



(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

声のする方に、進化する。



■ Business Activities

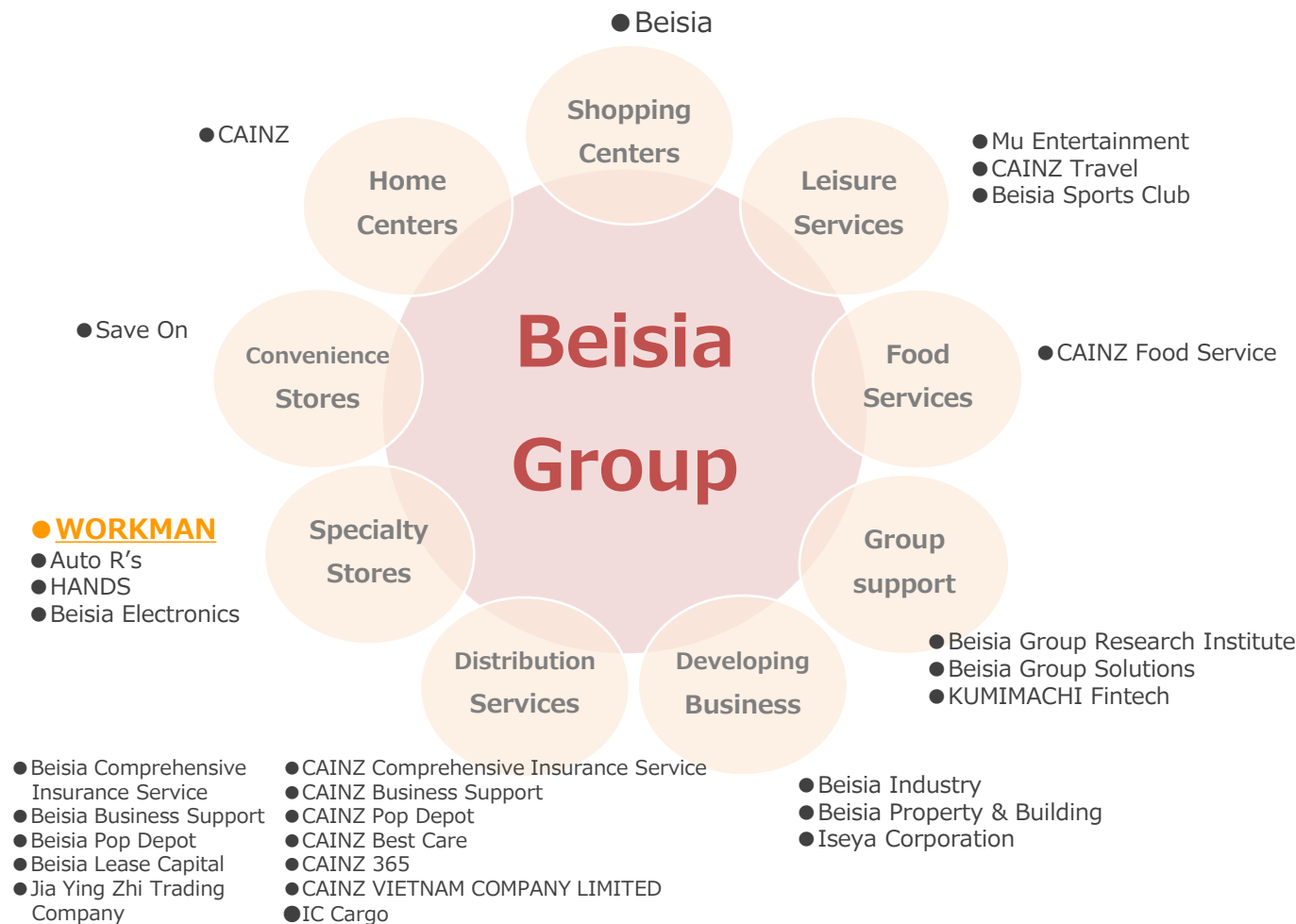
Leveraging WORKMAN's franchise system,

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.

● Overview of the Beisia Group (as of the end of Feb. 2023)

Number of Companies	30 Sales/Services 11 Distribution Services 19
Number of Stores	2,072
Store Locations	47 Prefectures
Sales	¥1.947 trillion



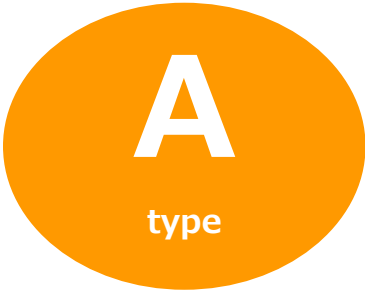


WORKMAN CO., LTD.

Establishment	August 1982
Securities code	7564, STANDARD (Listed in September 1997)
Share capital	¥1,622 million
Net sales	¥175,250 million (Net sales at all chain stores)
Ordinary profit	¥23,666 million
Profit	¥15,986 million
Number of employees	381 (As of March 31, 2024)



President and CEO
Hideyuki Kohama



Franchise agreement

Income increases as sales (gross profit) increase

Length of contract

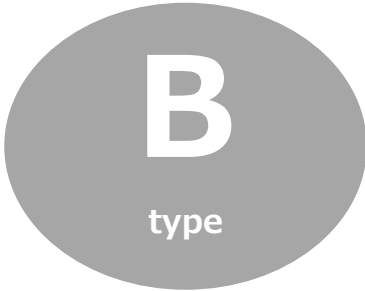
3 years

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 (¥500,000 per month + percentage of sales)

Length of contract

1 year

Contract renewable per agreement with HQ after one year

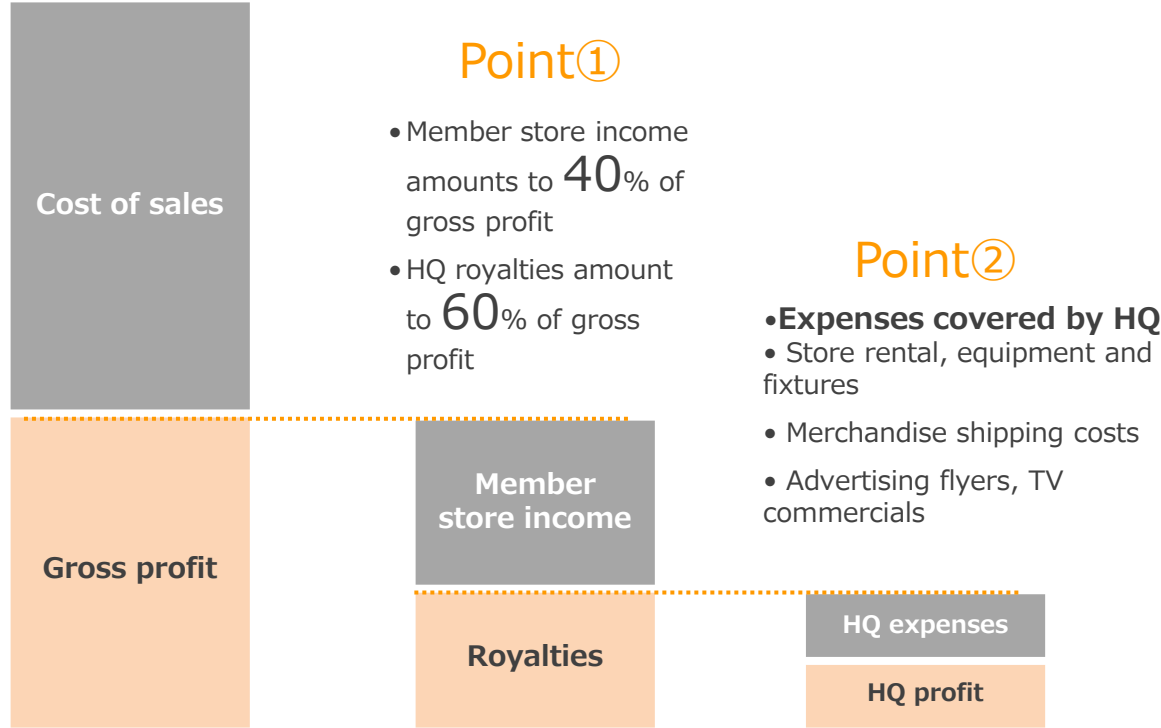
Required funds

¥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



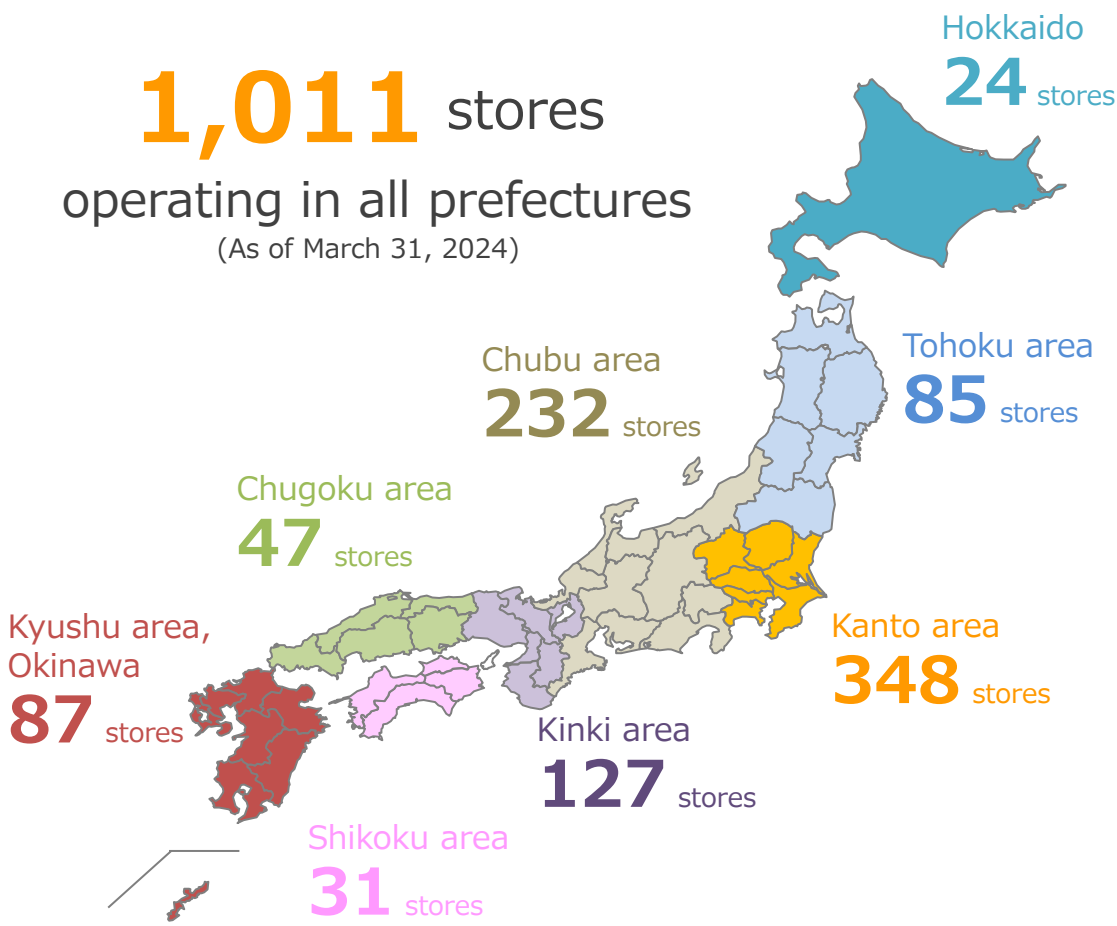
■ Advantages of WORKMAN franchises

- 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)

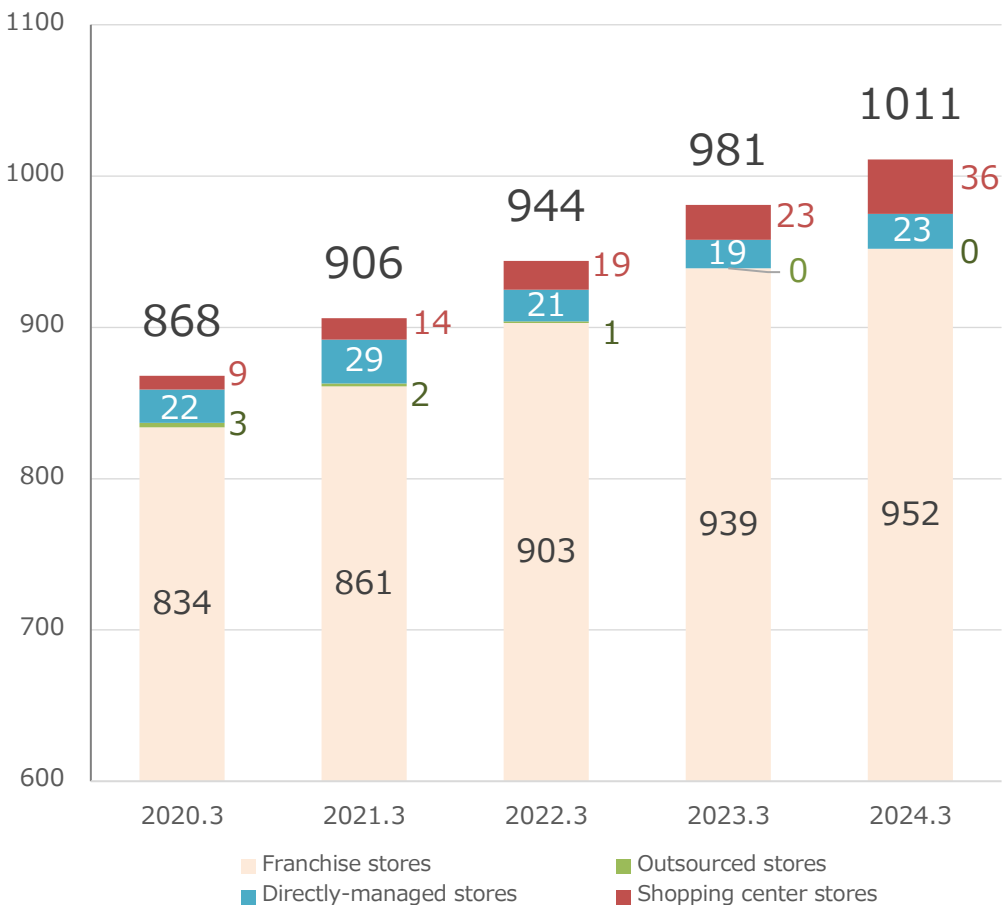


■ Store opening status







■ Store management format

(As of March 31, 2024) FC ratio **95.7%**



■ Store format by business type (As of March 31, 2024)

Business Format	Number of stores	Location	Standard store (1 tsubo ≈ 3.3 m ²)	Customer base
	401	Roadside	100 tsubo building 10-15 Parking spaces	Work : 80% General : 20%
	10	Roadside	100 tsubo building 10-15 Parking spaces	Work : 80% General : 20%
	540	Roadside	130 tsubo building 20-30 Parking spaces	Work : 60% General : 40%
	12	Shopping center	—	General : 100%
	24	Roadside	150 tsubo building 20-30 Parking spaces	General : 100%
	24	Shopping center	—	General : 100%

Every Day Low Prices

01.

Comparison with Other Companies

Customers can buy low-cost products anytime and anywhere

02.

No Discount Sales

- List Price Sales Ratio: approx. 98%
- We keep sale expenses down

03.

Scaled Merits

We maintain low prices through scaled and minute product planning

We aim to be trusted by customers and **expand our customer base**
by offering customers **“Good Products for Less.”**

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

• Sales of PB Products **118,577** Million Yen (Up 6.1% YoY)

Point

Fixed pricing

No discount sales

Point

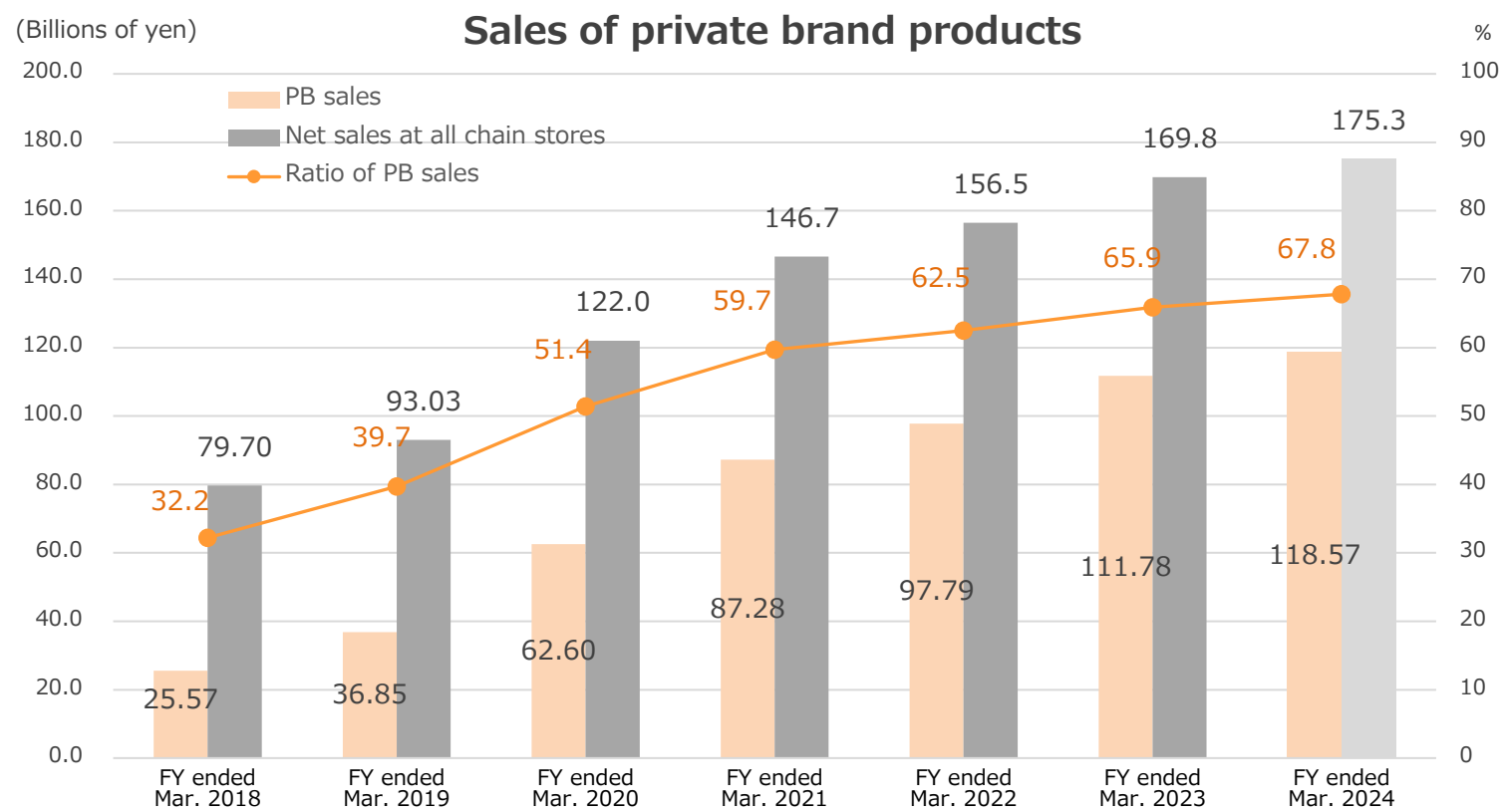
Continuity

Continuous sales while making minor changes

Point

Undifferentiated merchandise

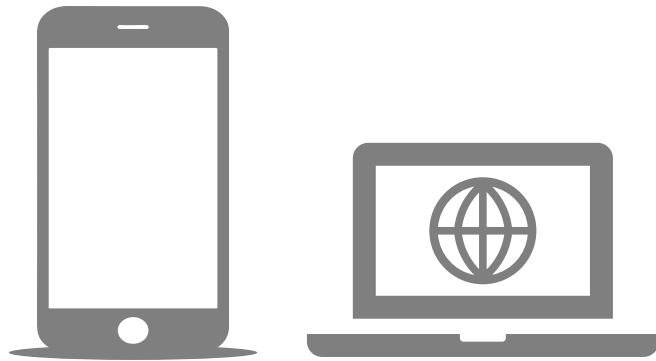
Undifferentiated merchandise targeting both professionals and the general public (Sales to dual customer segments)



■ E-commerce operations helps Franchise stores

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

Buy Online Pick-up In Store



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 pick up
- You can try on and change the size on the spot
- Supports corporate name processing

■ Company-owned distribution center 3 base system

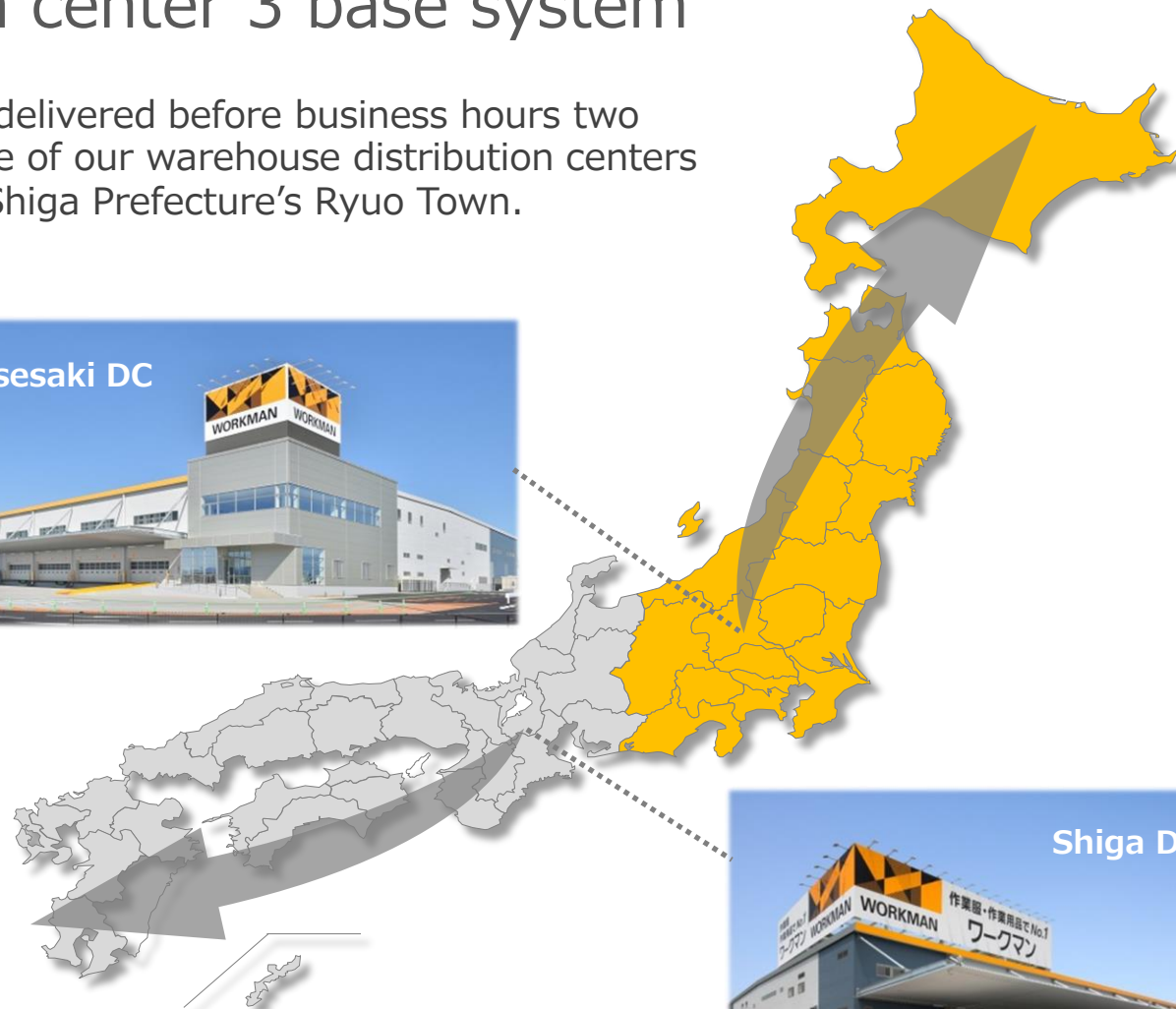
- Under our distribution framework, products are delivered before business hours two days after an order has been placed, making use of our warehouse distribution centers located in Gunma Prefecture's Iseaki City and Shiga Prefecture's Ryuo Town.

East Japan area

1. Iseaki DC (Owned)	16,670tsubo
Iseaki warehouse (Owned)	6,480tsubo
External warehouse	11,000tsubo

West Japan area

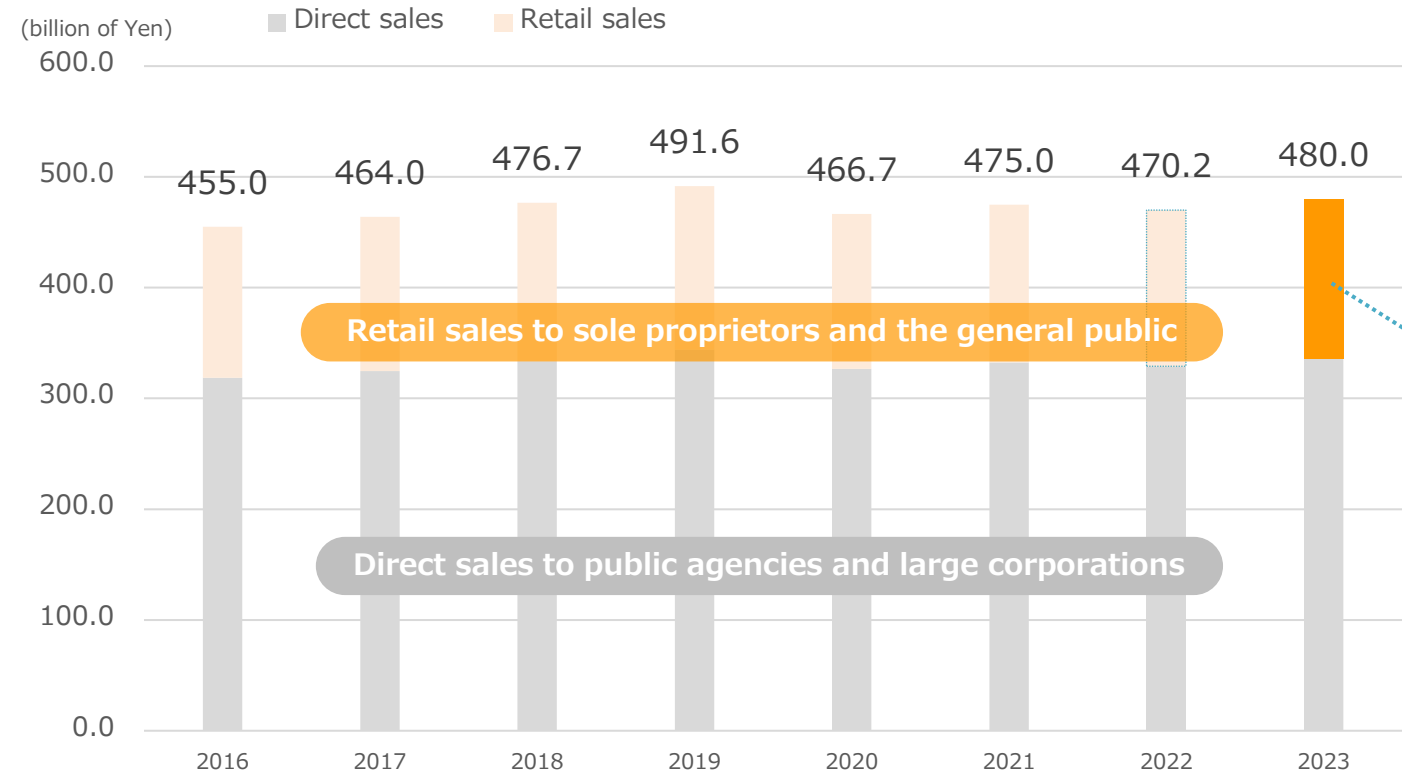
2. Shiga DC (Owned)	7,200tsubo
3. Kobe DC (External)	13,500tsubo
Okayama DC (Owned) (scheduled for completion in 2027)	15,000tsubo
External warehouse	9,600tsubo



2. Domestic Market Share

- Workwear Market
- Athleisure Market

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



WORKMAN's sales of workwear amount to **¥49.7 billion** for a **34.5%** share of the retail market

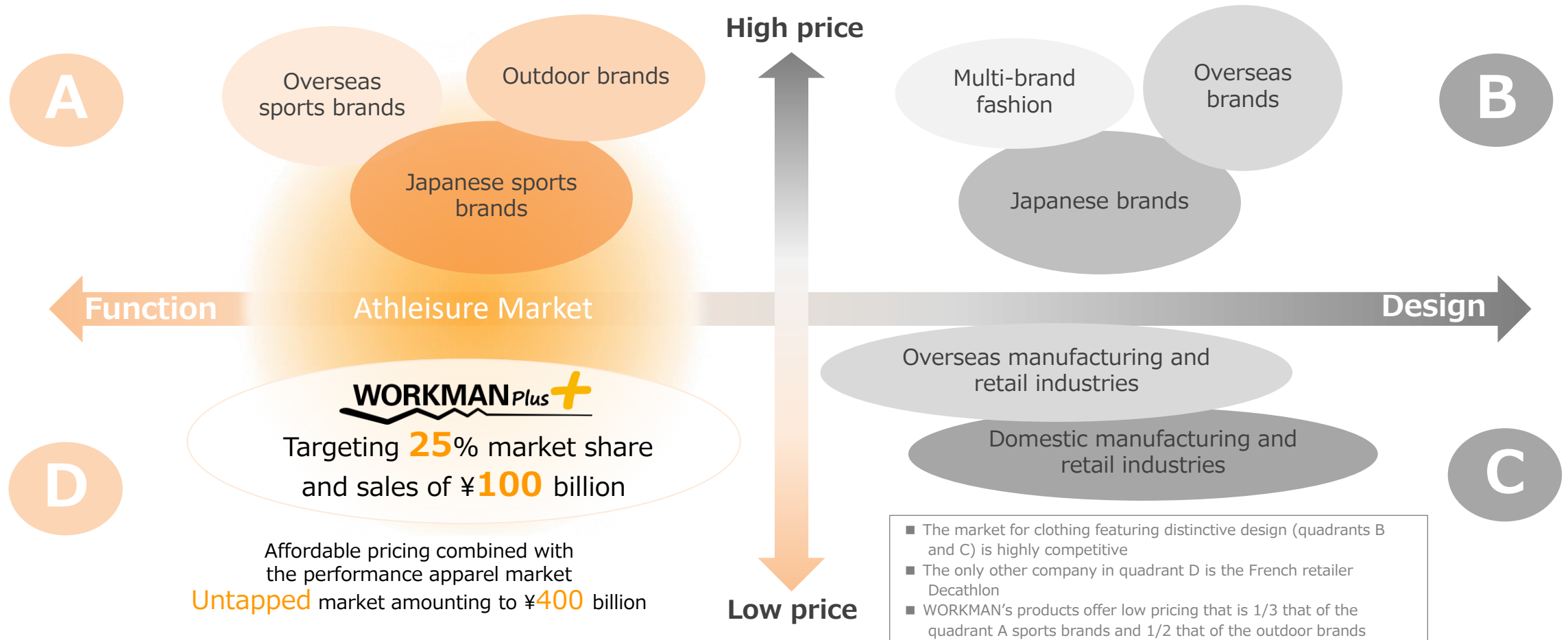


Notes:
1. Figures calculated on the basis of retail value
2. Source: Calculations and preparation by WORKMAN based on "Uniform Market 2020," published by Yano Research Institute Ltd.

- 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.

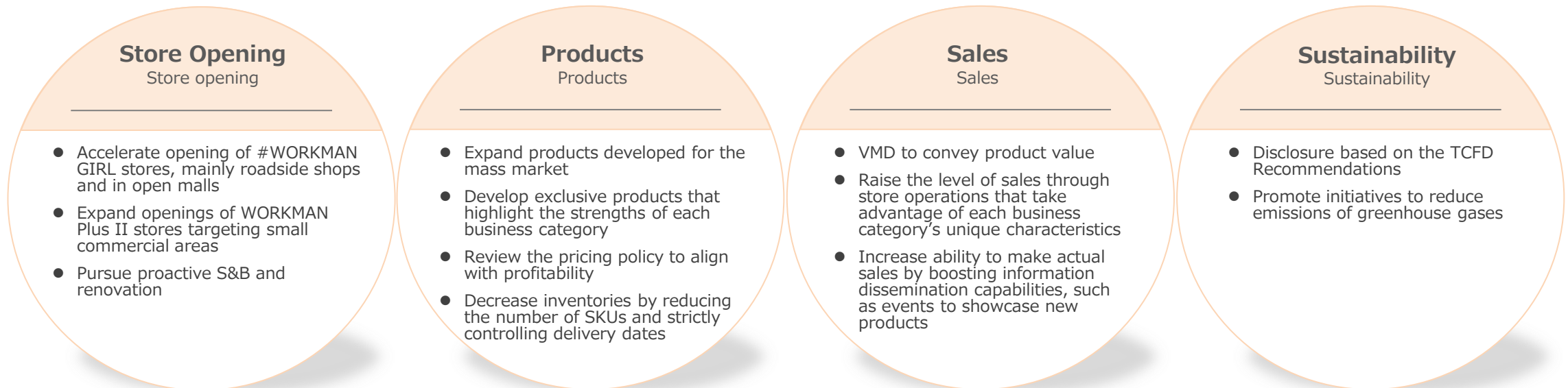


3. Growth Strategy

- Store Openings
- Product Development
- Sales Strategy
- Sustainability





● 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

- Accelerate opening of #WORKMAN GIRL stores and shift to business categories that meet local needs

(Number of stores)	Number of stores at end of FY 3/23	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	—	—	—	(△12)	(△75)	(+3)	△2	315	200
	552	14	14	—	12	75	△3	—	650	900
	48	33	27	6	—	—	—	—	81	400
	10	—	—	—	—	—	—	—	10	N/A
Total※1	1,011	47	41	6	12	75	—	△2	1,056	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.

- Develop PB products chosen for their price and functionality

- Develop products targeting the mass market
- Develop products that will continue to support a broad range of customers with basic items, focusing on functionality and price.

シン・呼吸するインナー
旭化成アドバンス株式会社との
共同開発商品

吸放湿性試験(生地) — シン・呼吸するインナー (共同開発品) — 一般製品

瞬間冷却
最大 -10℃

瞬間温熱
最大 +43℃

UVカット
吸放湿性
抗菌防臭
吸汗速乾
ストレッチ

BounceTECH

- Workman's original highly-resilient soles demonstrate high performance in a variety of scenarios



¥1,900

- Develop exclusive #WORKMAN GIRL products

- Develop products targeting general consumers such as QR code products in order to change up sales floors and keep customers interested.

WORKMAN
LADIES' WEAR

MON: 撥水マッソー 手袖シャツ (44392), サーパーソフト カーゴパンツ (44445), SOLOTEX®使用 ショートスリーブTシャツ

TUE: ショートスリーブ プルオーバー (44388), ツ (44393), 撥水ストレッチ ツイルパンツ (44763)

WED: SOLOTEX®使用 ショートスリーブTシャツ (44388), ツ (44393), 撥水ストレッチ ツイルパンツ (44763)

THU: ショートスリーブ プルオーバー (44388), ツ (44393), 撥水ストレッチ ツイルパンツ (44763)

FRI: SOLOTEX®使用 ショートスリーブTシャツ (44388), ツ (44393), 撥水ストレッチ ツイルパンツ (44763)

SAT: サーパーソフト カーゴパンツ (44445), 撥水ストレッチ ツイルパンツ (44763)

SUN: 撥水マッソー 手袖シャツ (44392), ツ (44393), 撥水ストレッチ ツイルパンツ (44763)

- Enhance professional merchandise

- Comfortable work products

- Provide value-added products to the professional market, who are our main customers, supporting a comfortable work environment.

3箇所でカラダを瞬間 冷却 / 温熱

瞬間冷却
最大 -10℃

瞬間温熱
最大 +43℃

最大 +43℃ HEATER

最大 -10℃ ICE

冬はポカポカあったかい。

夏はキンキン冷たい。

- Yaru-ne!

- Low-priced product line for professionals, as we pursue the world's lowest prices



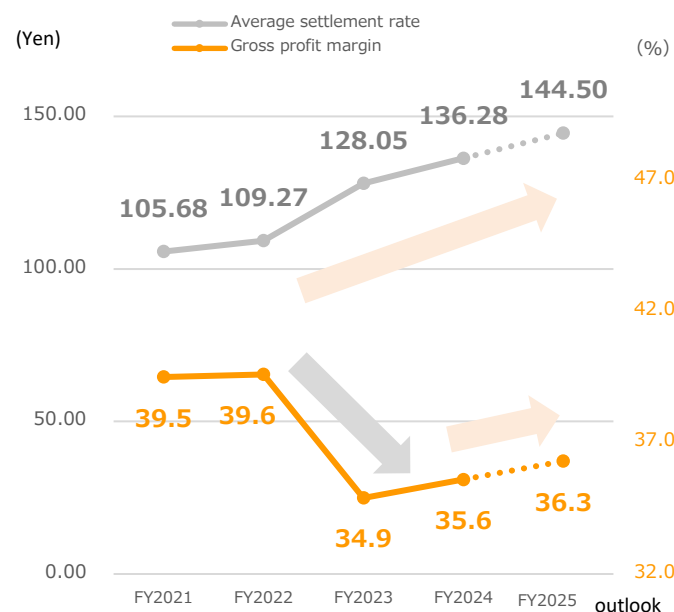
¥99

Pricing Policy for the Fiscal Year Ending March 2025



- In light of the prolonged depreciation of the yen, secure profitability by reviewing unit prices of some products.

- Trends in the exchange rate and gross profit margin



*Gross profit margin = adjusted operating profit before SG&A / total operating revenue

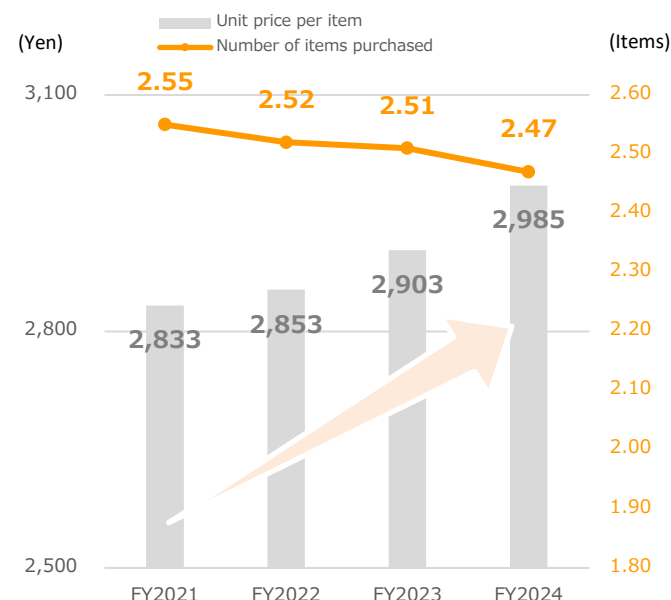
Purchase prices soaring due to the weak yen

- With the average settlement rate on an increasing trend, profit margins are expected to improve through product change/elimination and revised prices.

Timeline	% locked in	Average rate
Q1-Q3	Approx. 80%	Approx. 142 yen
Q4	Plan : 80%	Plan: 150 yen
Spot rate	—	160 yen

Assumed rate:
146.50
yen

- Trends in average customer spending



Unit price per item climbing due to the weak yen

- While progress is being made with revising prices through product change/elimination, due to sharp increases in purchase prices, the number of items purchased is declining.

- Pricing policy for FY 3/2025

Step 1

- Raise prices for 27 regular items in the first half of the year.

Step 2

- Plan to raise prices for 14 2024 autumn and winter items.

Step 3

- Currently considering raising prices for some regular items in the second half of the year and 2025 spring and summer items

Target

Expect an approximate 3% increase in average customer spending, including product change/elimination

Use a flexible pricing policy to compensate for the impact of the weak yen

- With real income growth sluggish, the policy is to keep price increases to a level that will compensate for currently higher costs.
- Maintain the “world’s lowest prices” policy for key products.

- Identify the strengths of each business category, and establish a system in which the various business categories can coexist and thrive.

Point

The key points for the sustainable growth of all chain stores are "differentiation" and "strengthening products for professionals"

■ Expand the customer base and encourage repeat general customers



Challenges

● Obtaining repeat customers

- Easily influenced by seasonality and trends
- Many products are rarely replaced
- Fresh-feeling sales floors and dissemination of information

Initiatives

● Establish new business categories and improve sales at existing stores

- Establish circuit operations in line with accelerated store openings
- Increase the ratio of exclusive products such as QR products, eliminate cannibalism of other business categories, and develop sales floors that keep customers interested
- Cultivate mass-market products for the general public by integrating products, sales promotions, and sales (undergarments, socks, seasonal supplies, etc.)

Goal

Sustainable growth by expanding the customer base

■ Strengthen products for professionals and appeal product value



Challenges

● Decreased customer satisfaction





- With increasing focus on general customers, demand from professionals has been stagnant
- The increased number of SKUs is causing more serious disruption on sales floors
- Sales floor presentation needs to convey product value

Initiatives

● Enhance sales floors and customer service by improving productivity, raising the level of sales at existing stores

- Boost store productivity by introducing a labor schedule
⇒ Strengthen business targeting the professional market such as outside sales, etc.
- ⇒ Create sales floors where it is easy to see products and easy to shop

- We are pursuing efforts to address climate change, which also impacts business performance

	Materiality	Policy	Initiative Results
01.	Sustainable product development 	We respect the labor environment and basic human rights, and supply safe and secure products.	<ul style="list-style-type: none"> ● Sustainable products: 185 items; 17,312 million yen ● Product disposal rate: 0.48% (improvement of 0.2%)
02.	Contribution to the global environment 	We strive to reduce environmental impact throughout our supply chain and achieve a sustainable business model.	<ul style="list-style-type: none"> ● Disclosure based on the TCFD Recommendations ● Scope 1.2 GHG emissions of 14,933t-CO2 ● Reduced GHG emissions per store by 29% from FY2013
03.	Satisfaction of FC stores / employees 	We will work to increase the engagement by our franchise stores and employees, create an environment where they feel motivated, and build an organization where they can take actions that produce results.	<ul style="list-style-type: none"> ● Maintained the high contract renewal rate of 98.3% of franchise stores ● Improved employee engagement indicators of paid vacation taken and hours of overtime worked ● Increased the ratio of women in chief and manager positions from 6.2% to 9.5%
04.	Contribution to society 	As a member of society, we will actively engage in efforts to contribute to society such as disaster relief, environmental conservation, and educational and cultural activities.	<ul style="list-style-type: none"> ● Provided relief supplies to the city of Nanao in Ishikawa Prefecture after the Noto Peninsula Earthquake
05.	Governance 	We aim to be an honest company that is trusted by our stakeholders and local communities.	<ul style="list-style-type: none"> ● Established the Sustainability Committee and enhanced the promotions structure ● Appointed a female outside director

4. Business Performance, Shareholder Return and Other Information

- Performance Data
- Shareholder Return
- History

Plans for the Fiscal Year Ending March 2025



- We plan to increase both revenue and profit by aggressively opening stores and revising the pricing policies

(Millions of yen)	FY3/2024 Results	YoY (%)	FY3/2025 Q2 Plan	QoQ (%)	FY3/2025 Full-year Plan	YoY (%)
Sales at all chain stores	175,250	+3.2	90,240	+4.3	183,980	+5.0
Sales at directly managed stores	14,323	+30.6	8,139	+25.8	17,753	+23.9
Sales at franchise stores	160,926	+1.3	82,100	+2.6	166,227	+3.3
(Same store sales)	—	△1.4	—	+0.4	—	+0.6
Total operating revenue	132,651	+3.4	66,455	+1.3	138,564	+4.5
Cost of sales	85,420	+2.3	42,261	+1.2	88,304	+3.4
Adjusted OP before SG&A	47,230	+5.5	24,194	+1.6	50,259	+6.4
SG&A	24,087	+16.6	13,081	+10.7	26,627	+10.5
Operating profit	23,142	△4.0	11,113	△7.3	23,632	+2.1
Ordinary profit	23,666	△4.0	11,388	△7.1	24,167	+2.1
Net income	15,986	△4.0	7,064	△7.1	16,325	+2.1
EPS	195.88 yen		86.57 yen		200.04 yen	

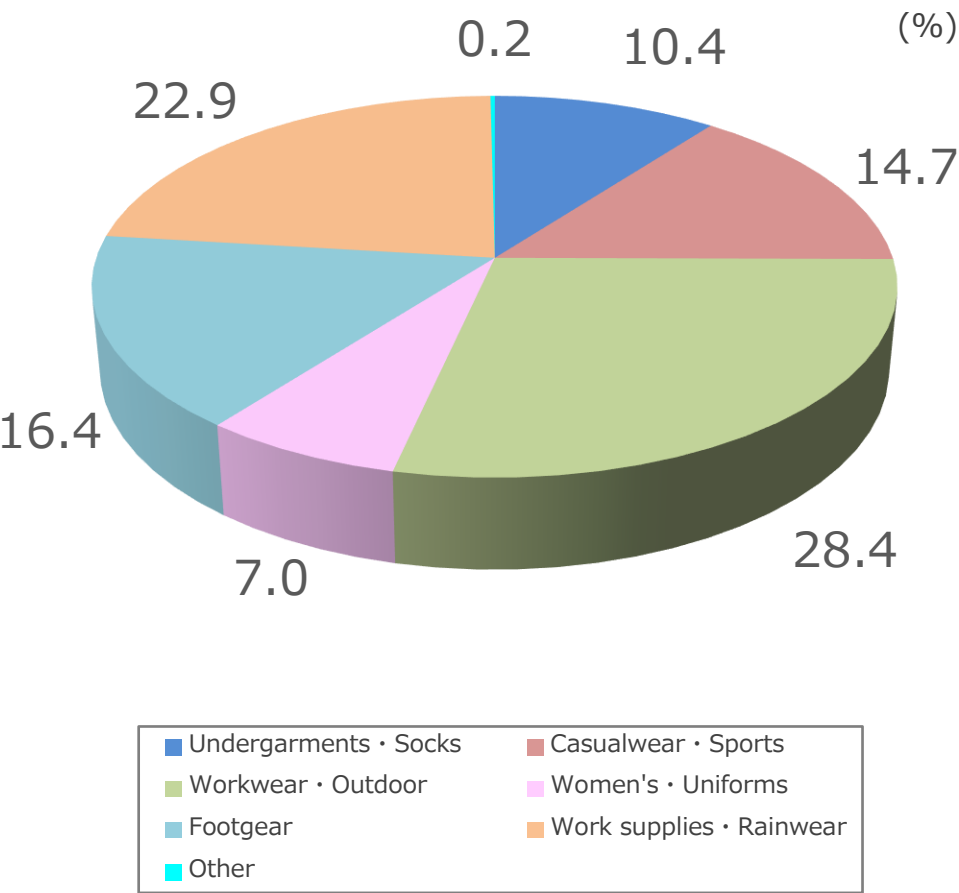
Performance Data (Balance Sheet)



(Millions of yen)

	Item	As of March 31, 2023	As of March 31, 2024	Change
Assets	Current assets	101,390	112,648	+11,257
	Cash and deposits	62,640	68,187	+5,547
	Accounts receivable - due from franchised stores	13,459	14,407	+948
	Merchandise	21,911	25,270	+3,359
	Non-current assets	34,355	35,714	+1,358
	Property, plant and equipment	27,149	28,755	+1,606
	Intangible assets	884	760	△123
	Other investments	6,322	6,197	△124
	Total assets	135,746	148,362	+12,616
Liabilities	Current liabilities	17,172	18,334	+1,161
	Non-current liabilities	4,337	4,599	+262
	Total liabilities	21,510	22,934	+1,423
	Total net assets	114,236	125,428	+11,192
	Total liabilities and net assets	135,746	148,362	+12,616

● Net sales at all chain stores: ¥175,250 million (Fiscal year ended March 31, 2024)



Product	Sales (Millions of yen)	YoY Change (%)	Main items
Undergarments/ Socks	18,200	107.9	Undergarments, socks, hats, towels
Casualwear/Spor ts	25,801	104.6	Polo shirts, T-shirts, highneck shirts, compression wear
Workwear/ Outdoor	49,704	98.6	Workwear, coveralls, construction worker uniforms
Women's/ Uniforms	12,335	115.0	Women's wear, white smocks and coats, office uniforms, non-woven work clothes
Footgear	28,684	106.0	Protective footwear, <i>tabi</i> socks, boots, kitchen shoes
Work supplies	40,171	100.5	Work gloves, tools, protective gear, rainwear
Other	352	210.7	

● Basic policy

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, 2024

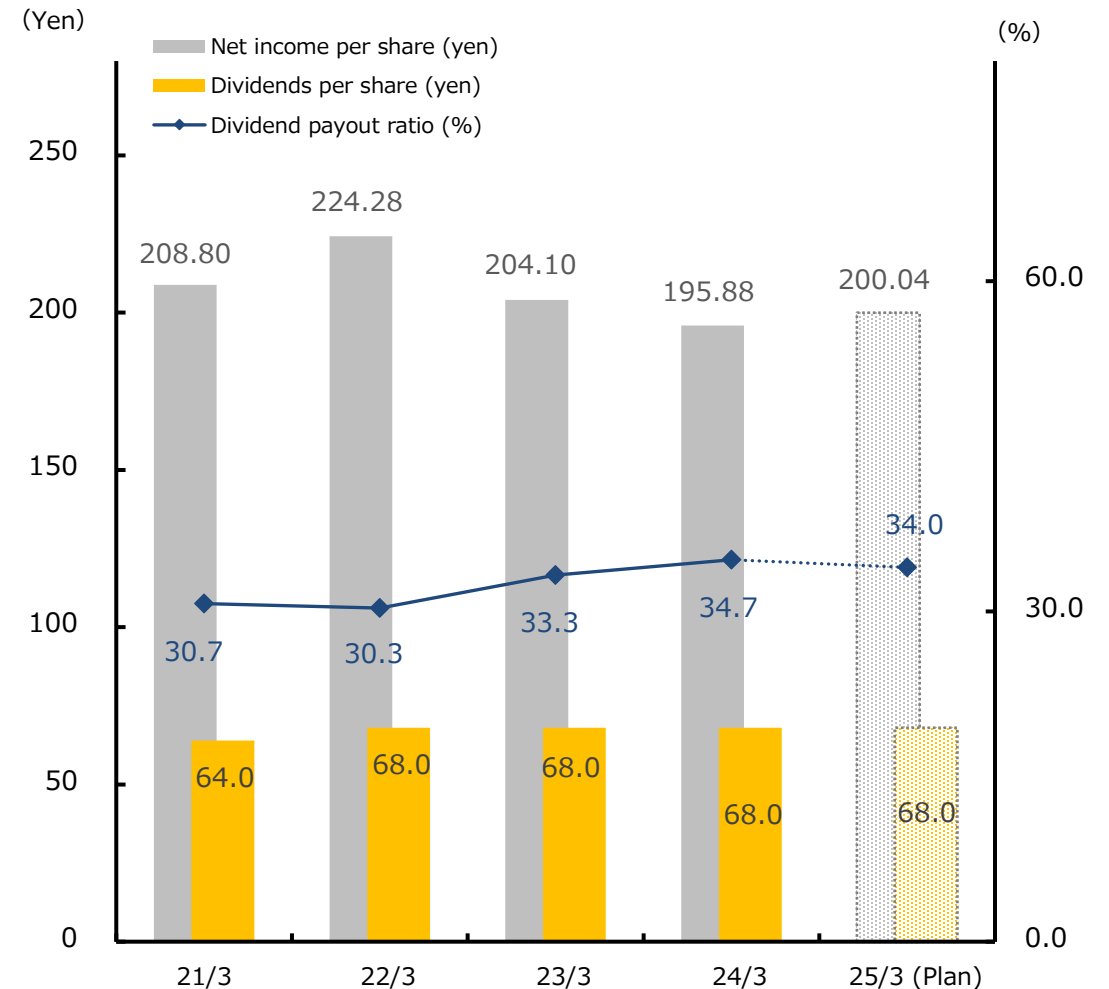
Plan to keep at **68 yen**

- Fiscal year ended March 31, 2025

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
- 2018 Relocated headquarters to Tokyo and opened WORKMAN Plus store No. 1
- 2019 Opened WORKMAN Girl store No. 1
- 2020 Opened WORKMAN Pro store No. 1
- 2023 Opened WORKMAN's 1000th store



WORKMAN Pro



WORKMAN Girl



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.

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)