



(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
- Merchandise
- EC (Online Shopping)
- Distribution Network

■ Management Philosophy _____

Evolve for those who ask us to

Greater convenience, better quality and
lower prices for working people

■ Business Activities _____

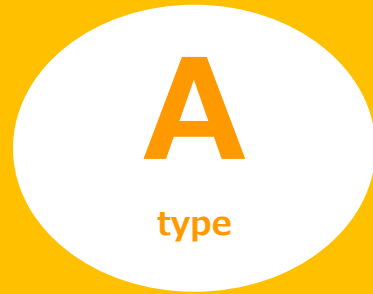
Leveraging WORKMAN's franchise system,

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.



Establishment	August 1982	
Securities code	7564, STANDARD	(Listed in September 1997)
Share capital	¥1,622 million	
Net sales	¥169,856 million (Net sales at all chain stores)	(FY 3/2023)
Ordinary profit	¥24,664 million	(FY 3/2023)
Profit	¥16,656 million	(FY 3/2023)
Number of employees	365	(As of March 31, 2023)



Franchise agreement

Income increases as sales (gross profit) increase

Length of contract

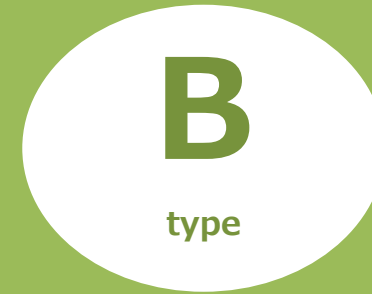
3 years

Contract renewable per agreement with HQ after six years

Required funds

¥**2.23** million (incl. tax)

Of which, ¥1.0 million is refunded upon contract expiration



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

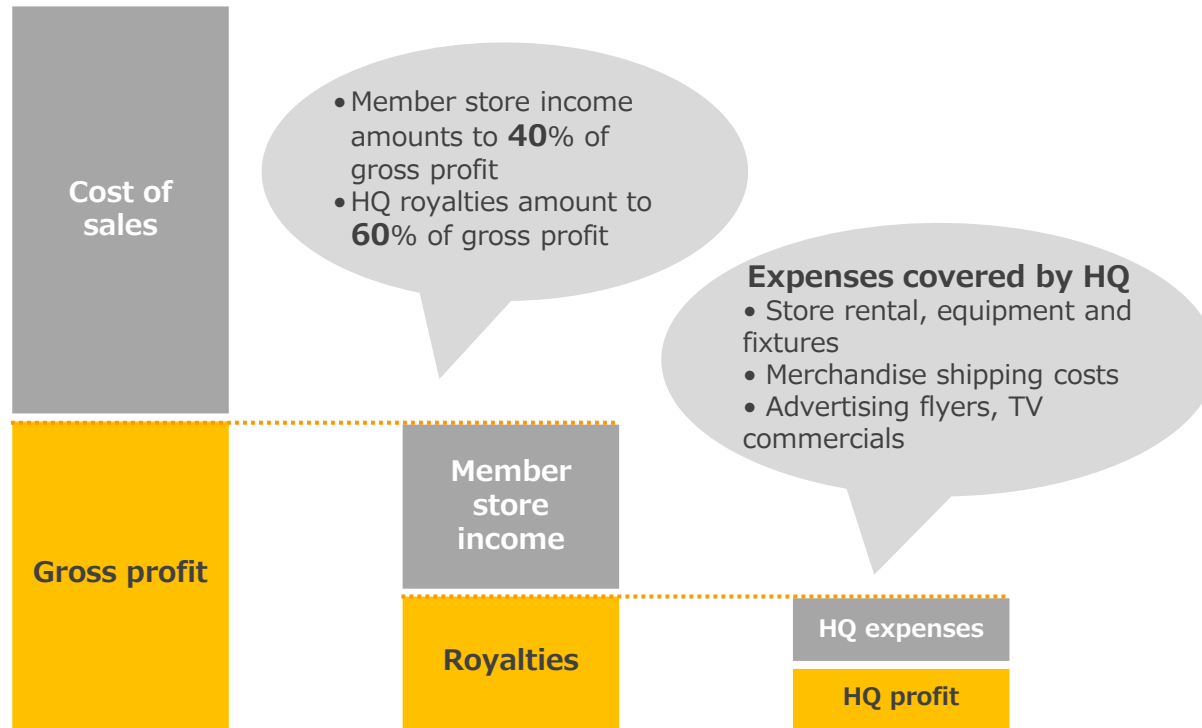
Required funds

¥**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

ii . Sustainable management

iii . Financing

iv . Original Products

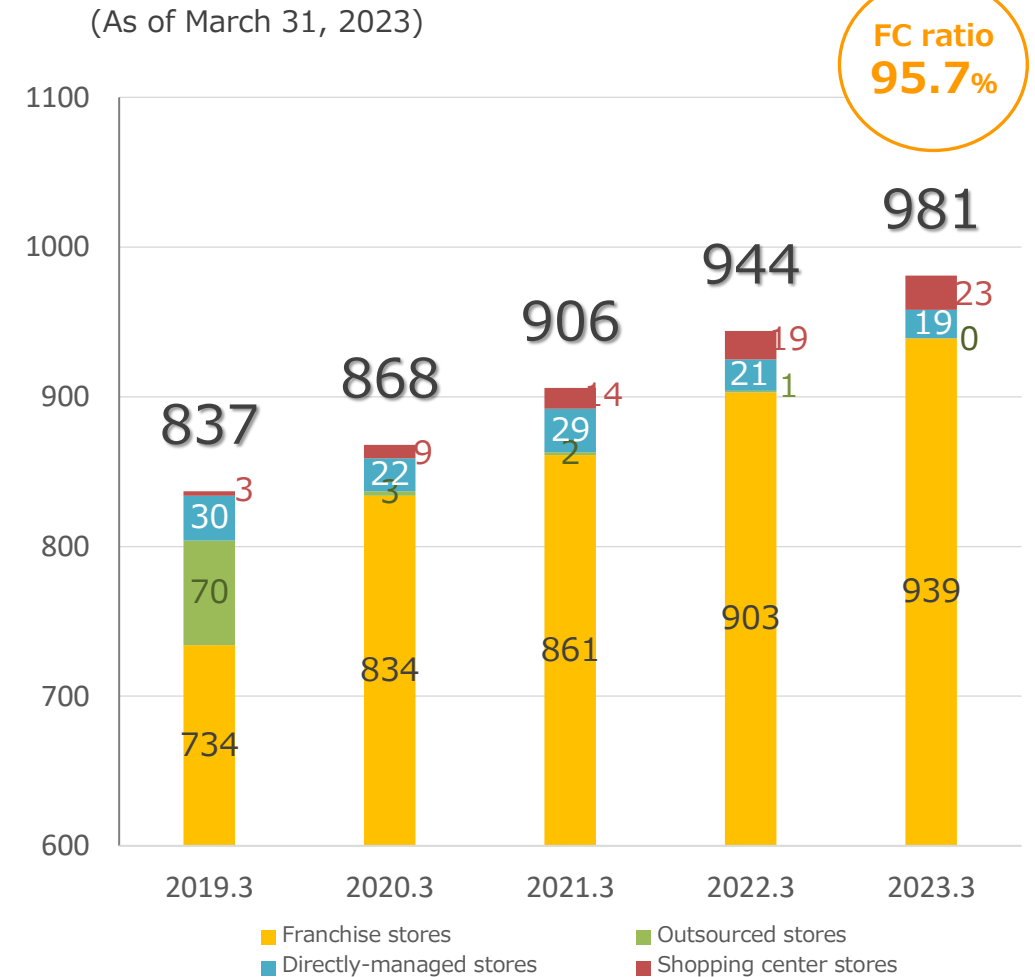
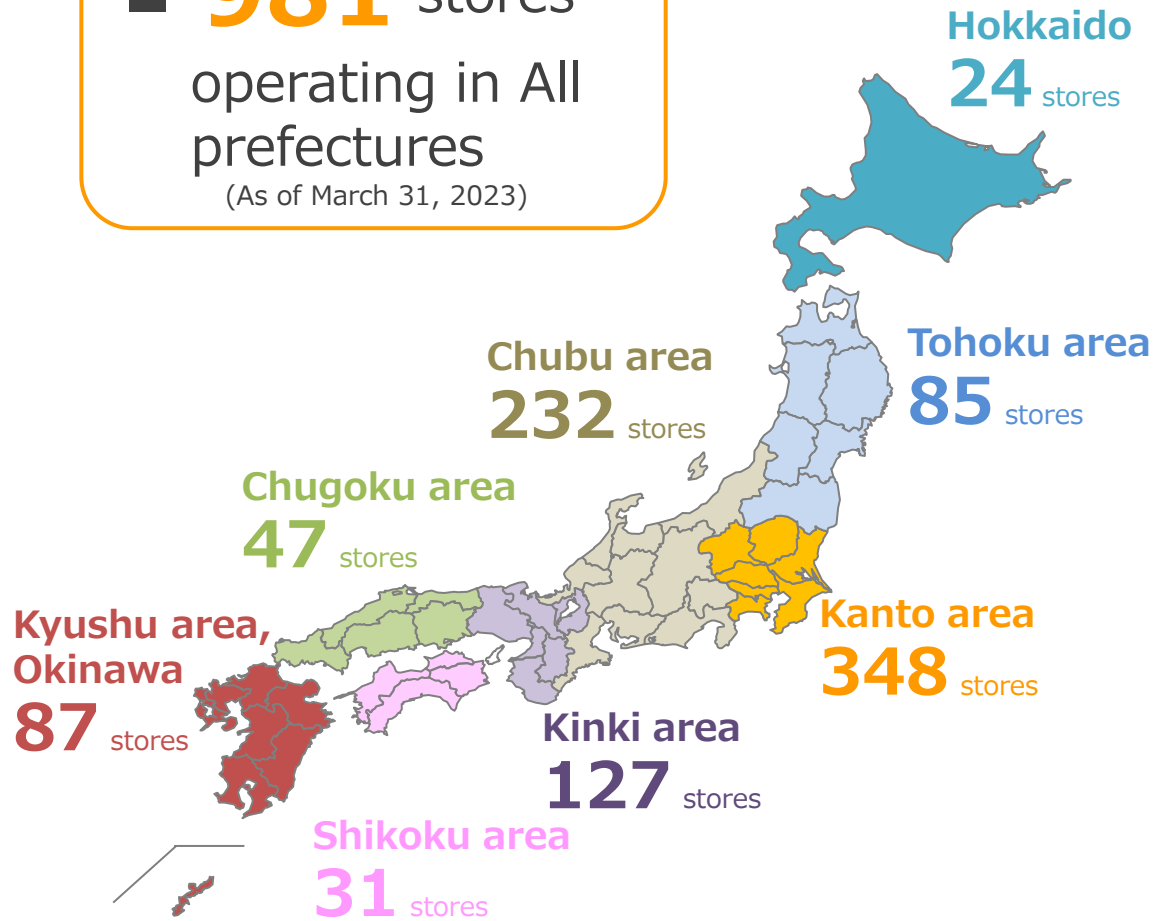
v . Outstanding rewards program

vi . Pleasant working conditions





Store Information (Status of Store Openings・Business Format)



■ **981** stores
operating in All
prefectures
(As of March 31, 2023)



■ Store format by business type (As of March 31, 2023)

Business Format	Number of stores	Location	Standard store (1 tsubo ≈ 3.3 m ²)	Customer base
	479	Roadside	100 tsubo building 10-15 Parking spaces	Work : 80% General : 20%
	3	Roadside	100 tsubo building 10-15 Parking spaces	Work : 80% General : 20%
	461	Roadside	130 tsubo building 20-30 Parking spaces	Work : 60% General : 40%
	12	Shopping center	—	General : 100%
	15	Roadside	130 tsubo building 20-30 Parking spaces	General : 100%
	11	Shopping center	—	General : 100%

- Gain more customers through **Every Day 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 944 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)



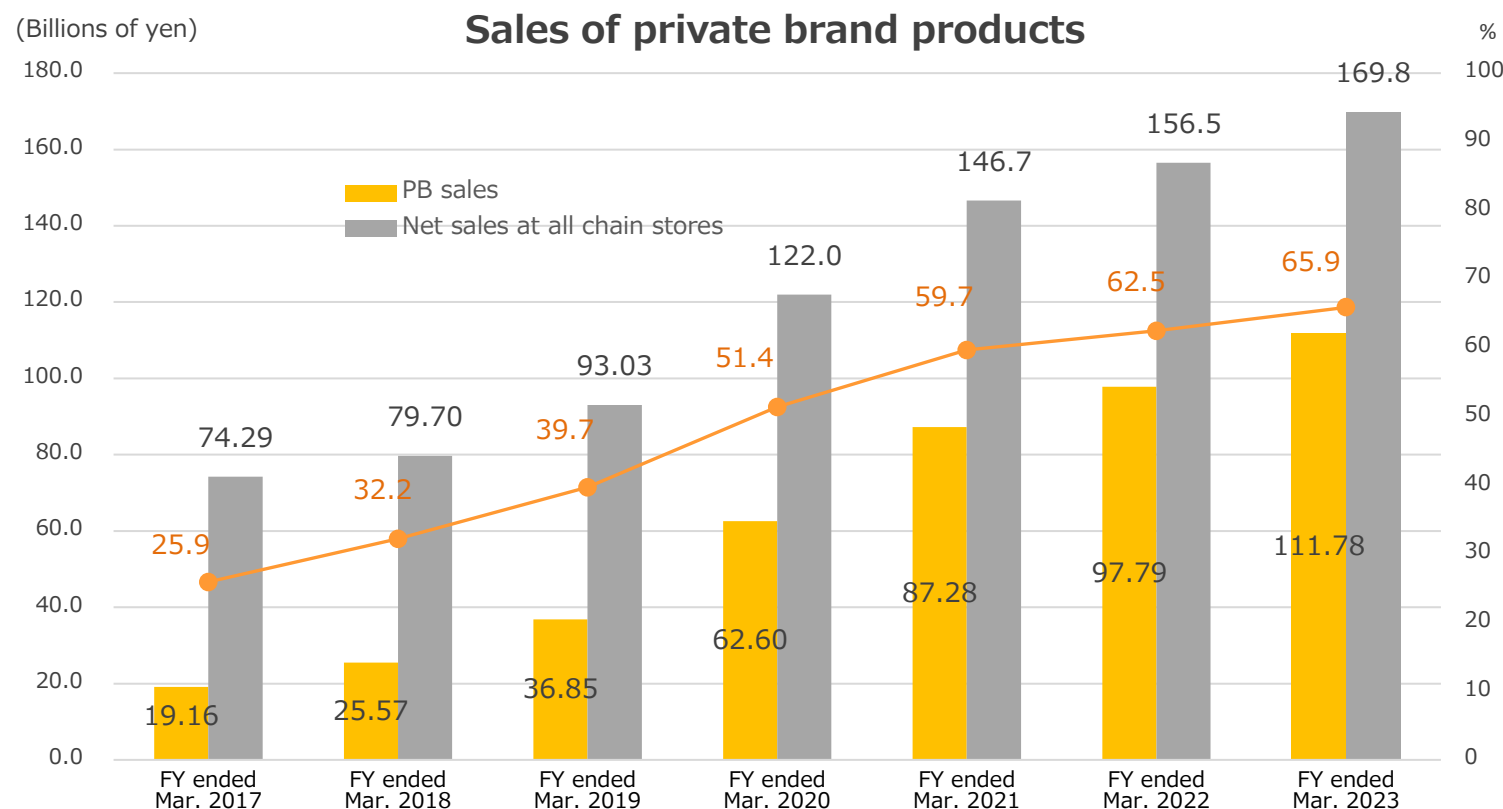
- Redouble efforts to develop private brand products, expand customer base and achieve differentiation from competitors

- Sales of PB Products **111,778 Million Yen** (Up 14.3% YoY)

Point
Fixed pricing
 No discount sales

Point
Continuity
 Continuous sales while making minor changes

Point
Undifferentiated merchandise
 Undifferentiated merchandise targeting both professionals and the general public (Sales to dual customer segments)



■ E-commerce operations helps Franchise stores

- Strengthen customer transfer to FC stores by promoting online sales utilizing store inventory



FC's benefits

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

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



■ Company-owned distribution center 2 base system

- 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.

East Japan area

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

West Japan area

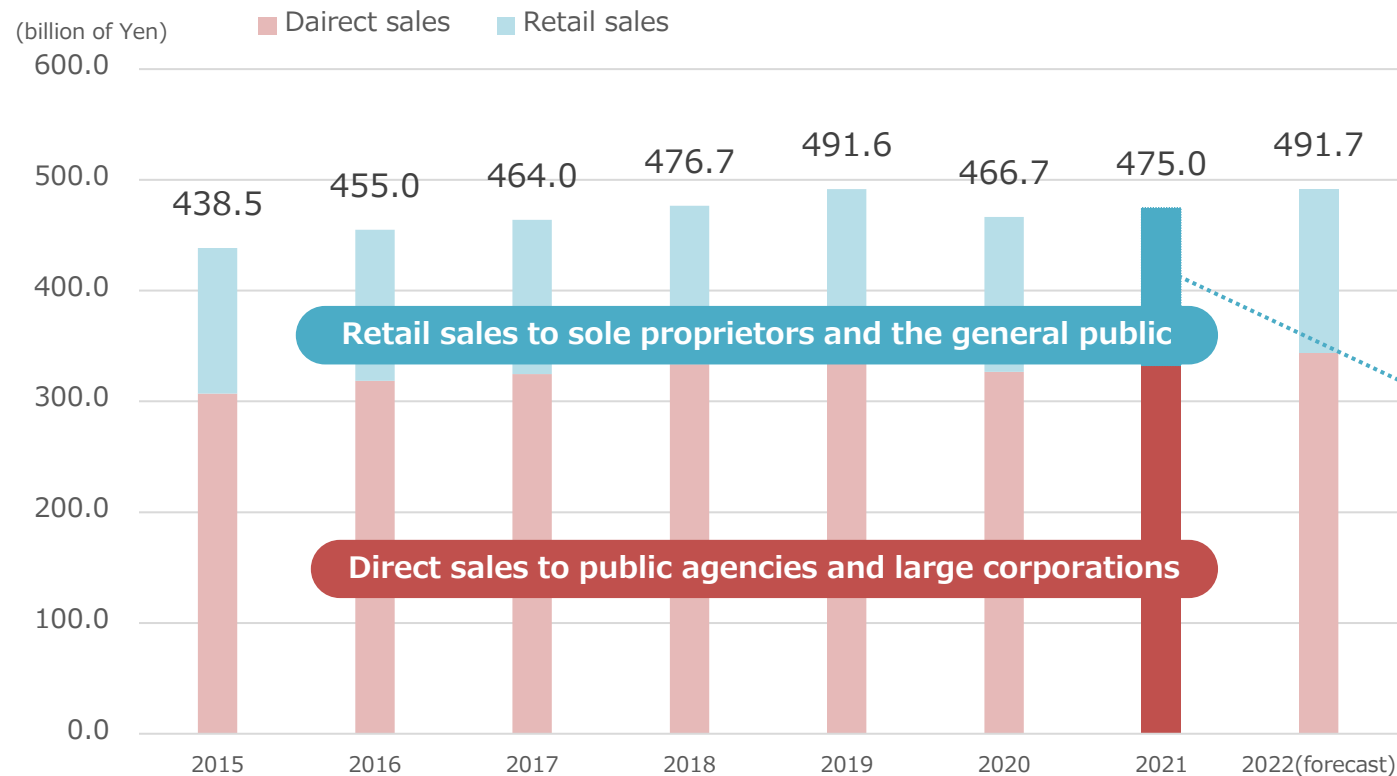
Shiga DC (Owned)	7,400tsubo
Kobe DC (External)	6,220tsubo
Okayama DC (Owned) (scheduled for completion in 2027)	15,000tsubo
External warehouse	8,000tsubo



| 2. Domestic Market Share

- Workwear Market
- Athleisure Market

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



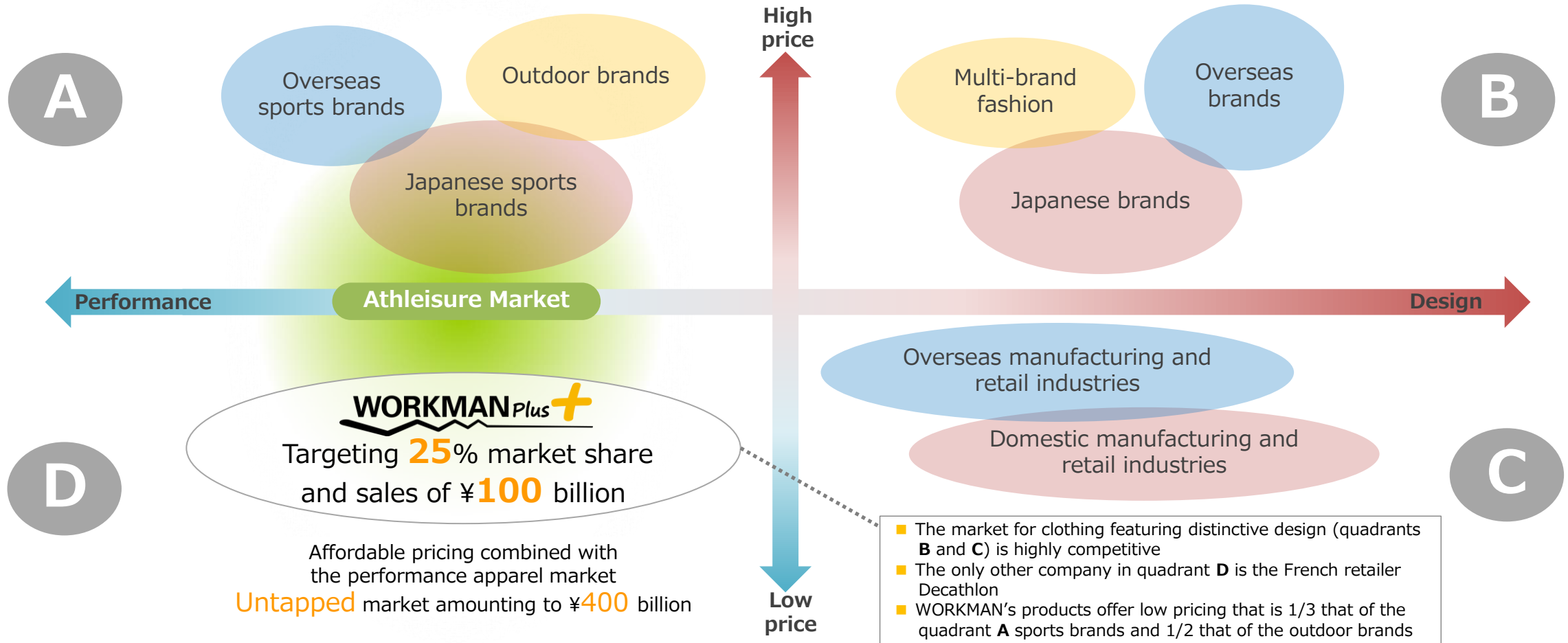
WORKMAN's sales of workwear amount to ¥47.8 billion for a 33.5% share of the retail market



- 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
- Product Development
- Sales Strategy

● Management policy

Achieve sustainable growth by creating new business categories and products and enhancing the power of our brands






- ✓ 1,500 domestic stores
- ✓ Aim for individual store sales of 200 million yen



Store Opening Plans



- Aim for **1,500** domestic stores by accelerating the opening of SC stores and expanding the network of stores for general customers

(Number of stores)	Number of stores at end of FY 3/23	Openings set for FY 3/24			S&B※2	Renovation set for FY 3/24※2			増減除外 ※3	Closures	Number of stores at end of FY 3/24	Medium/ longer-term goals
		Roadside	SC※2			Full renovation	Partial renovation					
	479	–	–	–	(△15)	(△65)	(—)	(△65)	(+4)	△1	402	200
	473	15	15	–	15	58	–	58	△4	–	557	900
 	26	20	10	10	–	–	–	–	–	–	46	400
	3	–	–	–	–	7	–	7	–	–	10	N/A
Total※1	981	35	25	10	15	65	–	65	–	△1	1,015	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.

- Development of stores tailored to customer needs
Aim to improve convenience while expanding the customer base

- WORKMAN Colors



Fashionable on all fronts, with stealthy functionality

Establish a fashionable brand image and a business category that can be used on an everyday basis

- Accelerate opening of SC stores



Open stores expecting to make them franchises

Accelerate development in densely populated areas where it is difficult to open roadside stores, expand the store network and increase brand recognition

- Renovation of WORKMAN Pro



Lock in professional customers

Promote renovation and conversion of stores with high annual sales and a high ratio of sales of products for professionals, seeking to separate out these customers

Product Development (PB Products)

● Increase added value through improved design sense and sustainability, with functionality at the core

● WORKMAN Colors



Capture needs for more fashionable clothes and tie into sustainable growth by enhancing design sense as well as functionality

● Comfortable work product

Contribute to the extension of the work life

- Develop new work markets
- Target corporate customers at first, but expect to expand to general customers in the future.



● Sustainable products

FY 3/2024 sales target:
22,300 million yen

「Green-TECH」

Develop environmentally-friendly, sustainable products with enhanced functionality using “natural fibers” and special technology

※Repurposing of coffee grounds and banana stems



Status of Product Procurement



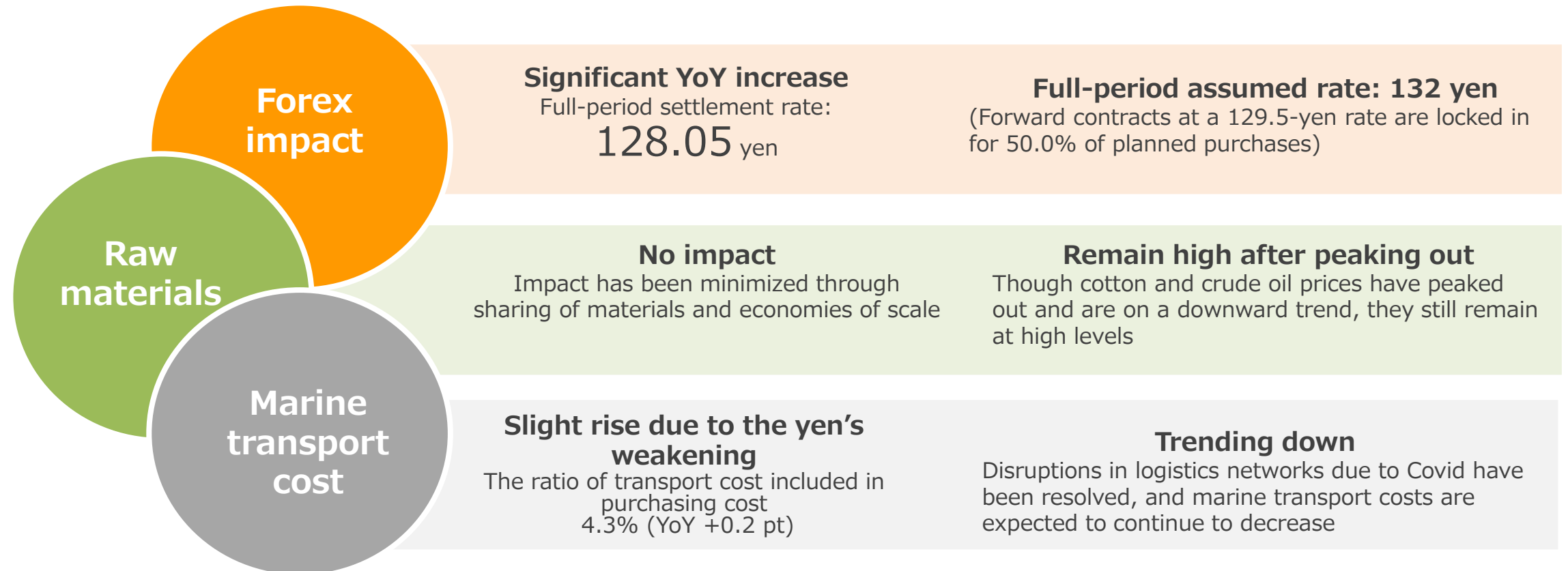
● Plan to keep prices of focus PB products unchanged

We aim to improve profitability through the development of new products with higher added value and changing/eliminating existing products

● Issues in product procurement

● Status as of FY 3/2023

● Outlook for FY 3/2024



● Expand the customer base and improve customer satisfaction

- Disseminate information to create a shared sensibility
Ambassador and influencer marketing



- Strengthen the customer base with new branding based on the theme of WORKMAN Colors
- Hold in-person events that provide a sense of togetherness. Enlarge booths in order to share information from the user's perspective
- Become more familiar to customers by maintaining hype on social media and increasing publicity from external sources

- Leverage WORKMAN Plus stores

Action 1

Switch to the latest Plus store sales floor and displays at the first batch of partially renovated stores

Action 2

Consider additional investment, such as conversion to Plus II, in view of sales trends

Target

Boost activity at existing stores

- Improve operations

More efficient store operations

Renovate back rooms to add multifunctionality

Plan: **120** stores

Secure stock space in preparation for peak sales seasons

Operational-level improvements

• Revise operations manuals for new franchise store staff

• Establish a system for follow-up training after franchising

Provide backup for franchise stores through both hard measures and education

● Enhance the promotion system in order to resolve challenges

● Results for FY 3/2023

■ Sustainable product development

- Sustainable products: 117 items; 12,568 million yen
- Product disposal rate: 0.48% (improvement of 0.2%)
- Endorsed the “Declaration of Partnership Building”

■ Contribution to the global environment

- June 2022: the Kodama store (in Saitama prefecture) obtained “ZEB Ready” certification
- Going forward, we will build more energy-efficient stores.

■ Satisfaction of FC stores / employees

- Maintained franchise store re-contracting at the high rate of 98.3%
- Improved indicators for employee engagement
- Increased the ratio of women chiefs and managers by 9.5%

■ Governance

- Evaluated the effectiveness of the Board of Directors
- Disclosed the skills matrix

■ Other

- Enhanced disclosure on the official company website

● To be implemented in FY 3/2024 (planned)

■ Strengthen the system for implementation

- Launch the Sustainability Committee, to be chaired by the Representative Director

■ Environmental management

- Calculate Scope 1 and 2 emissions
- Address disclosure in accordance with the TCFD Recommendations

■ Sustainable product development

- Sustainable products: 185 items; 22,300 million yen

■ Human capital

- Develop human resources adapted to the business environment
- Promote the internal data analysis program “My Star”

■ Governance

- Appoint outside directors (the Board is composed of 42.9% outside directors)

※To be formalized upon obtaining approval at the General Meeting of Shareholders to be held on June 29, 2023

4. Business Performance, Shareholder Return and Other Information

- Performance Data
- Shareholder Return
- History
- Sustainability

Plans for the Fiscal Year Ending March 2024



- Although both revenue and profit are predicted to increase, SG&A will drag down the numbers, and total operating revenue will be flat

(Millions of yen)	FY3/2023 Results	YoY (%)	FY3/2024 Q2 Plan	QoQ (%)	FY3/2024 Full-year Plan	YoY (%)
Sales at all chain stores	169,856	+8.5	87,990	+7.4	180,980	+6.5
Sales at directly managed stores	10,965	+10.7	6,558	+30.7	13,960	+27.3
Sales at franchise stores	158,891	+8.3	81,431	+5.9	167,020	+5.1
(Same store sales)	–	+2.6	–	+2.6	–	+2.0
Total operating revenue	128,289	+10.3	65,191	+8.3	136,576	+6.5
Cost of sales	83,529	+19.0	40,924	+7.6	86,488	+3.5
Adjusted OP before SG&A	44,759	△2.8	24,266	+9.4	50,087	+11.9
SG&A	20,652	+7.3	12,083	+20.6	24,367	+18.0
Operating profit	24,106	△10.1	12,182	+0.2	25,720	+6.7
Ordinary profit	24,664	△10.0	12,436	+0.0	26,214	+6.3
Net income	16,656	△9.0	7,753	+0.1	17,563	+5.4
EPS	204.10 yen		95.01 yen		215.21 yen	

Performance Data (Balance Sheet)



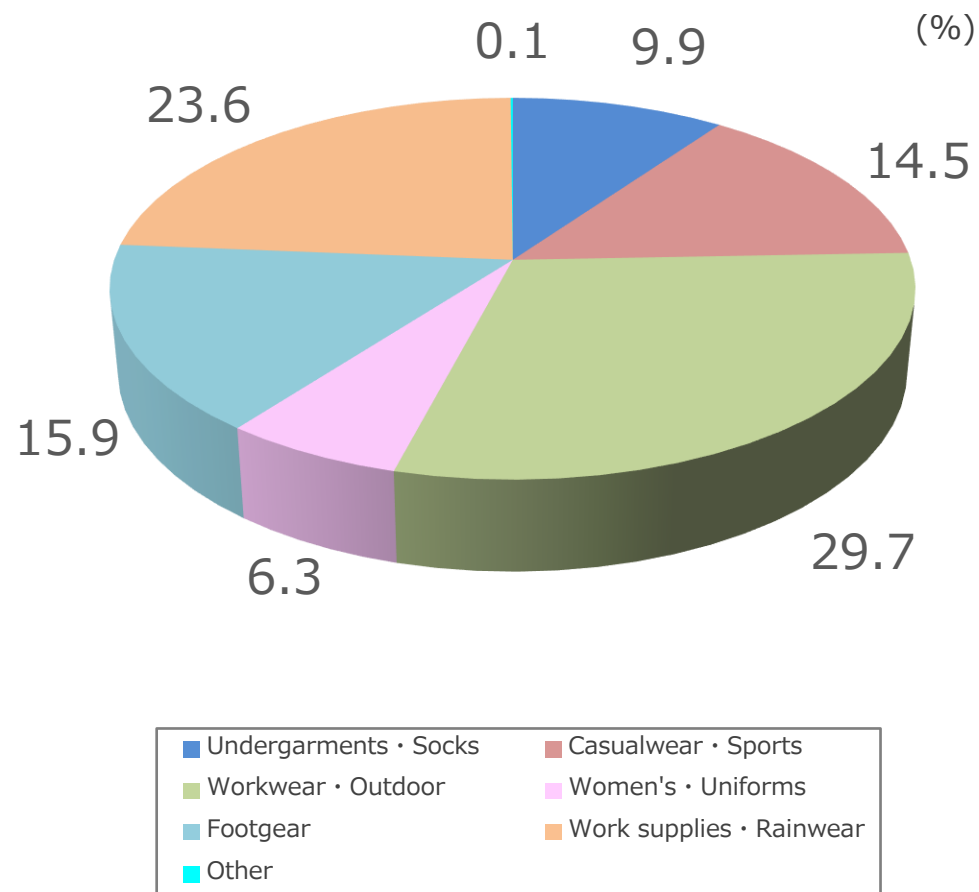
(Millions of yen)

	Item	As of March 31, 2022	As of March 31, 2023	Change
Assets	Current assets	94,266	101,390	+7,124
	Cash and deposits	64,283	62,640	△1,642
	Accounts receivable - due from franchised stores	11,944	13,459	+6,654
	Merchandise	15,257	21,911	+6,654
	Non-current assets	30,878	34,355	+3,477
	Property, plant and equipment	23,949	27,149	+3,199
	Intangible assets	818	884	+65
	Other investments	6,110	6,322	+211
	Total assets	125,145	135,746	+10,601
Liabilities	Current liabilities	17,897	17,172	△724
	Non-current liabilities	3,687	4,337	+649
	Total liabilities	21,585	21,510	△74
	Total net assets	103,559	114,236	+10,676
	Total liabilities and net assets	125,145	135,746	+10,601

Performance Data (Sales by Product)



● Net sales at all chain stores: ¥169,856 million (Fiscal year ended March 31, 2023)



Product	Sales (Millions of yen)	YoY Change (%)	Main items
Undergarments · Socks	16,861	113.4	Undergarments, socks, hats, towels
Casualwear · Sports	24,661	110.3	Polo shirts, T-shirts, highneck shirts, compression wear
Workwear · Outdoor	50,386	105.4	Workwear, coveralls, construction worker uniforms
Women's · Uniforms	10,723	129.4	Women's wear, white smocks and coats, office uniforms, non-woven work clothes
Footgear	27,072	110.2	Protective footwear, <i>tabi</i> socks, boots, kitchen shoes
Work supplies	39,982	103.5	Work gloves, tools, protective gear, rainwear
Other	167	180.5	

- 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, 2023

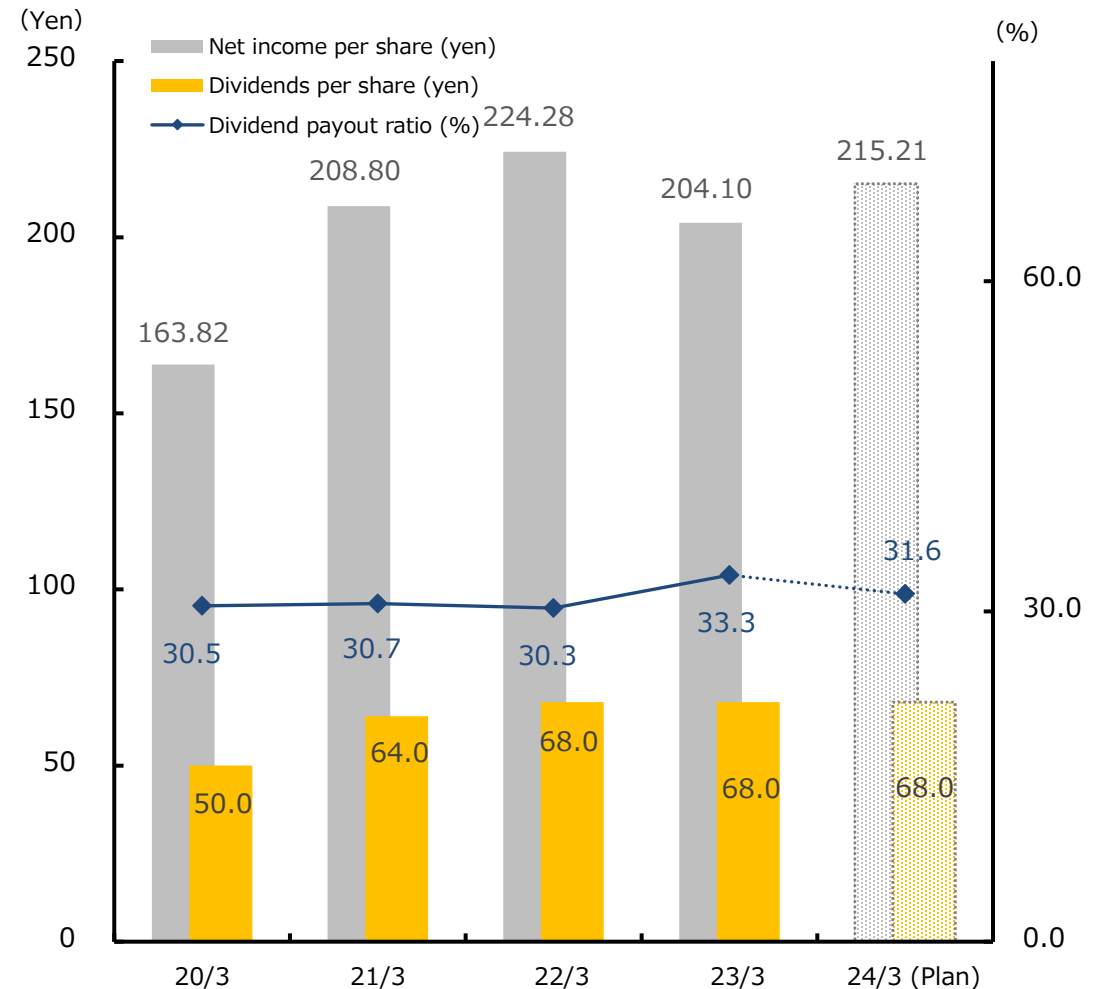
Plan to keep at **68 yen**

- Fiscal year ended March 31, 2024

Expect to keep at **68 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
- 2020 Opened WORKMAN Girl store No. 1
- 2021 Opened WORKMAN Pro store No. 1



WORKMAN store No. 1



Until 1990



Until 2013



From 2014 onward



WORKMAN Pro



WORKMAN Girl



WORKMAN Plus at a shopping center



WORKMAN Plus at the roadside

● We will improve the disclosure of our current initiatives, and then deepen and expand them

● Sustainability Policy

➤ Dream

Evolve for those who ask us to
Continue to evolve as society and customers ask us to.
Build a 100-year competitive edge through social and customer support

➤ Purpose

New standards for functions and values
Boldly create “new standards” in Woman’s fields of expertise, responding to the voices of society and our customers.

➤ Belief

Build a long-term, sustainable and good relationship with all stakeholders
Build a good and sustainable relationship with society, customers, affiliated stores, clients, employees and shareholders, looking ahead to the next 100 years.

● Materiality

We will strive to be an honest company trusted by a wide range of stakeholders, including communities, as well as shareholders, employees, customers, business partners and FC stores.

As a member of society, the Company is proactively engaged in social contribution, including support in the event of natural disasters, environmental protection, and educational and cultural activities.





- 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.

WORKMAN CO., LTD.

Securities code: 7564 (STANDARD)

Inquiry: IR Group, Finance Division

TEL: +81-3-3847-8190

E-mail: wm_seibi@workman.co.jp

<https://www.workman.co.jp/>

(Japanese only)