



JASDAQ (7564)

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.

- WORKMAN is the core company of the Beisia Group.
Approx. 1,900 Group stores generating annual sales of approx. ¥1 trillion



Company Information

Establishment	August 1982	
Securities code	7564, JASDAQ of TSE	(Listed in September 1997)
Share capital	¥1,622 million	
Net sales	¥146,653 million (Net sales at all chain stores)	(Fiscal year ended March 31, 2021)
Ordinary profit	¥25,409 million	(Fiscal year ended March 31, 2021)
Profit	¥17,039 million	(Fiscal year ended March 31, 2021)
Number of employees	332	(As of March 31, 2021)

A

type

Franchise agreement

Income increases as sales (gross profit) increase

Length of contract

6 years

Contract renewable
per agreement with
HQ after six years

Required funds

¥3.20 million
(incl. tax)

Of which, ¥1.0 million is
refunded upon contract
expiration

B

type

Outsourcing agreement

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

Length of contract

1 year

Contract renewable
per agreement with
HQ after one year

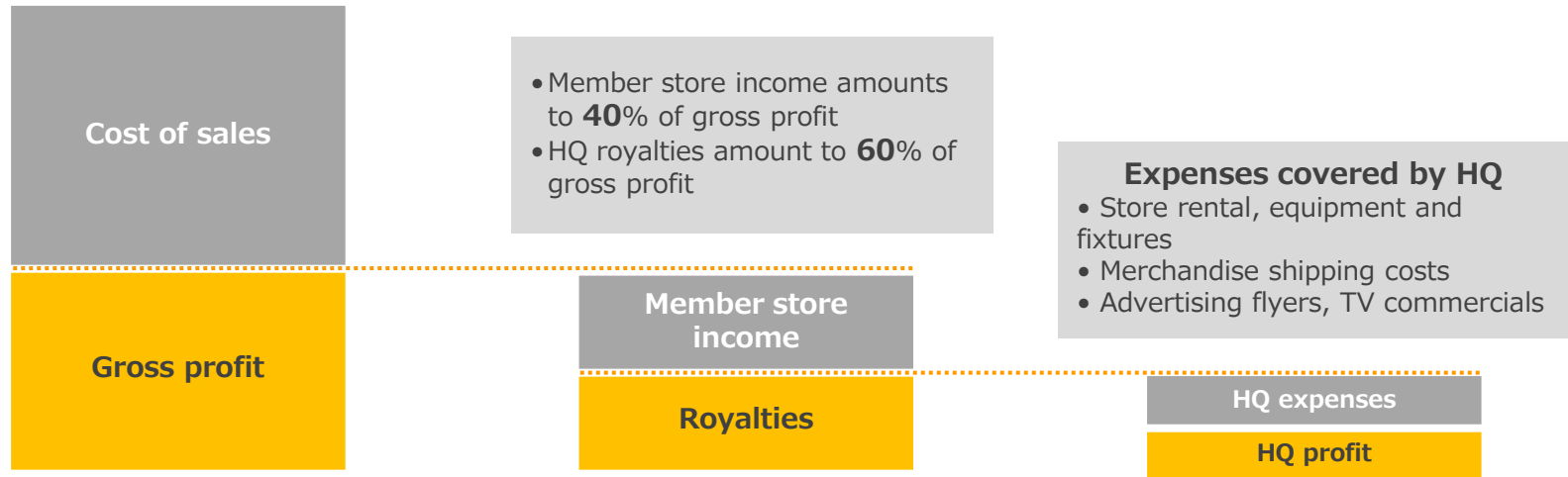
Required funds

¥1.55 million
(incl. tax)

Of which, ¥1.00 million
is refunded upon
contract expiration

The contract type is determined based on store sales.

■ Distribution of franchise store gross profit



■ Advantages of WORKMAN franchises

i . Community - based

iv . Original Products

ii . Sustainable management

v . Outstanding rewards program

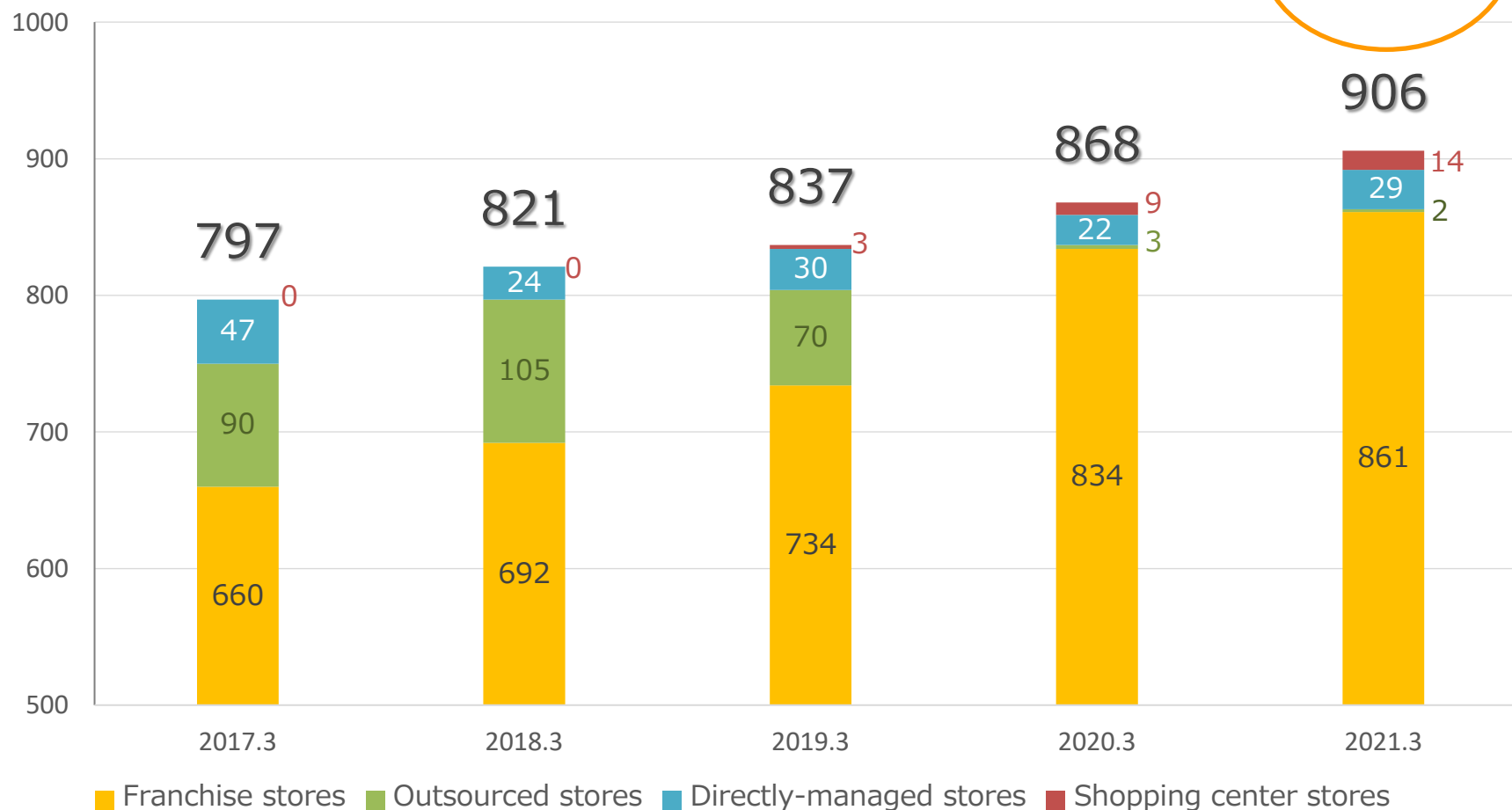
iii . Financing

vi . Pleasant working conditions

Store Information (Business Format)

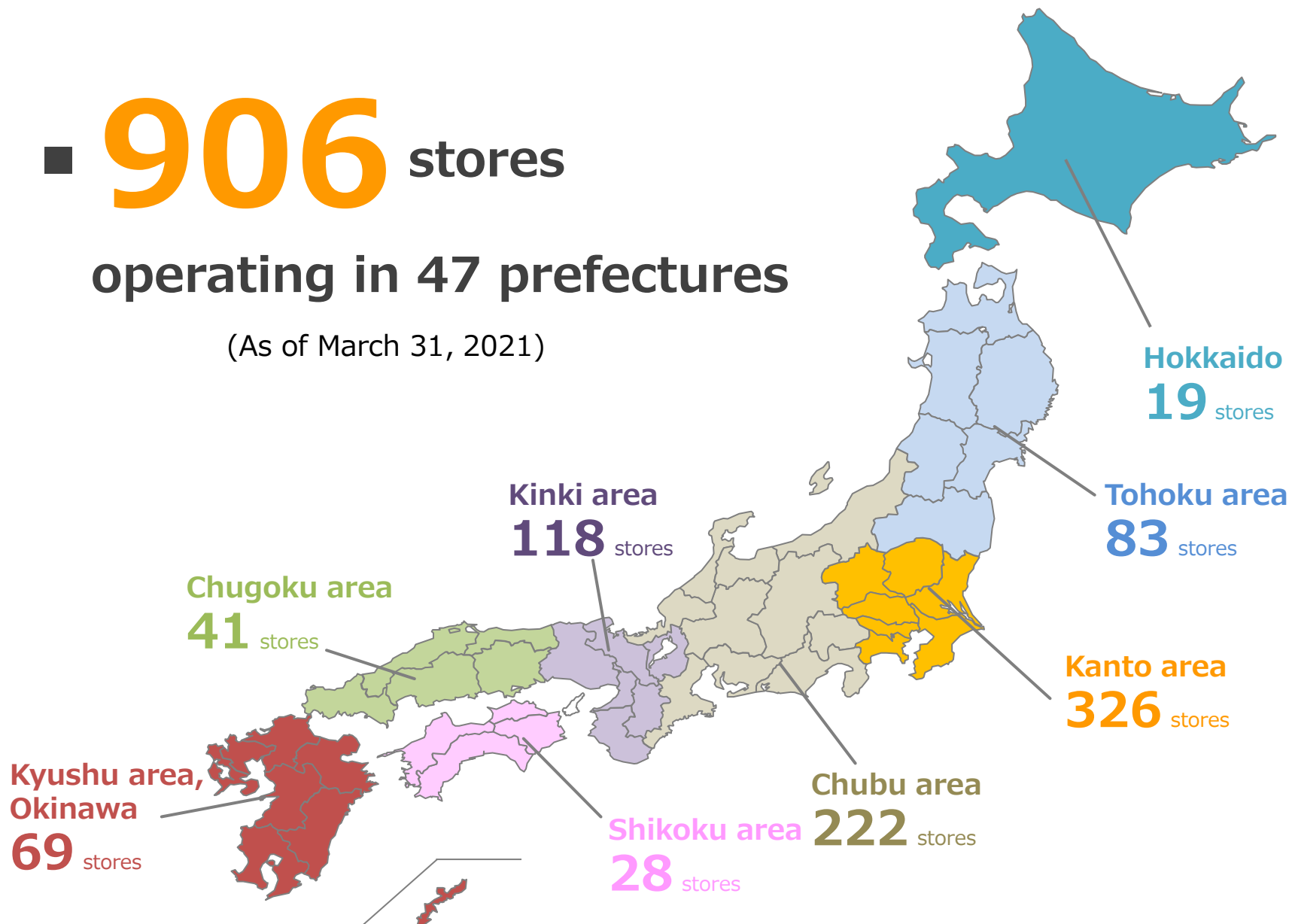
(As of March 31, 2021)

FC ratio
95.0%



■ **906** stores
operating in 47 prefectures

(As of March 31, 2021)



Store Information

■ Store format by business type (As of March 31, 2021)



Location	Roadside	Roadside	Shopping center	<ul style="list-style-type: none"> • Roadside • Shopping centers
Number of stores	632	260	12	2
Business hours	7:00 a.m. – 8:00 p.m.	7:00 a.m. – 8:00 p.m.	Business hours of shopping center in which store is located	10:00 a.m. – 8:00 p.m.
Standard store (1 tsubo \approx 3.3 m ²)	100 tsubo building on a 300 tsubo site	100 tsubo building on a 300 tsubo site	Sales floor area of approx. 50 to 80 tsubo	120 tsubo building on a 400 tsubo site

Current status of stores (As of March 31, 2021)

Avg. number of customers per day

166

Avg. spend per customer

¥ 2,815

Avg. annual sales per store

¥ 160.25million

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)



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

■ Store deployment for sustainable growth

Trigger

Growth limits of WORKMAN Plus stores for working , outdoor and sports

- Capacity over in existing store format
- The number of general customers who spend a long time shopping will increase, causing inconvenience to workers due to their long parking time. (decrease in customer satisfaction).
- Store operations become careless due to the increase in the number of customers. Increased burden on affiliated stores. (Decrease in member store satisfaction)

Target

Clarify customers and improve customer and affiliated store satisfaction

- Aim for a sales floor rate of 40% for women, 20% for unisex, and 40% for men.
- Attract female customers by using "# Workman Girls" as the store name. Avoid competition with WORKMAN / WORKMAN Plus, which already has members. (Existing stores concentrate on sales for products for workers)
- **「Enjoy × WORKMAN」**
We aim to create a store that is more enjoyable for families and young people with Workman's products.



Strategy

Open a store at constant speed and become the next growth driver

- **Location of store openings**
Urban roadside
(multi-store development)
SC tenant (small number)
- **Product**
Revolves around FieldCore, Find-Out, and AEGIS, and will strengthen and enhance women's development personnel in the future. Developed only functional apparel and differentiated it from fashion apparel.
- **Marketing**
A photo shooting location is set up so that customers could enjoy both shopping and SNS. Promote information diffusion through SNS and a good circulation of attracting customers.

■ E-commerce operations helps member stores

- Click & Collect (store collect) Online sales are operated on the company's website
- Strengthen customer transfer to FC stores by promoting online sales utilizing store inventory



Customer benefits

- Can be picked up at the store in a minimum of 3 hours
- Free shipping for store collects
- You can try on and change the size on the spot
- Supports corporate name processing

FC's benefits

- Sales returned to FC stores
- Streamlining store operations
- Turn store visitors into regular customers



■ Logistics investment looking 5 to 10 years ahead

- Okayama Distribution Center (New)

⇒Scheduled to start operation in 4 to 5 years

- Isesaki Distribution Center (Extension)

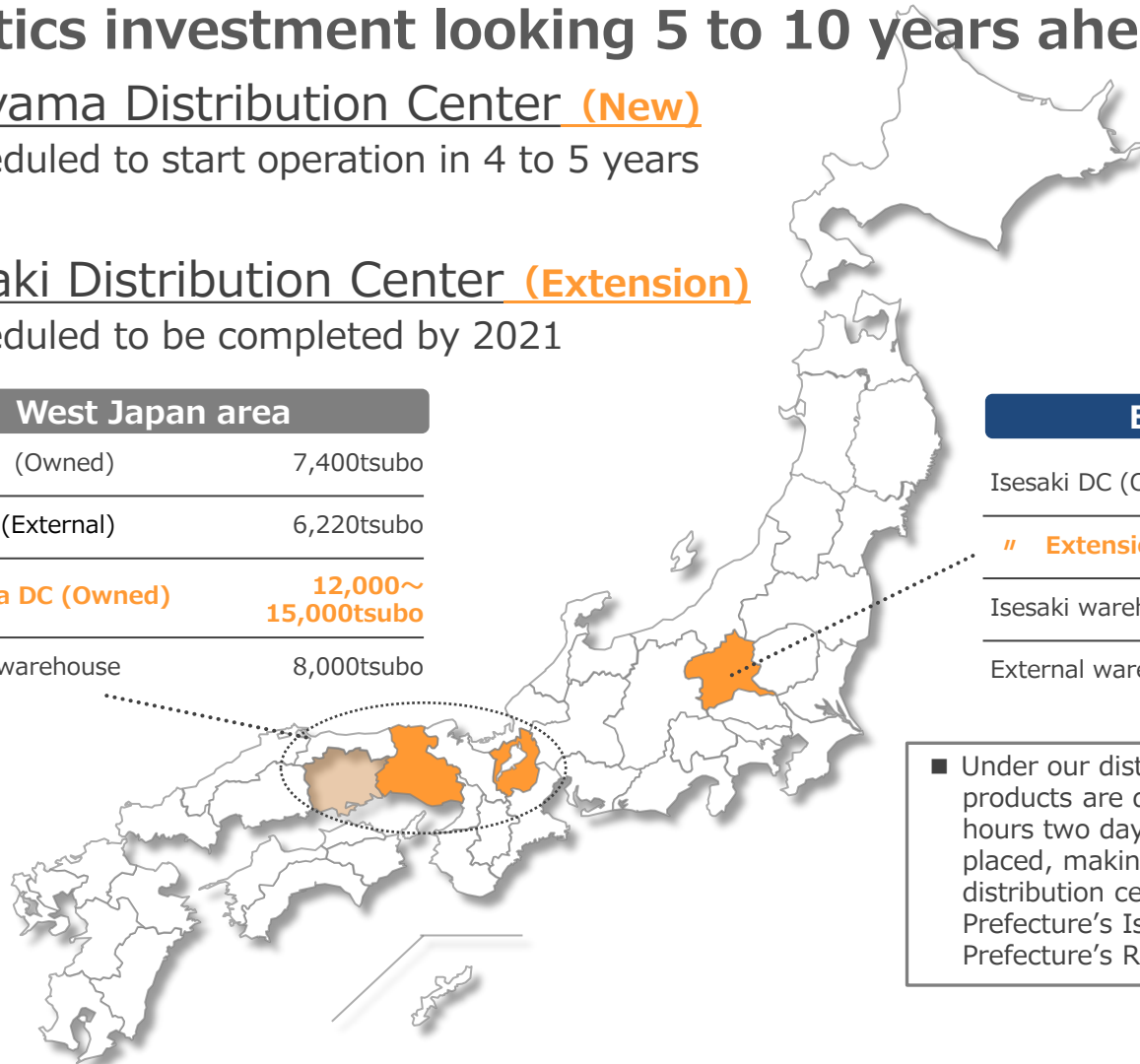
⇒Scheduled to be completed by 2021

West Japan area

Shiga DC (Owned)	7,400tsubo
Kobe DC (External)	6,220tsubo
Okayama DC (Owned)	12,000~ 15,000tsubo
External warehouse	8,000tsubo

East Japan area

Isesaki DC (Owned)	10,000tsubo
" Extension(")	6,670tsubo
Isesaki warehouse (Owned)	6,480tsubo
External warehouse	13,400tsubo



■ 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 Isesaki City and Shiga Prefecture's Ryuo Town.

- ✓ Stable supply to franchise stores
- ✓ Control of logistics costs

2. Domestic Market Share

- Workwear Market
- Athleisure Market

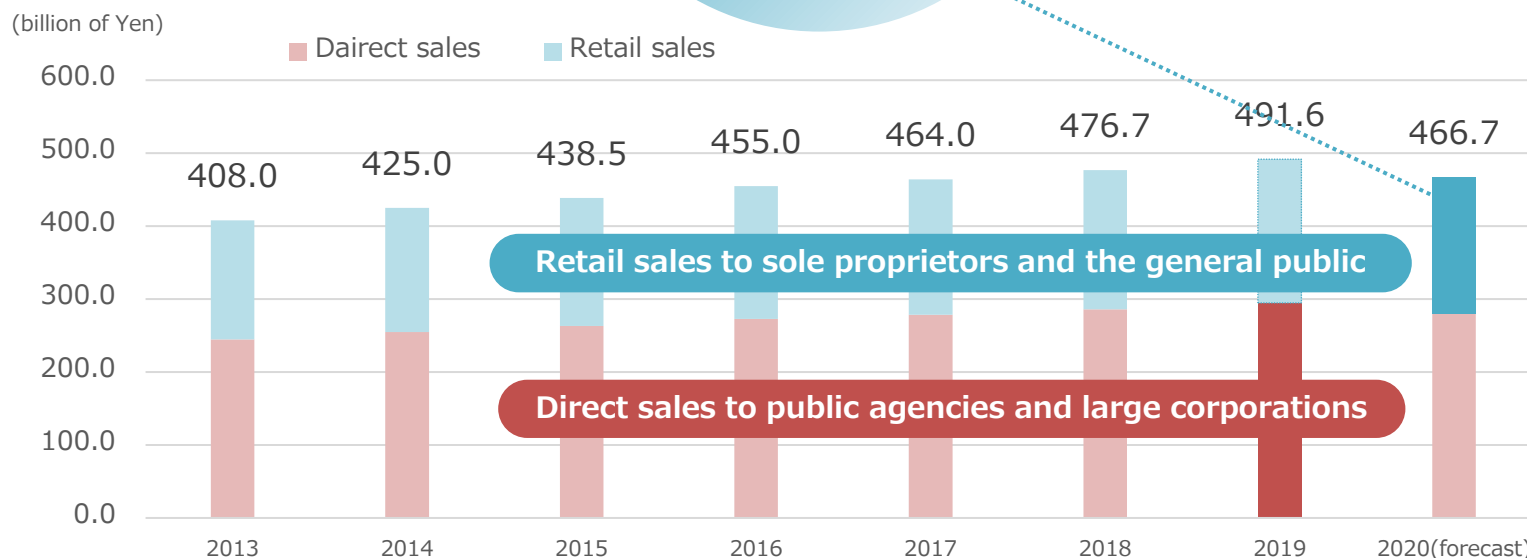
■ **Top share** of Japan's retail market for workwear

WORKMAN's sales of workwear amount to ¥45.8 billion for a 32.7% 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 2020," published by Yano Research Institute Ltd.

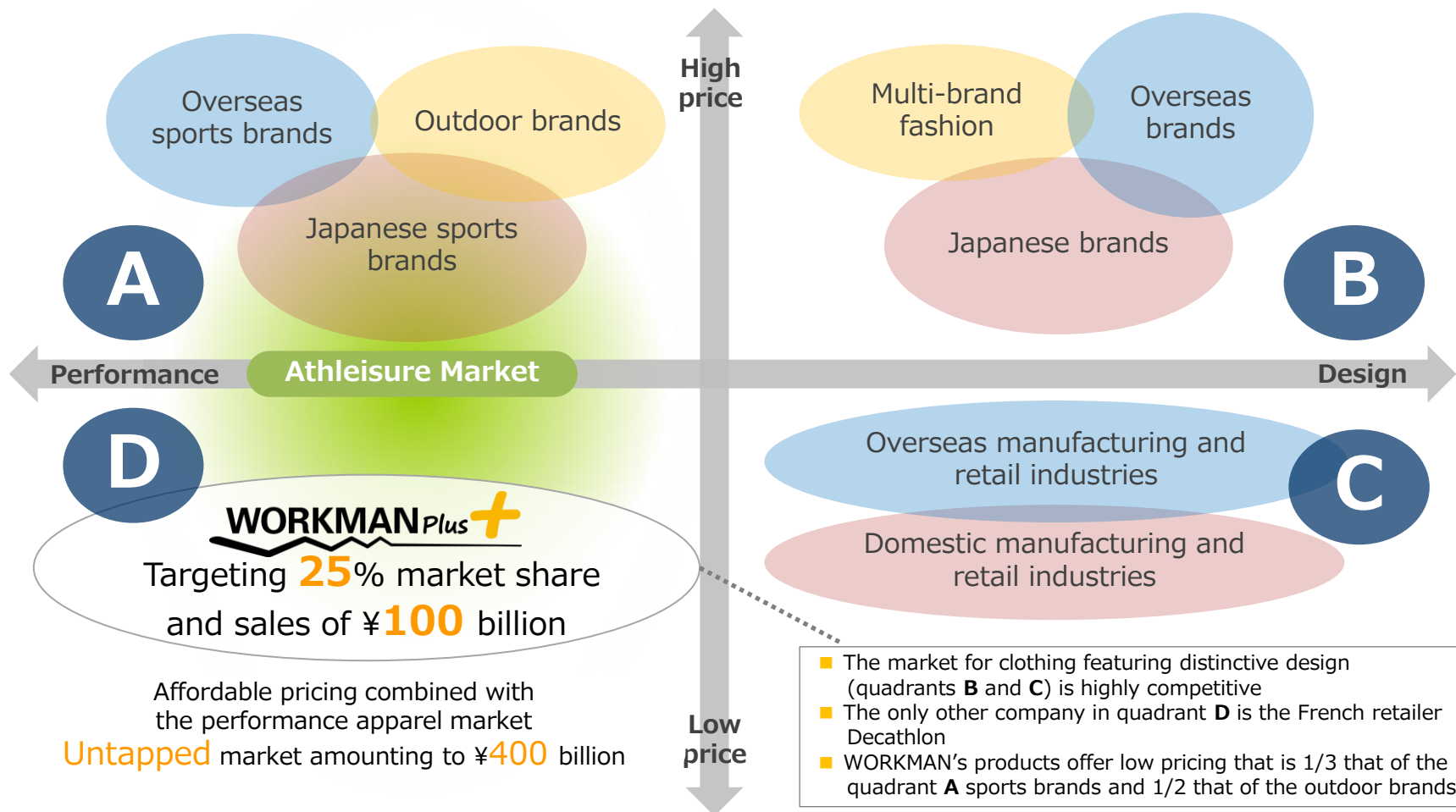


■ Perceptual map of the apparel market (athleisure market: ¥855.8 billion)

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
- Merchandise
- Marketing
- Data-driven Management

Establishment of new business categories, new formats

- Accelerate opening of #WORKMAN GIRL roadside stores
- Open stores in commercial districts, areas in front of train stations (vacant lots)
- Promote “scrap and build” of existing stores
- Standardize 130-tsubo, 150-tsubo stores



Logistics policy

- Isesaki Distribution Center expansion (September 2021)
- West Japan Distribution Center construction (completion expected in 2024)

Development of products full of “surprises”



- Endeavor to incorporate new functions and new categories through product development with brand ambassadors
- Rebuild the product lineup for working professionals and reinforce pricing, functions and designs
- Optimize inventories by enhancing the production management system and promoting the four-season system

Enhance customer convenience and improve operations

- Turn #WORKMAN GIRL” stores into FCs
- Maximize sales via stronger links between PR and merchandizing
- Transition to the new demand forecast-based ordering system
- Fuse online and physical stores by promoting C&C purchases

Store Opening Plan

■ Go for 1,500 domestic stores in 3 categories

(Number of stores)	Stores at end of FY3/20	Openings set for FY3/21				Renovation set for FY3/22 ※2			Closure	Stores at end of FY3/22	Medium/longer-term goals
			Roadside	SC※1	S&B※1		Full renovation	Partial renovation			
	632	(△13)	—	—	(△13)	(△62)	(△2)	(△60)	△2	555	200
	272	43	30	—	13	62	2	60	—	377	900
#ワークマン女子 WORKMAN GIRL	2	11	5	6	—	—	—	—	—	13	400
Total	906	54	35	6	13	62	2	60	△2	945	1,500

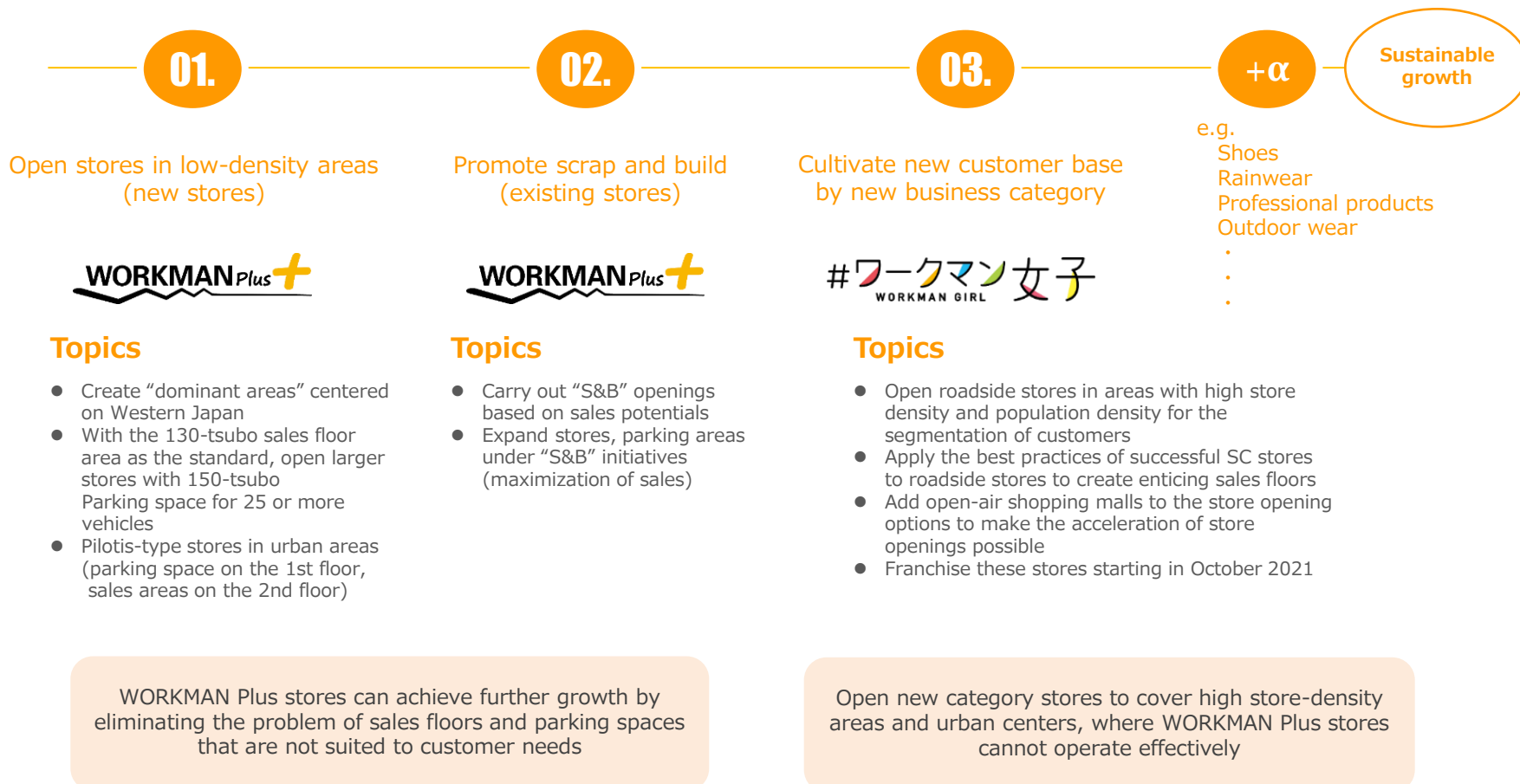
These are the plans as of this moment. They may be altered in the future.

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

※1. SC: Shopping center stores S&B: Scrap and build stores


※2. WORKMAN stores were renovated/converted to WORKMAN Plus stores. The Total shows the number of renovated stores.

■ Deployment of stores for expected sustainable growth



■ Gain more customers through EveryDay Low Prices (EDLP) policy


Products mainly manufactured in
China and Southeast Asia



Ten pairs of work gloves for ¥**178** (incl. tax)



Short-sleeved mesh T-shirts for ¥**499** (incl. tax)

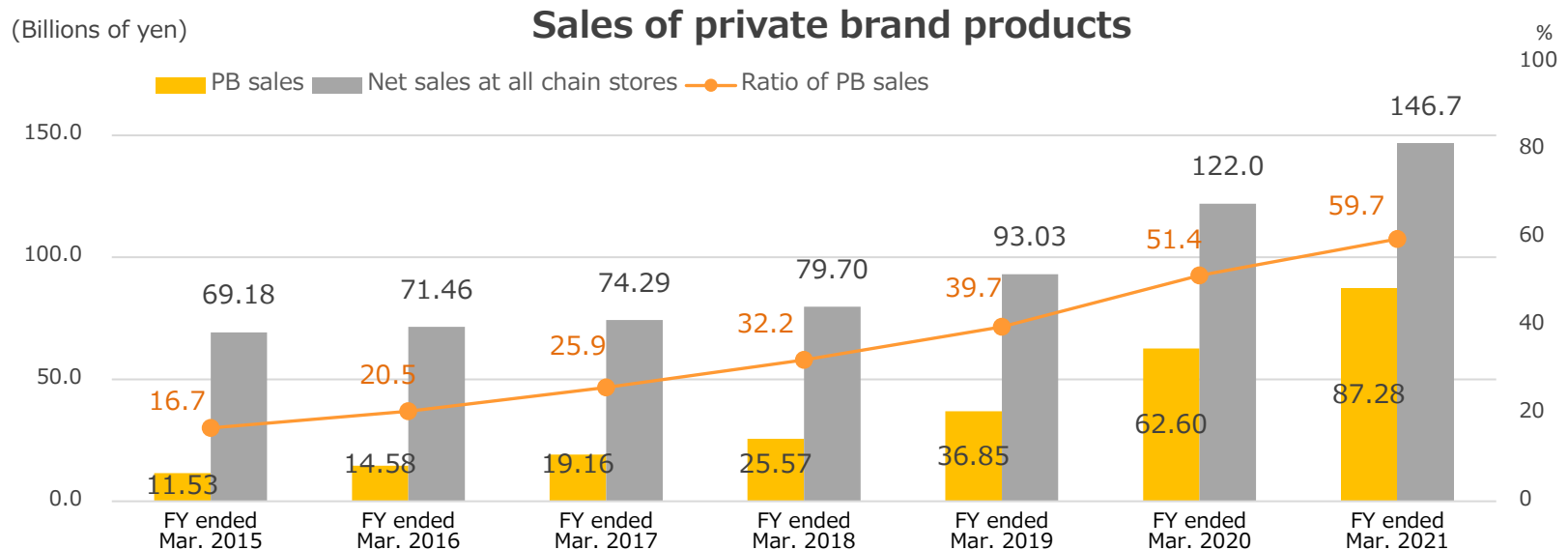
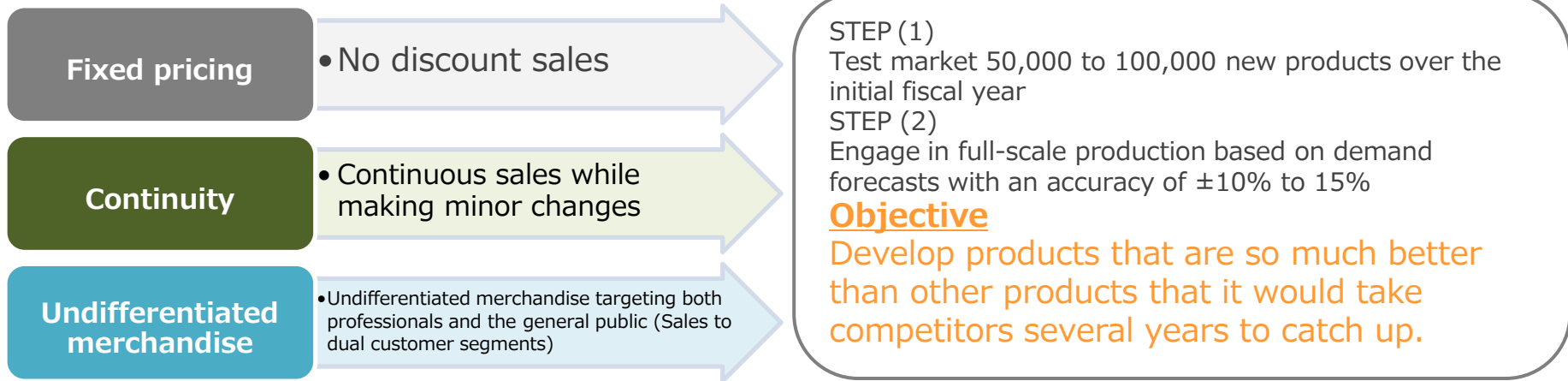


Running shoes for ¥**980** (incl. tax)

- Procure merchandise leveraging economies of scale with respect to 906 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

Merchandise (Private Brand Products)

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



■ Continue to create products with “surprising” functions and prices

Given the diversification of customer needs, we will promote the development of new categories such as workwear suits and outdoor gear, and also launch a new workwear private brand in a bid to rebuild the product lineup for professionals. We will also reinvent our safety shoe lineup by leveraging functionality and excellent design required for the outdoors and sports.

In the area of production management, we will strive to “visualize” delivery dates and optimize inventories by promoting merchandizing that takes into account the four seasons.



Themes for FY3/22

01.

Develop new functions,
new categories

02.

Rebuild the product lineup
for professionals

03.

Optimize inventories
Enhance production management
system/four-season system

Ambassador marketing

■ System to sell out due to SNS reputation (Target: 50 brand ambassadors)



- Increased sales by SNS and word of mouth
- Extension of customer base



Win-Win

Ambassador

- Increased followers on SNS

Make WORKMAN fans ambassadors

Outsource product description from ambassadors



Fashion blogger



Camp Youtuber



Hunting youtuber

etc...



Steer traffic to brand ambassador product information website by rolling out POP equipped with QR codes

Hold a new product launch for ambassadors

Fusion of SNS and real stores

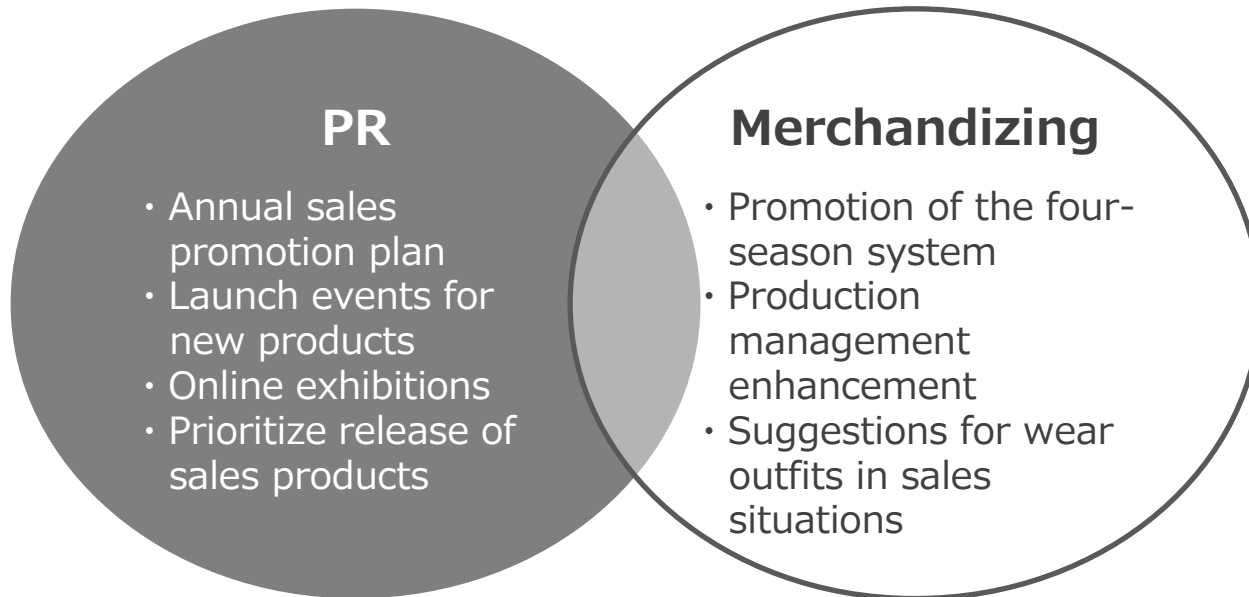


Providing topics for ambassadors



#ワークマン女子
WORKMAN GIRL

- Maximize net sales by linking newsworthy PR and merchandizing



- Official WORKMAN social media accounts



Goal for the number of followers

About 130,000 ► **200,000** About 50,000 ► **100,000**

- Brand ambassador marketing

44 people ► 50 people

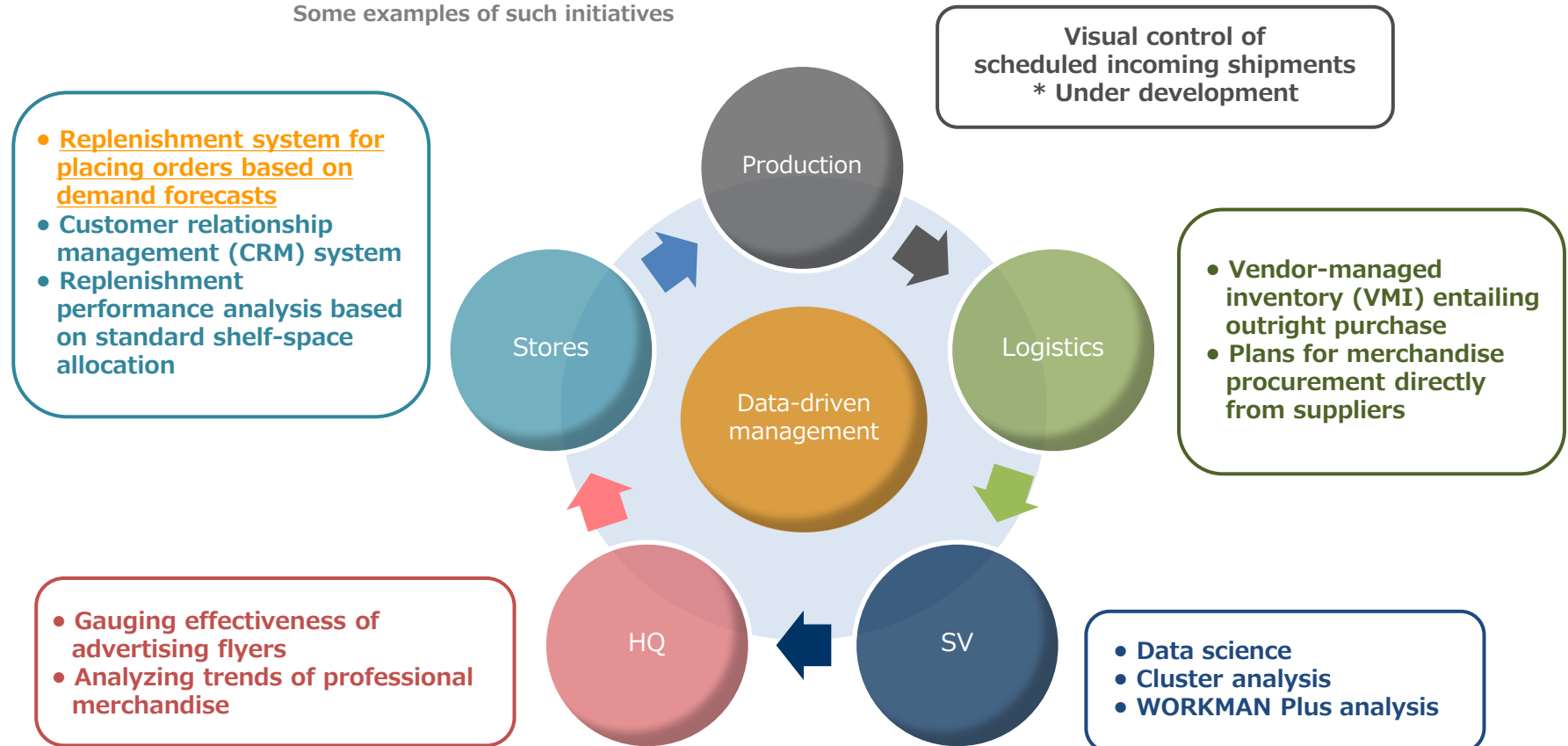
Expand into new categories

- Fishing, gardening, cycling, working (drivers), etc.

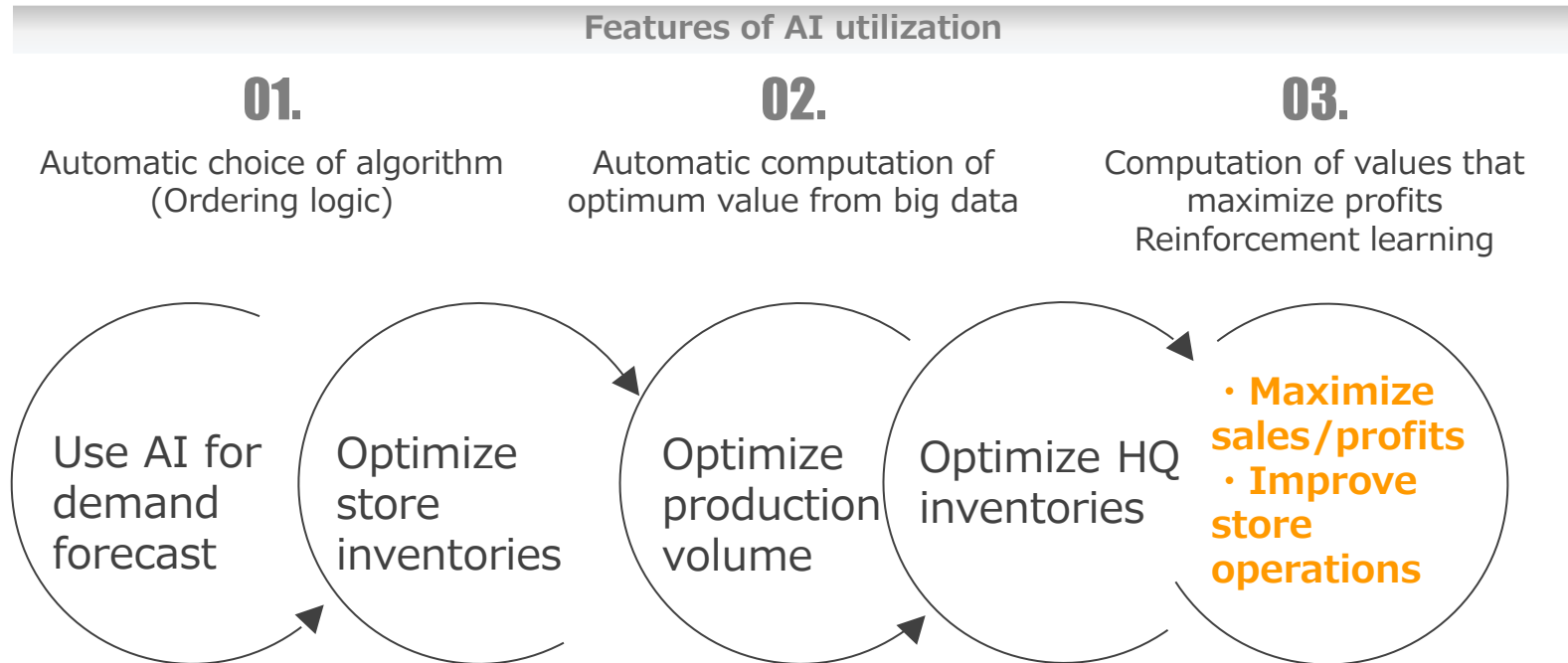
■ Seamless application of data from production to sales

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

Some examples of such initiatives



■ Optimization of inventories and streamlining of store operations



• Implementation schedule



※These are the plans as of this moment. They may be altered depending on the verification progress.

4. Business Performance, Shareholder Return and Other Information

- Performance Data
- Shareholder Return
- History
- SDG s

Plans for the Fiscal Year Ending March 2022

■ Aiming for **record-high net income** for the 11th straight year

(Millions of yen)	FY3/21		Forecast for FY3/22 2Q		Forecast for full FY3/22	
	Amount	YoY	Amount	YoY	Amount	Progress
Sales at all chain stores	146,653	+20.2	74,792	+9.5	156,174	+6.5
(Same-store sales)	—	+14.2	—	+3.3	—	+1.4
Total operating revenue	105,815	+14.6	53,732	+9.1	114,445	+7.0
SG&A	17,804	+17.0	9,818	+10.6	20,074	+8.0
Operating profit	23,955	+25.0	12,425	+8.4	26,673	+7.8
Ordinary profit	25,409	+22.9	12,697	+7.8	27,200	+7.0
Net income	17,039	+27.5	7,926	+7.5	18,155	+6.5
Net income per share	208.80 yen		97.13yen		222.46yen	
Dividends per share	64 yen		—		64yen	

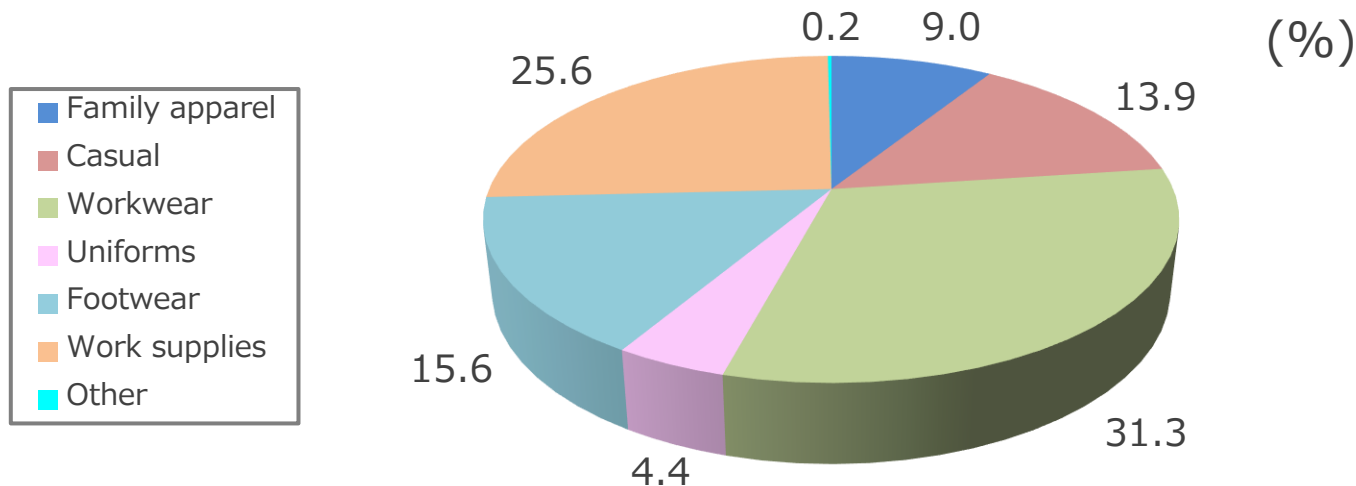
Performance Data (Balance Sheet)

(Millions of yen)

Item		As of March 31, 2020	As of March 31, 2021	Change
Assets	Current assets	73,764	85,696	11,931
	Cash and deposits	45,240	57,813	12,572
	Accounts receivable - due from franchised stores	13,674	11,884	△1,790
	Merchandise	13,660	14,077	416
	Non-current assets	23,757	27,179	3,421
	Property, plant and equipment	16,968	20,101	3,133
	Intangible assets	455	769	313
	Other investments	6,333	6,307	△25
Total assets		97,522	112,876	15,353
Liabilities	Current liabilities	16,905	19,090	2,184
	Non-current liabilities	3,113	3,191	78
Total liabilities		20,019	22,282	2,262
Total net assets		77,503	90,593	13,090
Total liabilities and net assets		97,522	112,876	15,353

Performance Data (Sales by Product)

■ Net sales at all chain stores: **¥146,653 million**
(Fiscal year ended March 31, 2021)



Product	Sales (Millions of yen)	YoY Change	Main items
Family apparel	13,179	125.3%	Undergarments, socks, hats, towels
Casual	20,387	128.8%	Polo shirts, T-shirts, highneck shirts, compression wear
Workwear	45,809	119.1%	Workwear, coveralls, construction worker uniforms
Uniforms	6,470	160.4%	Women's wear, white smocks and coats, office uniforms, non-woven work clothes
Footwear	22,895	115.2%	Protective footwear, <i>tabi</i> socks, boots, kitchen shoes
Work supplies	37,520	113.5%	Work gloves, tools, protective gear, rainwear
Other	389	148.3%	

■ Basic policy

We target a dividend payout

ratio of **30%**

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

■ Dividends per share

- Fiscal year ended March 31, 2021

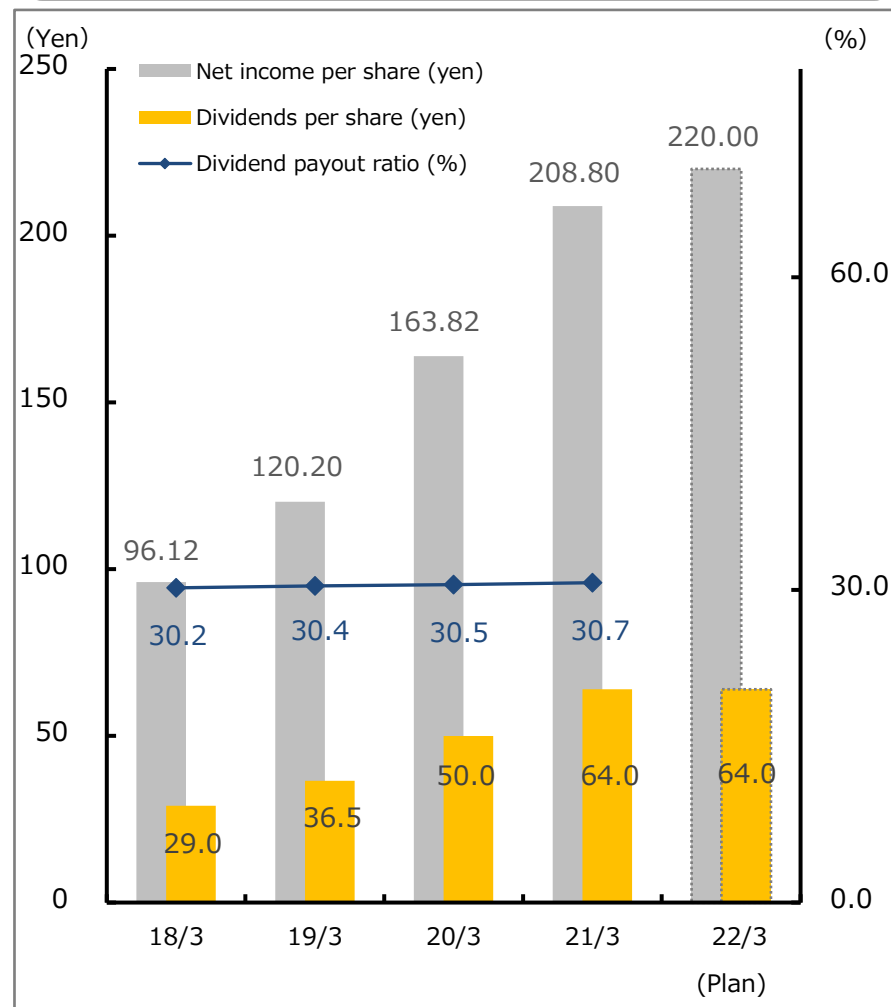
Plan to increase by 15 yen to **64** yen
(Dividend increase for 11th straight year)

- Fiscal year ending March 31, 2021

Expect to keep at **64** yen

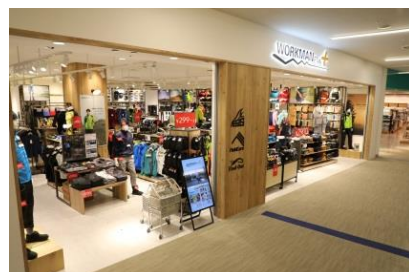
We will strive to realize a dividend increase in accordance with this basic policy.

Changes in net income 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 **WORKMAN Plus+** store No. 1
- 2019 Achieved total 12-month sales at all chain stores of ¥100 billion



WORKMAN Plus at a shopping center



WORKMAN Plus at the roadside

WORKMAN's SDGs

WORKMAN will contribute to the realization of the Sustainable Development Goals (SDGs) through our core business. Since SDGs are long-term goals, we believe continuity is important. Our first priority is to start wherever we can through our core business, without aiming excessively high. Then, we will strive to deepen and expand our efforts.

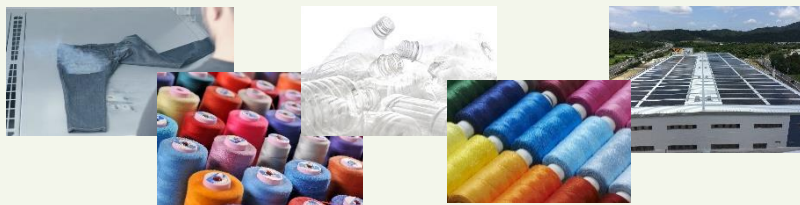


Environment



We will cut the product disposal rate to less than 1%.

We will develop some 25 environmentally friendly items, adopting laser processing of denim products and using original yarn and recycled fibers. For the utilization of renewable energy, we have installed photovoltaic equipment on the distribution center roof.



For some products, we have inventories for sizes ranging from S to 7L. We will only dispose of them if we discontinue a product or change the model and are unable to sell them even with a markdown due to the absence of customer need.

Social



We will substantially expand exports from developing countries.

We will contribute to increase exports from developing countries by promoting the advancement of developing countries and maintaining long-term and stable transactions with them.



- 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)