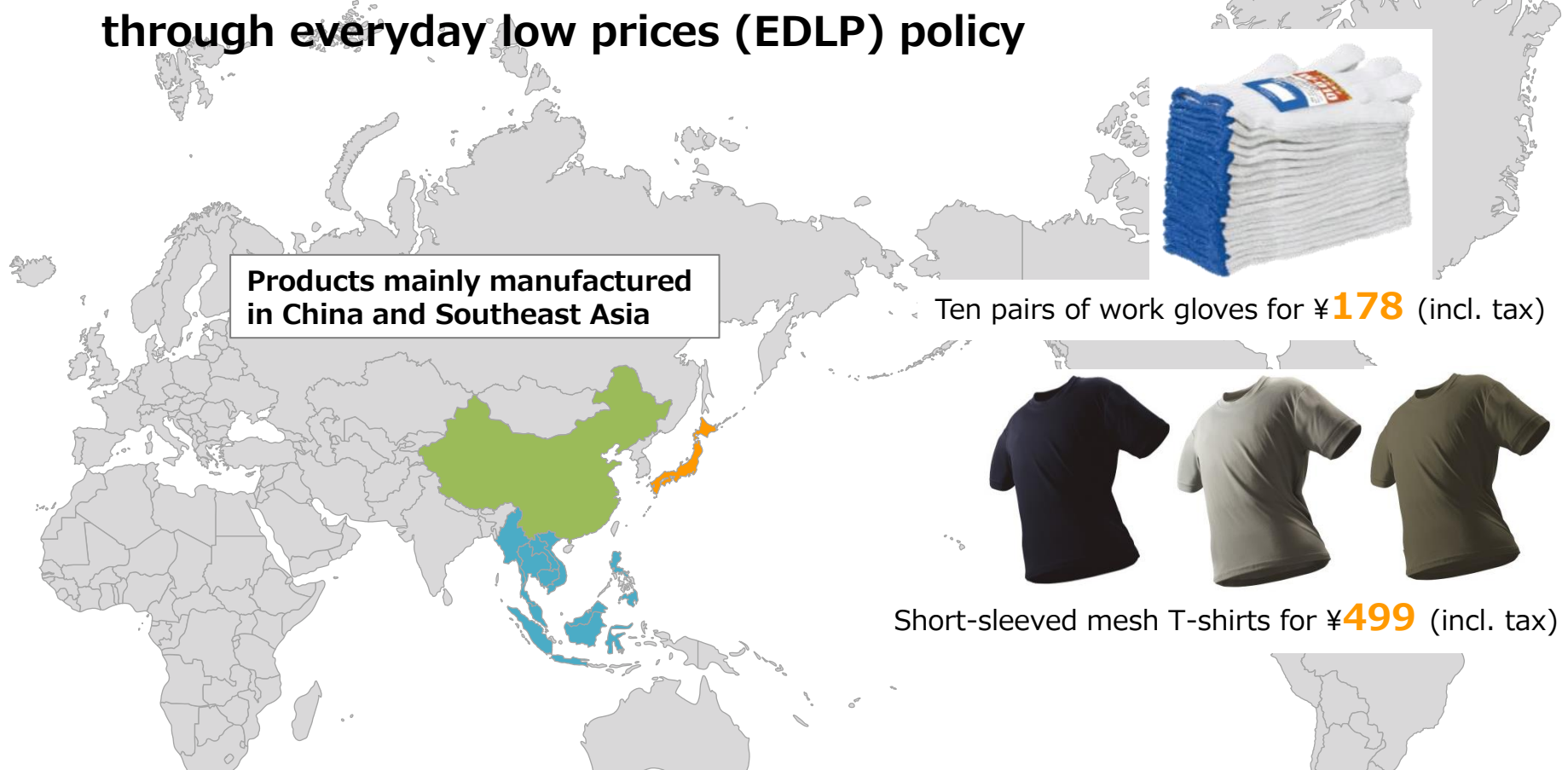
Promotion of unisex and performance apparel for women

Redouble efforts to target increasing number of female customers
(Increase SS- and S-size items)



Merchandise (EDLP Products)

■ Gain more customers through everyday low prices (EDLP) policy



- Procure merchandise leveraging economies of scale with respect to 868 store locations
⇒ Achieve **unparalleled low pricing**
- Offer products that meet quality and performance levels acceptable to professionals
- Ensure that customers are able to purchase products from the same lineup at the same prices **anytime and anywhere nationwide**

Enhancement of the G-NEXT series of low-priced workwear for corporations

- Develop merchandise **at prices unbeatable even on the online market**
- **Merchandise that boosts corporate sales** (possible to strike deals based on price and quality simply by providing samples)



Summer workwear at **¥3,000** for tops and bottoms



High-performance summer workwear offering a **3°C cooling effect**



Best-cost-performance
cold weather jacket for **¥1,900**



Machine-washable cold weather jacket for **¥2,900**

■ New product launch events for the mass media and influencers

- Events held twice per year for spring-summer and fall-winter to convey new product information that leads to sales
- “Harsh Fashion Show” and other events



■ Sneak preview of WORKMAN Plus and commercials announcing store openings

- Aggressive promotion in locations of new store openings and locations that are home to competing chain stores

General-public- and women-targeted promotions of stores

- Raise awareness of our stores particularly in western Japan where store openings were more recent
- Revamp image of WORKMAN as a store solely for professionals in regions such as the Kanto and Tohoku areas whose markets WORKMAN entered early on

Marketing (2)

■ Ambassador marketing (goal of 50 brand ambassadors)

- Products being developed in collaboration with prominent influencers
- Steer traffic to brand ambassador product information website by rolling out POP equipped with QR codes



大人気ブログ
ちょっとキャンプ行ってくる。
サリーさん
(月間最高PV数 / 110万回)
毎週、家族でキャンプに出撃。キャンプ場のレポや実際に使用したギア・ウエアのレビューで人気です。

ネットで話題 check

「私が開発協力した、ワークマンのフルジップコットンパーカーが・・・アウトドア感たっぷりでもやさしい素材・・・」
つづきは、QRコードで!!

フルジップコットンパーカー

¥2,500 税込

※上記、1) 内の文はレビューより引用となります。掲載日 2020年3月19日



YouTube 大人気 Youtuber
コスケの北海道でドライブを楽しむチャンネルさん
(視聴回数 / 39,387回 10/15掲載)
グルメ・車・ワークマンなど多様な動画を投稿されているコスケさんは、チャンネル登録者数 2.66 万人の Youtuber さんです。

ネットで話題 check

ワークマンの自信作、イージス 3 兄弟を徹底比較する動画を Youtube に投稿して頂きました。
詳しくは、QRコードで!!

各¥6,800 税込

※上記、1) 内の文はレビューより引用となります。掲載日 2020年3月19日



Instagram (インスタグラム)
@kana0412.sss さん
(フォロー数 / 1.4 千人 10/15掲載)
元プロバレーボール選手のカナさん。バレーボールを問わず活躍中です。

ネットで話題 check

「これまでいろんなウエアやジャージを着てきたけどワークマンは・・・しかも、洗濯機に 50 回かけても・・・」
つづきは、QRコードで!!

耐久撥水ウォームジャケット

¥2,900 税込

※上記、1) 内の文はレビューより引用となります。掲載日 2020年3月19日

■ Digital marketing (300,000 followers)

- Official WORKMAN SNS accounts
- Raise brand awareness by communicating with the youth demographic through social networking services

SNSs used by WORKMAN

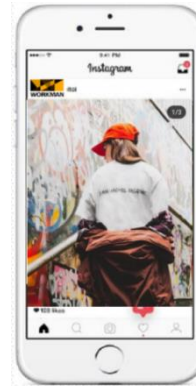


Instagram



Twitter

WORKMAN on Instagram



WORKMAN on Twitter



Data-driven Management

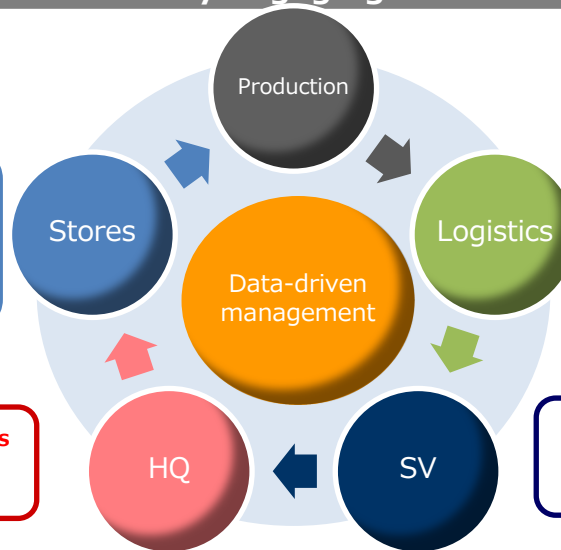
Seamless application of data from production to sales

We are streamlining management, standardizing operations and balancing out our franchise services by engaging in data-driven management.

Some examples of such initiatives

- Replenishment system for placing orders based on demand forecasts
- Customer relationship management (CRM) system
- Replenishment performance analysis based on standard shelf-space allocation

- Gauging effectiveness of advertising flyers
- Analyzing trends of professional merchandise



Visual control of scheduled incoming shipments
* Under development

- Vendor-managed inventory (VMI) entailing outright purchase
- Plans for merchandise procurement directly from suppliers

- Data science
- Cluster analysis
- WORKMAN Plus analysis

Progress made in adopting the replenishment system for placing orders based on demand forecasts (currently operating in 403 stores)

- Reduce number of lost sales opportunities by forecasting future demand and accordingly optimizing inventories
- Achieve labor savings in store operations through “one-touch” ordering
- Comparing stores with and without the system

- Net sales increased by 7.0 percentage points YoY in the third quarter
- The rate of lost sales opportunities was 6.5% at stores with the system and 9.7% at stores without the system

4. Business Performance, Shareholder Return and Other Information

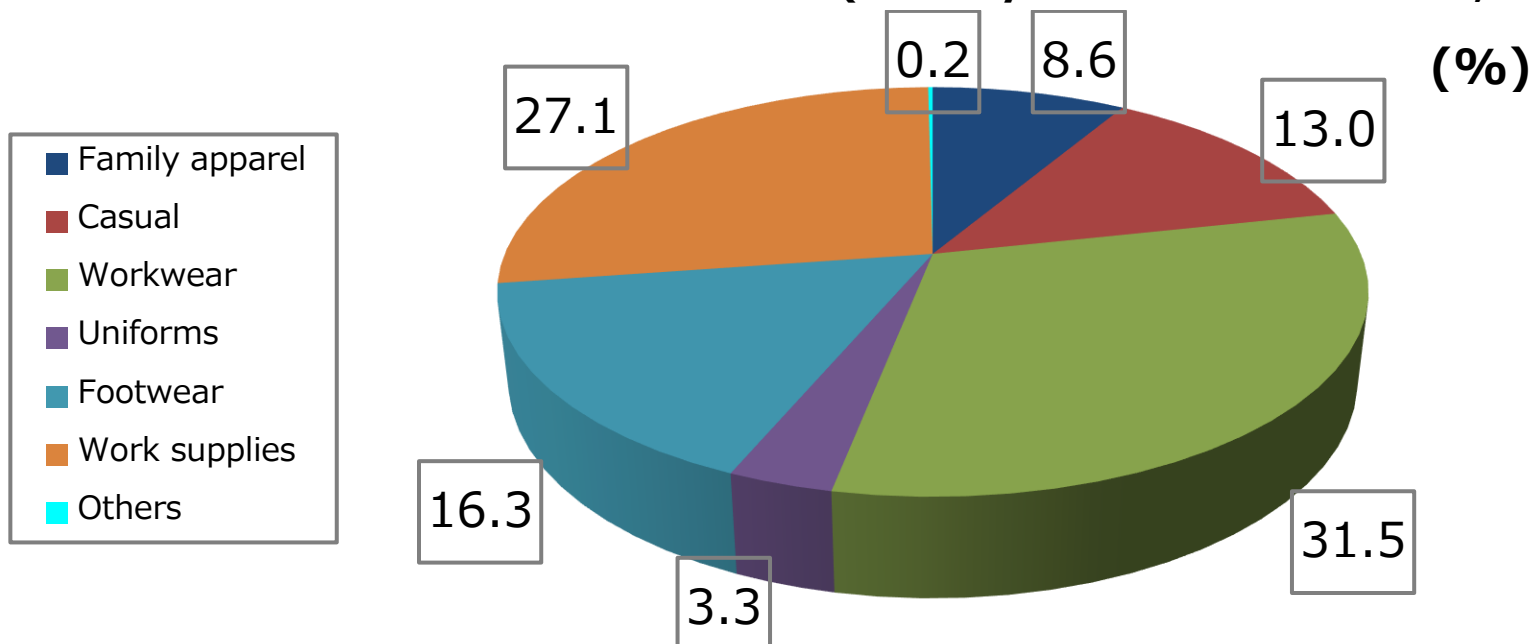
- Performance Data
- Shareholder Return
- History

Performance Data (Statement of Income)

(Millions of yen)

	Fiscal year ended March 31, 2019		Fiscal year ending March 31, 2020 (Forecast)		Fiscal year ending March 2020	
	Amount	YoY Change	Amount	YoY Change	Amount	YoY Change
Net sales at all chain stores	93,039	+16.7	120,000	+29.0	122,501	+31.2
(Net sales at existing stores)	-	+14.0	-	-	-	-
Gross operating revenue	66,969	+19.4	90,500	+35.1	92,307	+37.8
Selling, general and administrative expenses	11,672	+18.3	14,500	+24.2	15,214	+30.3
Operating profit	13,526	+27.6	18,900	+39.7	19,170	+41.7
Ordinary profit	14,755	+24.5	20,300	+37.6	20,666	+40.1
Profit	9,809	+25.1	13,400	+36.6	13,369	+36.3
Earnings per share	¥120.20		¥164.19		¥163.82	

■ Net sales at all chain stores: **¥122,044 million** (Fiscal year ended March 31, 2020)



Product	Sales (Millions of yen)	YoY Change	Main items
Family apparel	10,521	121.1%	Undergarments, socks, hats, towels
Casual	15,833	142.1%	Polo shirts, T-shirts, highneck shirts, compression wear
Workwear	38,466	134.1%	Workwear, coveralls, construction worker uniforms
Uniforms	4,034	160.9%	Women's wear, white smocks and coats, office uniforms, non-woven work clothes
Footwear	19,868	123.9%	Protective footwear, <i>tabi</i> socks, boots, kitchen shoes
Work supplies	33,058	128.8%	Work gloves, tools, protective gear, rainwear

Performance Data (Balance Sheet)

(Millions of yen)

Item		As of March 31, 2019	As of March 31, 2020	Change
Assets	Current assets	61,596	73,764	12,167
	Cash and deposits	44,220	45,240	1,020
	Accounts receivable - due from franchised stores	8,989	13,674	4,685
	Merchandise	7,198	13,660	6,461
	Non-current assets	21,586	23,757	2,171
	Property, plant and equipment	15,192	16,968	1,776
	Intangible assets	266	455	188
	Other investments	6,127	6,333	205
Total assets		83,183	97,522	14,338
Liabilities	Current liabilities	13,281	16,905	3,624
	Accounts payable - trade	4,972	5,397	425
	Accounts payable - other	2,324	3,746	1,422
	Non-current liabilities	2,975	3,113	138
Total liabilities		16,256	20,019	3,762
Total net assets		66,927	77,503	10,576
Total liabilities and net assets		83,183	97,522	14,338

■ Basic policy

We regard the maintaining of an appropriate distribution of profits to our shareholders as an important managerial issue. As such, we accordingly distribute our profits to our shareholders based on our financial performance while striving to enhance internal reserves as necessary to achieve sustainable growth.

■ We target a dividend payout ratio of 30%

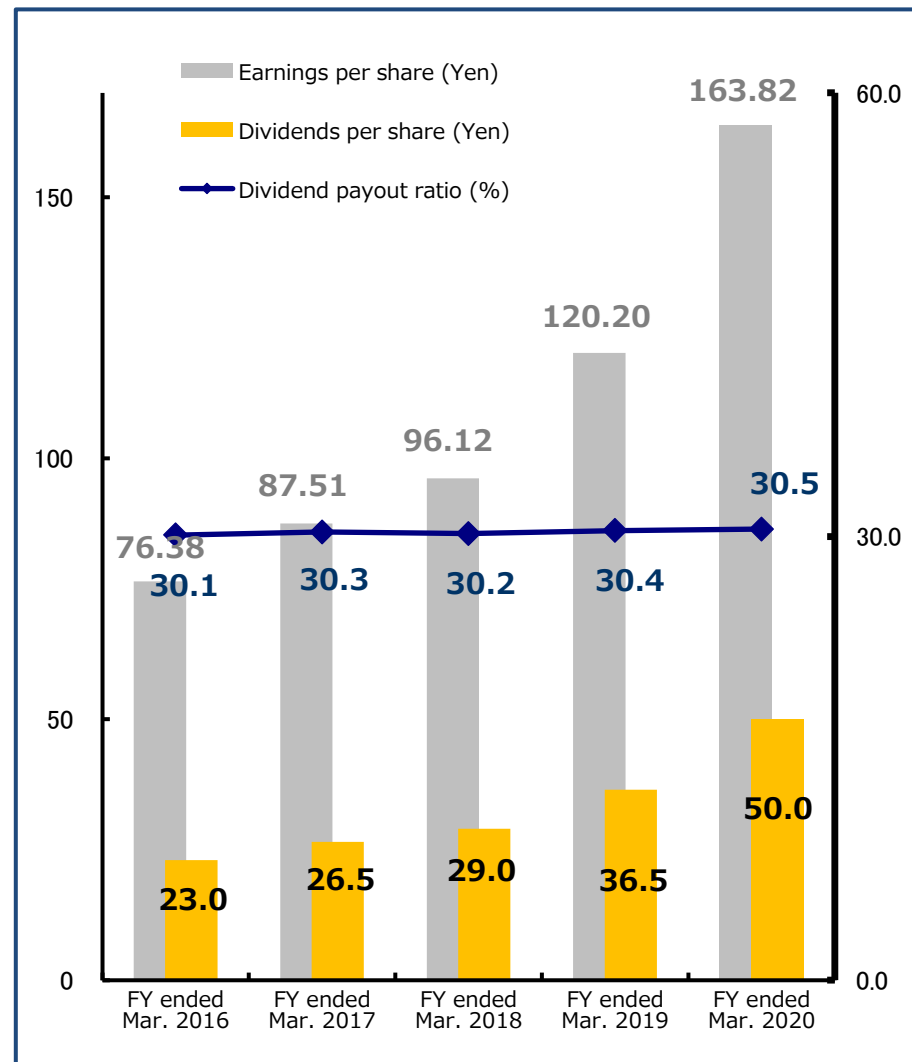
■ Dividends per share

- Fiscal year ended March 31, 2020


¥50.0

Note: The dividend amounts as stated factor in a share split conducted by WORKMAN on April 1, 2019 (two-for-one split of common share).

Changes in earnings and dividends per share



History

- 1980 Opened “WORKMAN, a store for professionals” store No. 1
- 1982 Established WORKMAN CO., LTD.
- 1986 Established new headquarters and relocated headquarters operations to the Shibamachi district of Isesaki City, Gunma Prefecture
- 1988 Opened WORKMAN’s 100th store
- 1989 Installed point of sale (POS) system
- 1991 Completed Tokyo headquarters building (currently acts as WORKMAN’s Product Development Center)
- 1997 Shares registered on over-the-counter market of the Japan Securities Dealers Association
- 2013 Listed on the Tokyo Stock Exchange JASDAQ Standard market
Opened Ryuo Distribution Center
- 2016 Three brand strategy: **FieldCore Find-Out AEGIS**
- 2017 Newly established Isesaki Distribution Center and opened WORKMAN’s 800th store
- 2018 Relocated headquarters to Tokyo and opened  store No. 1
- 2019 Achieved total 12-month sales at all chain stores of ¥100 billion



WORKMAN store No. 1



Until 1990



Until 2013



From 2014 onward



WORKMAN Plus at a shopping center



WORKMAN Plus at the roadside



- 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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(Japanese only)