



(7564)

WORKMAN CO., LTD.

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

May 12, 2025

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

Cumulative Income Statement

(Millions of yen)	FY 3/24	FY 3/25	YoY (%)	Forecast for FY3/25	Compared with Plan
Sales at all chain stores	175,250	183,132	+4.5	183,980	△0.5
Sales to directly managed stores	14,323	17,215	+20.2	17,753	△3.0
Sales to franchise stores	160,926	165,917	+3.1	166,227	△0.2
(Same store sales)	—	—	+1.1	+0.6	+0.5
Total operating revenue	132,651	136,933	+3.2	138,564	△1.2
Cost of sales	85,420	85,771	+0.4	88,304	△2.9
Adjusted OP before SG&A	47,230	51,162	+8.3	50,259	+1.8
SG&A	24,087	26,768	+11.1	26,627	+0.5
Operating profit	23,142	24,394	+5.4	23,632	+3.2
Ordinary profit	23,666	24,904	+5.2	24,167	+3.1
Net income	15,986	16,892	+5.7	16,325	+3.5
EPS	195.88yen	206.99yen		200.04yen	

➤ Financial Results Highlights

● Sales at all chain stores

- Sales generally came in at planned levels despite the impact of inflation and climate change.

● Total operating revenue

- Sales at directly managed stores recorded strong growth thanks to an increase in the average number of stores during the quarter (+10 stores), but still fell short of the plan (△3.0%).
- Product supply and sales at franchise stores: 82,454 million yen (+0.2% YoY)
While below the plan (△1.2%) due to inventory adjustments for autumn and winter products, introduction of spring and summer products during the Q4 accounting period is progressing better than expected.

● Cost of sales

- Profit related to overseas purchases increased by revising prices through product change/elimination, etc.
 - ① Average settlement rate: 144.94 yen (FY 3/25: 136.28 yen)
 - ② Direct overseas purchases: +2.6% (accounts for 63.1% of total purchases)
 - ③ Profit related to overseas purchases: 7,675 million yen (+31.0% YoY)
- Loss on the valuation of products: +606 million yen YoY

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

- Revenue from franchise stores: +1,237 million yen
- Gross profit from self-operated stores: +1,026 million yen
- Profit related to overseas purchases: +1,814 million yen

● In summary

- Achieved an increase in both revenue and profit for the first time in 3 quarters.

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

(Millions of yen)	FY 3/2024	SG&A ratio (%)	FY 3/2025	SG&A ratio (%)	Change	YoY (%)
Sales at all chain stores	175,250	—	183,132	—	—	+4.5
Labor cost	4,008	2.3	4,404	2.4	+396	+9.9
Selling cost	1,405	0.8	1,544	0.8	+139	+9.9
Traveling expenses	429	0.2	451	0.2	+21	+5.1
Freight cost	1,935	1.1	2,113	1.2	+178	+9.2
Rent	6,636	3.8	7,008	3.8	+371	+5.6
Supply expenses	800	0.5	1,022	0.6	+222	+27.8
Outsourcing expenses	3,719	2.1	4,398	2.4	+679	+18.3
Depreciation	2,732	1.6	3,008	1.6	+276	+10.1
Other	2,420	1.4	2,815	1.5	+394	+16.3
Total	24,087	13.7	26,768	14.6	+2,680	+11.1

*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: +33
- **Selling cost**
 - Online and other advertising media: +48 million yen, expenses for flyers: +55 million yen
- **Freight cost**
 - Decrease in rebates due to the decrease in domestic purchases: +62 million yen
 - Product freight cost: +95 million yen
- **Rent**
 - The average number of stores during the quarter: +29, +155 million yen
 - External warehouses: +95 million yen
- **Supply expenses**
 - Decrease in rebates due to the decrease in domestic purchases: +48 million yen
 - Furniture at new stores and renovations: +220 million yen
- **Outsourcing expenses**
 - SC stores operating cost: +245 million yen
 - Logistics-related (price tag replacement, warehouse operations) +146 million yen
 - Headquarters outsourcing expenses (inventory and information processing, new stores and renovations) +181 million yen
 - Decrease in rebates due to the decrease in domestic purchases: +59 million yen
- **Depreciation**
 - In addition to the increased number of company-owned facilities, construction costs have also risen.

Balance Sheet

(Millions of yen)	FY 3/24	FY 3/25	Change
Current assets	112,648	121,066	+8,418
Cash and deposits	68,187	80,381	+12,193
Accounts receivable - due from FCs	14,407	12,594	△1,812
Merchandise	25,270	24,084	△1,185
Other	4,782	4,005	△777
Non-current assets	35,714	41,164	+5,450
Property, plant and equipment	28,755	32,814	+4,058
Intangible assets	760	1,090	+329
Other investments	6,197	7,259	+1,062
Total assets	148,362	162,231	+13,868
Current liabilities	18,334	22,145	+3,810
Non-Current liabilities	4,599	4,783	+183
Total liabilities	22,934	26,928	+3,994
Total net assets	125,428	135,302	+9,873
Total liabilities and net assets	148,362	162,231	+13,868

➤ Factors of increase/decrease

● Cash and deposits

- Free cash flow: △5,136 million yen
- ※ Deposit terms exceeding 3 months have increased by 23,000 million yen due to higher interest rates.
- Payments of dividends: △5,549 million yen

● Accounts receivable - due from FCs

- Carry-over of winter product inventories was reduced through inventory adjustments.

● Merchandise (factors for increase/decrease)

- Inventory contents at distribution centers have improved thanks to steady consumption of winter products and value reduction of backlogged inventory.

Factors	Changes FY 3/24
• Directly managed/SC stores	+380 million yen
• Distribution centers	△2,211 million yen
• Goods in transit	+635 million yen

● Rise in tangible fixed assets

- A total of 43 newly built stores—31 new stores and 12 S&B stores (of which 37 are company-owned stores)
- Average building costs have risen by approximately 20% due to increases in the size of stores and soaring prices of materials and labor costs.

Statement of cash flows

(Millions of yen)	FY 3/24	FY 3/25	Change
Net cash provided by (used in) operating activities	15,228	24,793	+ 9,564
Net cash provided by (used in) investment activities	△8,999	△ 29,929	△20,930
Net cash provided by (used in) financing activities	△5,681	△ 5,669	+12
Net increase (decrease) in cash and cash equivalents	547	△ 10,806	△11,353
Cash and cash equivalents at beginning of period	47,640	48,187	+547
Cash and cash equivalents at end of period	48,187	37,381	△10,806

➤ Principal factors of increase/decrease (change from the previous year)

● Operating C/F

- Fall in inventory assets: Up 4,534 million yen
- Fall in credit to franchise stores: Up 2,760 million yen
- Rise in trade payables: Up 1,609 million yen
- Profit before income taxes: Up 1,253 million yen
- Fall in accrued consumption tax, etc.: Down 861 million yen
- Corporate income taxes paid: Down 158 million yen

● Investing C/F

- Net cash used for withdrawal from term deposits with terms of over 3 months: Up 18,000 million yen
- Net cash used for acquisition of fixed assets: Up 2,499 million yen






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

Store Openings



Store openings and renovations generally made progress as planned. The expansion of Colors stores is accelerating.

1,051 stores at the end of March 2025 (up 40 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-Dec. 2024
			Roadside	SC※2					
	401	—	—	—	△13	△71	4	△4	317
	552	15	15	—	13	71	△4	△2	645
	47	19	13	6	—	△4	—	—	62
	1	12	12	—	—	4	—	—	17
	10	—	—	—	—	—	—	—	10
Total ※1	1,011	46	40	6	(13)	(75)	—	△6	1,051

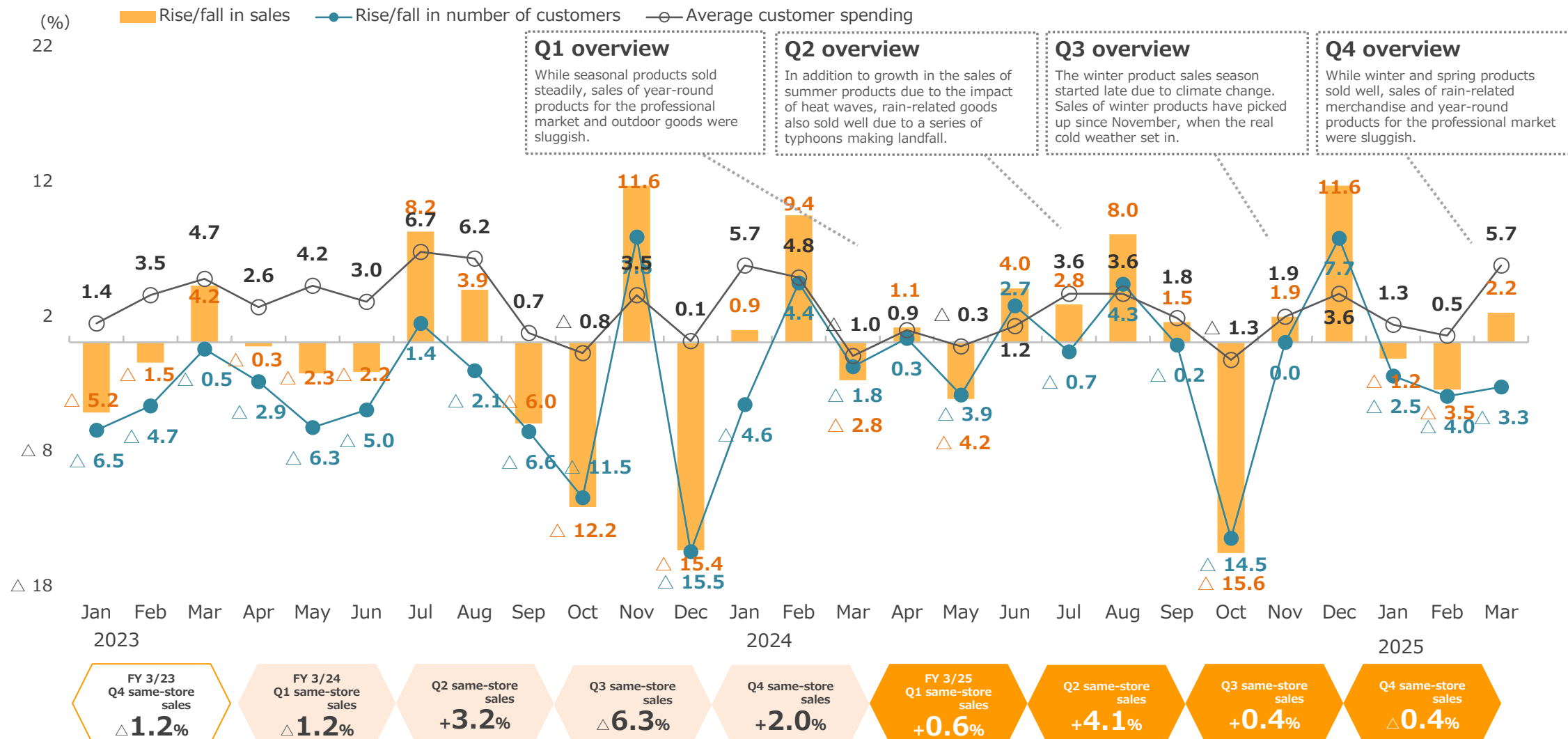
※1. The Total column shows the number of operating stores, with figures in parentheses excluded from the Total.

※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

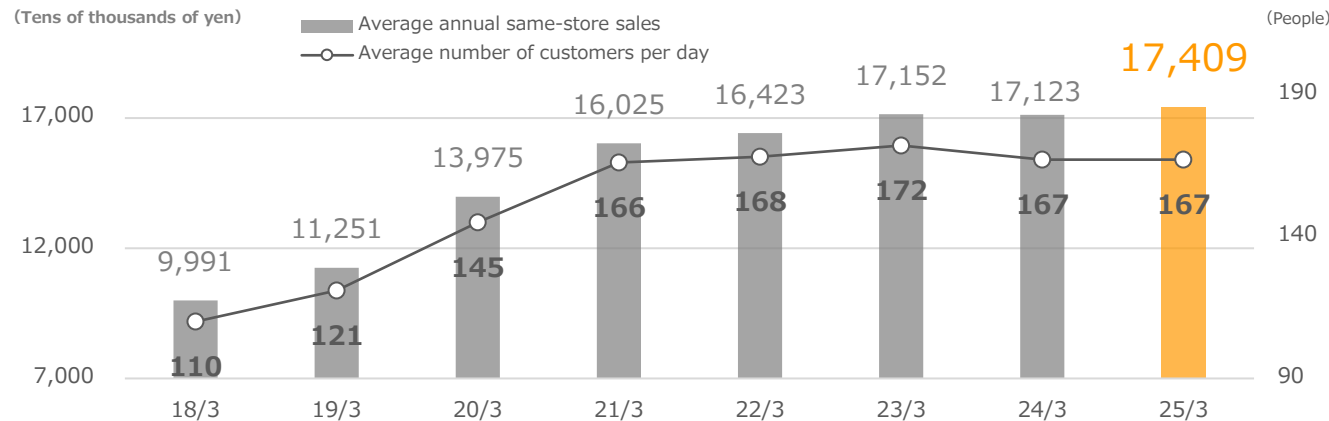


Sales at All Chain Stores 183,132 Million Yen

	All chain stores	Existing stores
Net sales	+4.5%	△1.1%
Number of customers	+2.6%	△0.8%
Average number of customers per day	—	※167 (±0)
Average customer spending	3,041 yen (+1.9%)	3,044 yen (+2.0%)
Unit price per item	1,237 yen (+3.0%)	1,228 yen (+2.7%)
Number of items purchased	2.45 items (△1.1%)	2.47 items (△0.7%)

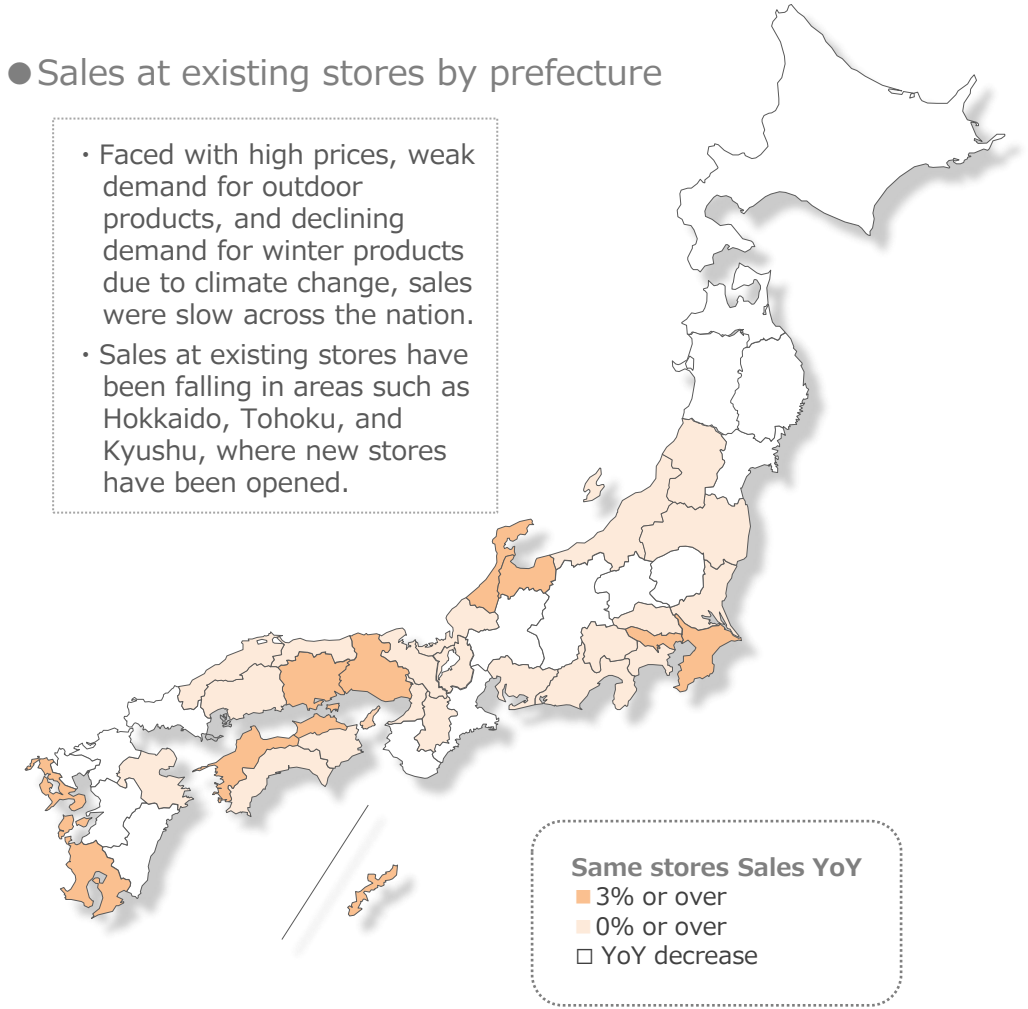
※ The average number of customers per day is an approximate figure as the number of business days varies depending on the format of store operations.

● Average annual same-store sales / Average number of customers per day



● Sales at existing stores by prefecture

- Faced with high prices, weak demand for outdoor products, and declining demand for winter products due to climate change, sales were slow across the nation.
- Sales at existing stores have been falling in areas such as Hokkaido, Tohoku, and Kyushu, where new stores have been opened.

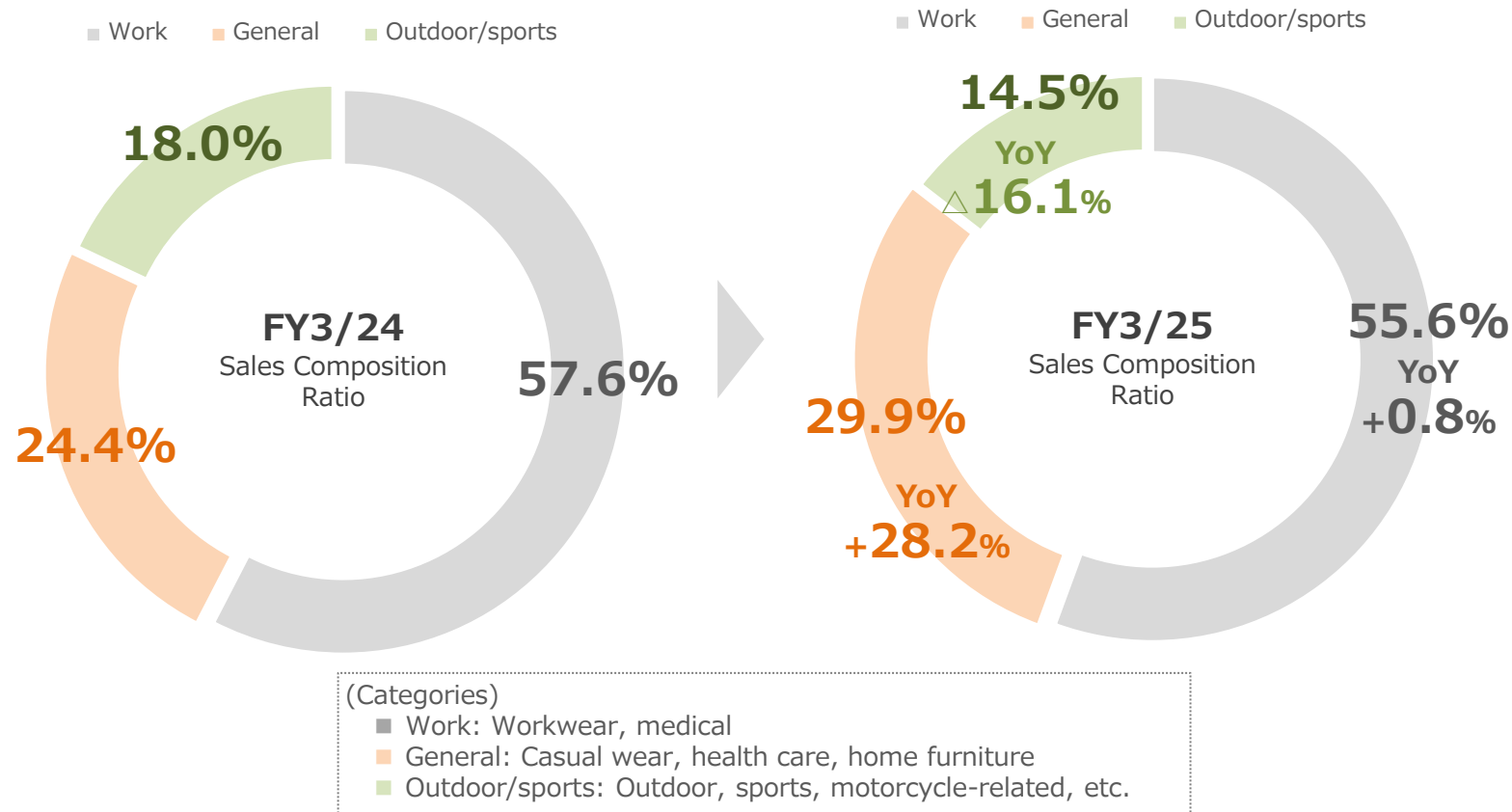


Status of Sales (Results by Product)

Products for the general market drove sales. In the work category, while seasonal products sold well, sales were weak on a full-year basis.

● 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.



Topics

● Work

- For summer products, sales of clothing with air-conditioning fans were strong as a result of heat waves. As for winter products, sales of heavy winter clothing increased as temperatures returned to average levels.
- Meanwhile, high prices and intensifying competition resulted in sluggish sales of year-round workwear, gloves, and tools.

● General

- Sales were strong overall, such as in apparel, accessories, and shoes. In particular, sales of undergarments and casual wear for both men and women saw growth.

● Outdoor/sports

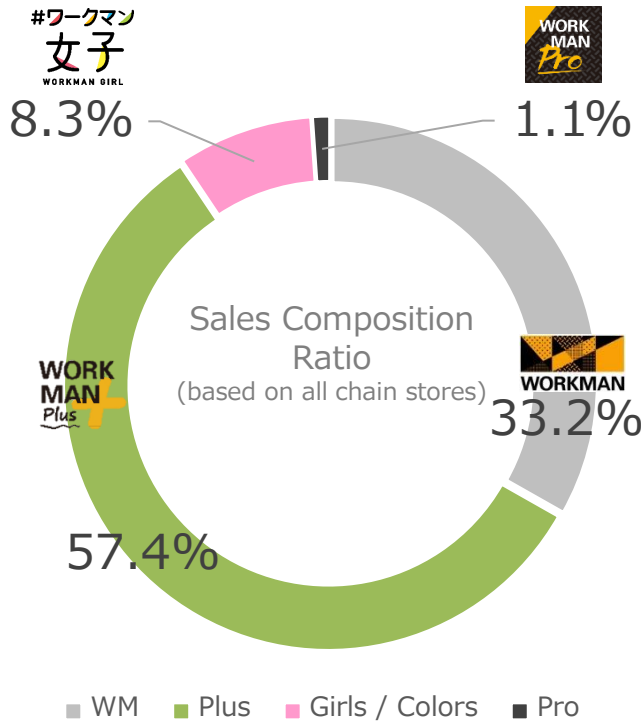
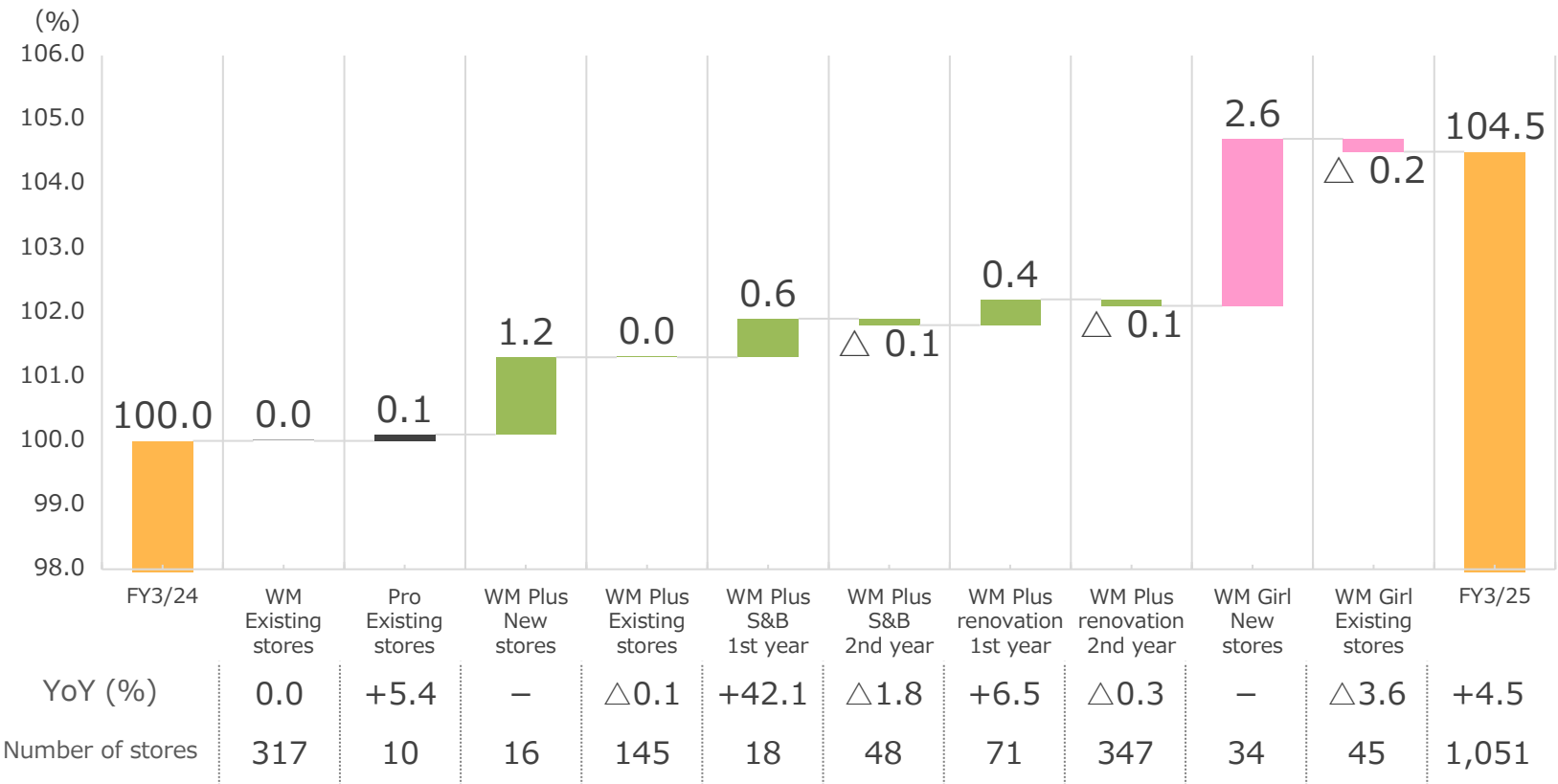
- In addition to camping gear, sales of rainwear and men's clothing were weak.
- Women's clothing and shoes performed well.

Sales by Business Category



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

The effects of new store openings, S&B, and renovations are becoming apparent, as the drop-off in sales at existing stores has been getting smaller since the second year.



※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)






Items for women in each business category contributed to sales.

Category	FY 3/2024		FY 3/2025		Factors (YoY)
	Sales	YoY	Sales	YoY	
Undergarments • Socks Undergarments, socks, hats, towels, etc.	18,200	+7.9	19,844	+9.0	• Ladies' thermal undergarments (+158.0%) • Ladies' summer supplies (+12.8%) • Ladies' summer undergarments (+205.2%)
Casualwear • Sports Sportswear, polo shirts, etc.	25,801	+4.6	27,319	+5.9	• Short-sleeved T-shirts (+13.6%) • Compression wear (+24.5%) • Long-sleeved T-shirts (+27.1%)
Workwear • Outdoor Workwear, outdoor wear, etc.	49,704	△1.4	50,982	+2.6	• Clothing with air-conditioning fan(s) (+12.9%) • Summer Cargo pants (+8.9%) • Work wear (△6.0%)
Women's • Uniforms White smocks, office uniforms, etc.	12,335	+15.0	14,631	+18.6	• Ladies' rainwear (+9.8%) • Women's thermal outerwear (+183.2%) • Women's bags and purses (+1,730.7%)
Footgear Protective footwear, <i>tabi</i> stocks, high boots, kitchen shoes, etc.	28,684	+6.0	29,652	+3.4	• Athle shoes (+11.3%) • Insole (+16.9%) • Women's rain boots (+82.8%)
Work supplies Work gloves, protective gear, rainwear, etc.	40,171	+0.5	40,326	+0.4	• Waterproof winter clothing (+28.1%) • Work gloves (△2.1%) • Outdoor gear (△36.0%)
Other	352	+110.7	376	+6.6	—
Total	175,250	+3.2	183,132	+4.5	

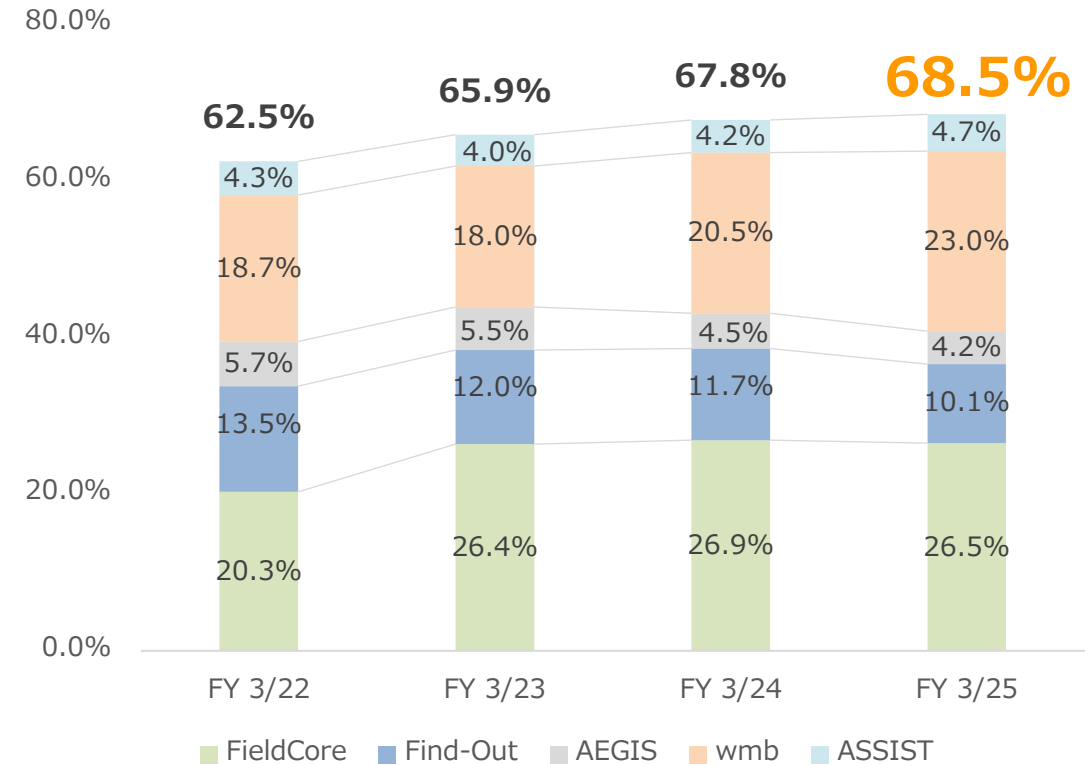
Status of Sales (Sales by Product and Factors)

Sales of PB Products **125,261** Million Yen (Up 5.6% YoY)

● Sales results by brand

	(Millions of yen)	Number of items (the previous year)	Sales value (YoY)
 Work & Outdoor		1,074 (+53)	48,467 (+2.9)
 Work & Sports		423 (△14)	18,443 (△9.6)
 High-performance rainwear		66 (△21)	7,776 (△1.9)
 Work & Casual		1,162 (+364)	42,056 (+17.1)
 Work		223 (+71)	8,516 (+17.3)
Total for PB products		2,948 (+453)	125,261 (+5.6)

● Changes in the PB ratio (The ratio to sales at all chain stores)



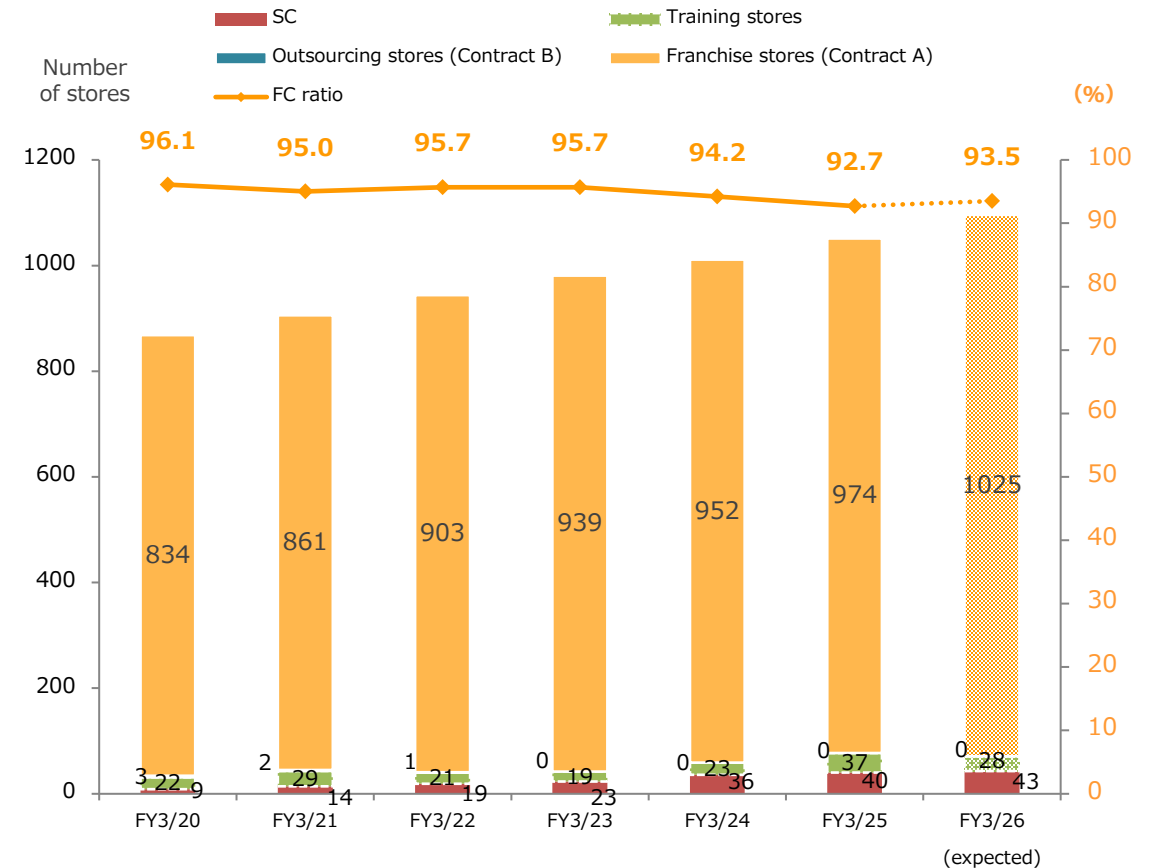
Format of Store Operations

● Ratio of Franchise Stores 92.7% (△1.5 pts YoY)

● Format of Store Operations for FY 3/25

Format	End-March 2024	Up	Down	End-March 2025
Franchise stores	939	49	36	952
Outsourcing stores	—	—	—	—
Training stores	19	36	32	23
SC stores	23	13	—	36
Total	981	98	68	1,011

● Number of Stores by Format of Operations

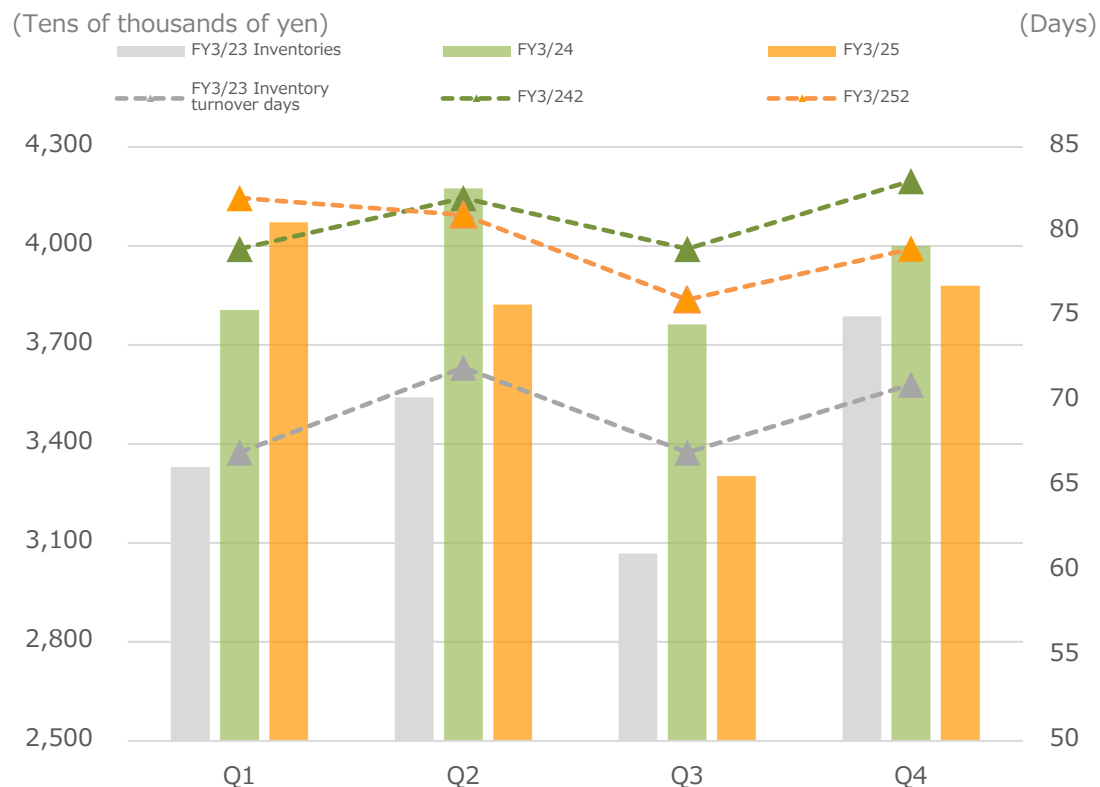


Inventories (Logistics Cost)

Company-wide inventory optimization is being achieved, making aggressive product planning possible going forward.

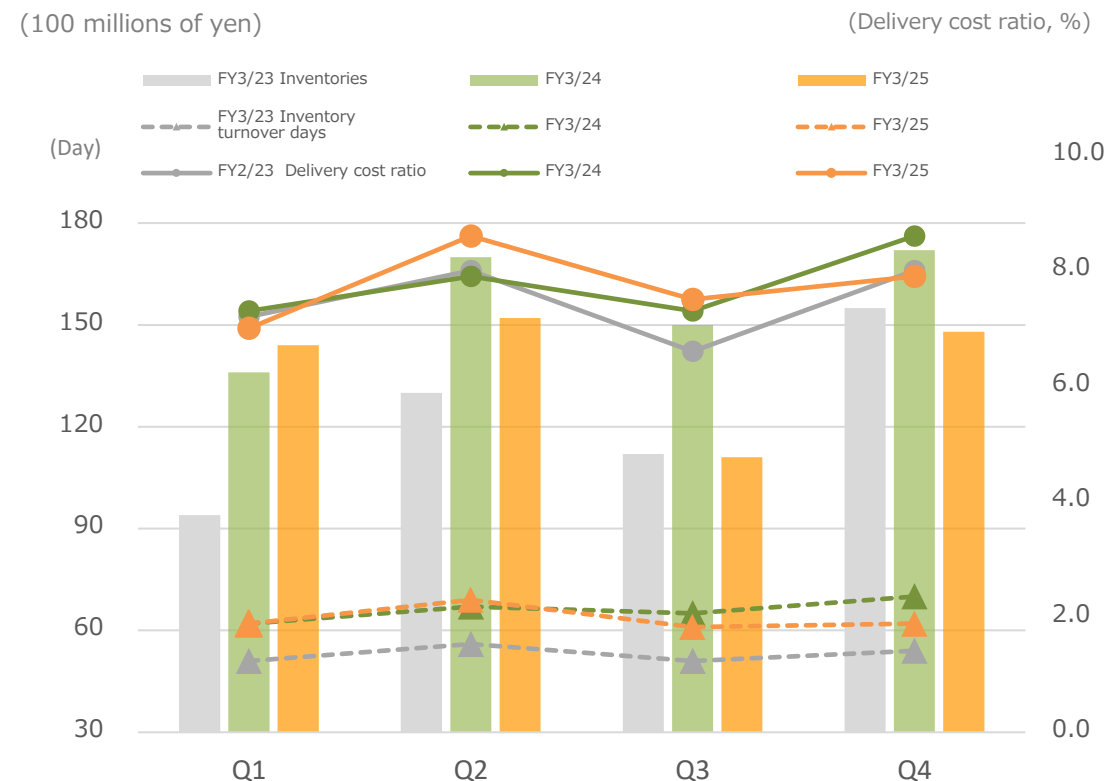
● Selling price inventories per store

- Compared to FY 3/24, winter products have decreased significantly and inventory contents have been optimized.
- Supply of spring and summer products is progressing better than expected.



● DC inventories / delivery cost ratio

- The backlog of winter products has been eliminated, and spring and summer products are on par with the previous year and at appropriate levels overall.
- The delivery cost ratio has improved in line with inventory adjustments.



- Plans for the Fiscal Year Ending March 31, 2026

● Management Policy

We will rebuild our management foundations towards sustainable growth by reinforcing workwear and evolving Colors stores.

Store Opening

Increase store openings, aiming for a
1,500-store network.
New store openings: 48 planned

- Open new stores in locations that leverage the strengths of each business category
- Make Plus stores dominant
Cultivate markets in major urban centers and small commercial areas
- Expand the network of Colors stores
Take on the challenge of new kinds of store operations, e.g. corporate franchising
- Improve existing store sales by implementing S&B

Products

Develop competitive exclusive products.
Review MD taking into account business categories and climate change

- Reinforce workwear
Evolve everyday low-price products (EDLP), collaboration projects, etc.
- Strengthen the line-up of comfortable everyday clothing (basic apparel)
Colors exclusive product sales ratio: 30% ⇒ 50%
- Respond to climate change
 - Review MD plans and secure sales during off-peak times of year
 - Develop new materials and new functions
- Flexible pricing policy
Improve profitability by setting prices based on forward exchange contracts






Sales

Improve existing store sales.
Retain customers by developing the WORKMAN app

- Renovate existing stores
Plan to renovate 100-200 stores per year
- Establish operating methods for each business category
Standardize sales floors to make operations more efficient
- Develop app
 - Provide useful information about collaborations, sales campaigns, etc.
 - Link to EC sites and physical stores
- Theme-based product exhibitions
Maximize sales by linking with sales floors

Store Opening Plans

Expansion of Colors stores is accelerating with new roadside store openings and renovations. We are considering new forms of store operations, such as corporate franchising with limited conditions.

(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 3/26	Medium/longer-term goals
			Roadside	SC※2						
	317	—	—	—	△7	△53	2	△2	257	200
	645	12	12	—	7	53	△2	△1	714	900
	62	—	—	—	—	△7	—	—	55	400
	17	36	30	6	—	7	—	—	60	—
	10	—	—	—	—	—	—	—	10	—
Total※1	1,051	48	42	6	(7)	(60)	—	△3	1,096	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.

Product Development

We will resolve challenges with a view to sustainable growth, expand the customer base, and promote efforts to cultivate repeat customers.

● Lock in profits by lengthening forward exchange contracts

• Status of FY2026 contracts and assumed rate

(Assumptions) Purchase plan: approx. 90% locked in at 147.5 yen, spot rate of 150 yen

⇒ Full-year assumed rate: 148 yen (FY 3/25: 144.9 yen)

⇒ Expected profit from overseas purchases: approx. 10,300 million yen (FY 3/25: 7,675 million yen)

• Expected increase in unit price per item of approx. 5%

Raise prices of some products and make product changes/revisions

● Re-establish seasonal categories

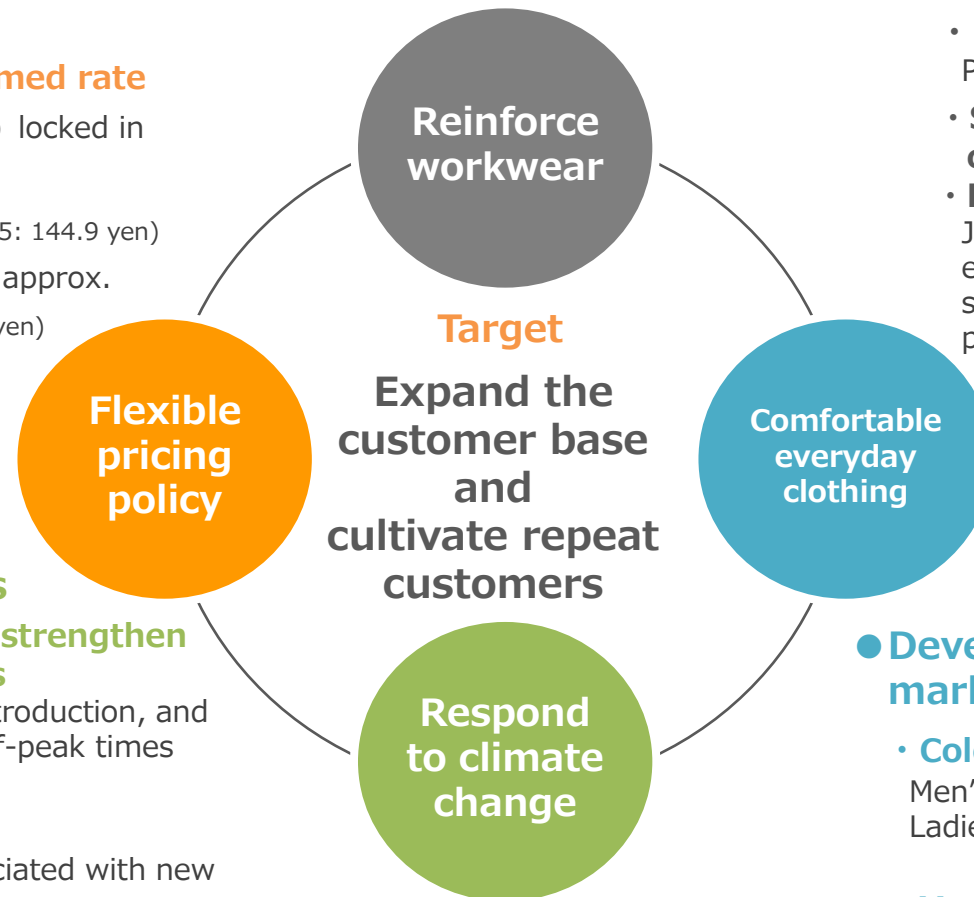
• Add summer and autumn products, strengthen autumn line, reduce winter products

Review product development, timing of introduction, and sales promotions to secure sales during off-peak times

• Implement mandatory heat stroke countermeasures

Increase profit-earning opportunities associated with new legislation taking effect

⇒ Strengthen development of clothing with air-conditioning fans and new heat-insulating materials, etc.



● Increase professional customer satisfaction

• Evolve EDLP

Pursue peak cost performance via processing trade

• Separate development teams (work: 80%, casual: 20%)

• Expand comfortable work products

Jointly develop products with powerful partners to expand market share in various areas including heat stroke-preventing items and medical and nursing products

● Develop products for the general mass market

• Colors exclusive product sales ratio: 50%

Men's: Create basic items for the mass market
Ladies: Plan items with the right balance of mass market trends and basics



• Maximize sales by linking sales promotions and sales floors

Sales Strategy

We will boost customer satisfaction by enhancing our services, aiming to improve sales at existing stores.

● Revitalize existing stores

Renovations (FY2026 Plan)

	112 stores
	5 stores
Total:	117 stores

Point: Make Stores Feel New

- Revitalize sales floors in stores where 3 years have passed since the store opened or was renovated
- Clarify the differentiation of existing business categories in line with the accelerated expansion of WORKMAN Colors
- Investment per store: 4 million yen (expenses borne by headquarters)

● Theme-based product exhibitions

Maximize sales by linking sales floors with EC sites



Action

- Announce new products in each business category
- Disseminate information tailored for the season, such as heat stroke countermeasures

Target

- Acquire new customers
- Improve engagement with existing customers

● Develop the WORKMAN app








- Share useful information and expand customer touchpoints
- Retain customers through linkage with e-commerce

Target number of downloads:

• FY2027 **2 million** • FY2030 **5 million**

We have made steady progress in sustainability management.

	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: 220 items; 14,537 million yen ● Product disposal rate: 1.57% (improvement of 0.98%)
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 ⇒Started scenario analysis and calculation of Scope 3 emissions ● Started experimental operation of an environmentally-friendly store (Minano Store, opened in September 2024)
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 96.0% of franchise stores ● Increased the ratio of women in chief and manager positions from 10.2% to 10.7% ● Improved the employee engagement indicators of paid vacation taken and hours of overtime worked ● Increased the ratio of male employees taking childcare leave from 25.0% to 57.1%
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"> ● Subsidized school club activities, etc., through the Beisia 21st Century Foundation
05.	Governance 	We aim to be an honest company that is trusted by our stakeholders and local communities.	<ul style="list-style-type: none"> ● Implemented incentives to boost corporate value Introduced a restricted stock compensation plan ※To be submitted for resolution at the general shareholders' meeting scheduled for June 26, 2025

Plans for the Fiscal Year Ending March 2025

We aim to increase both revenue and profit for the second consecutive year by accelerating store openings and improving profit related to overseas purchases.

(Millions of yen)	FY 3/2025 Results	YoY (%)	FY 3/2026 Q2 Plan	QoQ (%)	FY 3/2026 Full-year Plan	YoY (%)
Sales at all chain stores	183,132	+4.5	96,385	+5.7	192,970	+5.4
Sales at directly managed stores	17,215	+20.2	10,894	+35.8	20,814	+20.9
Sales at franchise stores	165,917	+3.1	85,490	+2.8	172,155	+3.8
(Same store sales)	—	+1.1	—	+1.3	—	+0.8
Total operating revenue	136,933	+3.2	70,262	+6.8	147,152	+7.5
Cost of sales	85,771	+0.4	42,585	+3.8	90,648	+5.7
Adjusted OP before SG&A	51,162	+8.3	27,676	+11.7	56,503	+10.4
SG&A	26,768	+11.1	14,773	+15.0	30,497	+13.9
Operating profit	24,394	+5.4	12,903	+8.2	26,005	+6.6
Ordinary profit	24,904	+5.2	13,288	+9.1	26,760	+7.5
Net income	16,892	+5.7	8,212	+9.1	18,100	+7.2
EPS	206.99yen		100.63yen		221.79yen	

➤ Topics

● Sales at all chain stores

- Same store sales: +0.8% (1H +1.3%, 2H +0.2%)
- Increase sales at all chain stores by +5.4% through a net increase of 45 stores

● Total operating revenue

- Sales at franchise stores: +3.8% YoY, gross profit margin for stores: 36.0% (±0.0 pt YoY)
- Self-operated stores sales: +20.9% YoY; increase the number of new store openings
- Supply sales to franchise stores: +6.1% YoY; normalize the balance between sales at franchise stores and supply

● Cost of sales

- Assumed rate: 148 yen (144.94 yen in FY 3/2025)

Timing	Percent	Average rate
Forward exchange contracts	Approx. 90%	Approx. 147.5 yen
Spot rate	Approx. 10%	150 yen

- While settlement terms will worsen compared to FY 3/25, the profit margin on overseas purchases will be improved through product change/elimination.

● SG&A

- SG&A expense ratio: 15.8% (+1.2 pts YoY)
The expense ratio is expected to rise due to soaring labor costs and prices coupled with growth investments.
- Labor costs: Regular salary increase +3.6%, review of various allowances
- Advertising expenses: Increase in flyers at all stores +200 million yen
- Supply expenses: Renovation costs for 117 existing stores +470 million yen (approx. 4 million per store)
- Depreciation: Increased number of store openings and building costs (approx. +450 million yen)

● 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, 2025

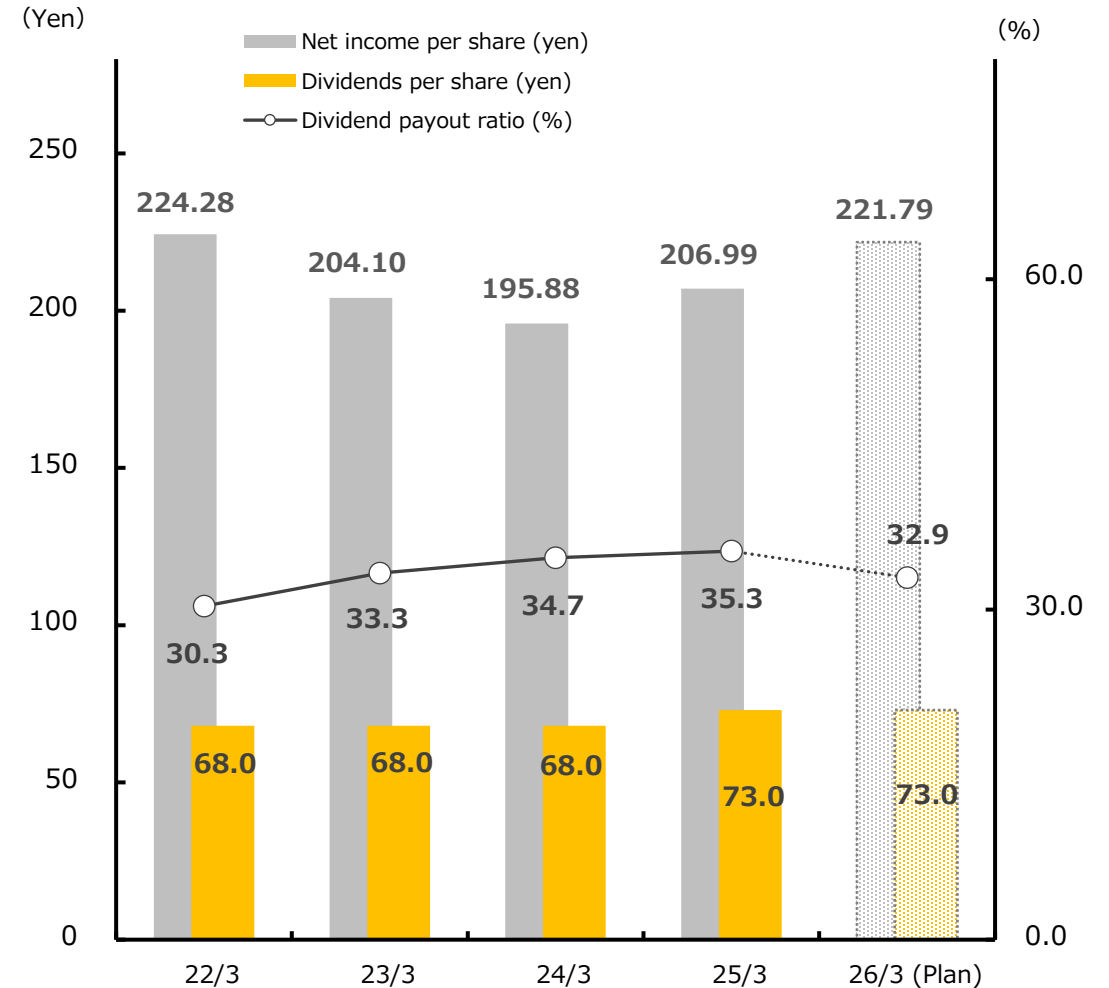
Plan to increase by **5 yen** to **73 yen** from previous year

- Fiscal year ended March 31, 2026

Expect to keep at **73 yen**

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

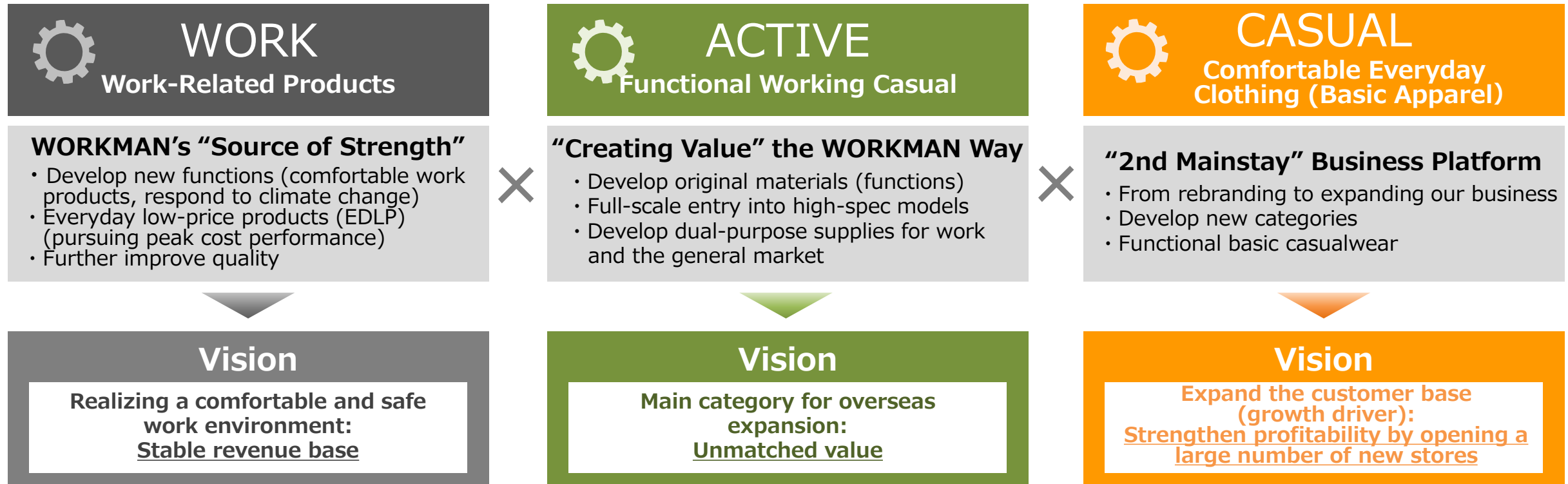
Changes in net income and dividends per share



- Medium-Term Growth Vision 2030

Functional Wear for All

With “Make new standards for functions and prices” as our corporate purpose and “Evolve for those who ask us to” as our core value, we aim for sustainable growth by providing new value.

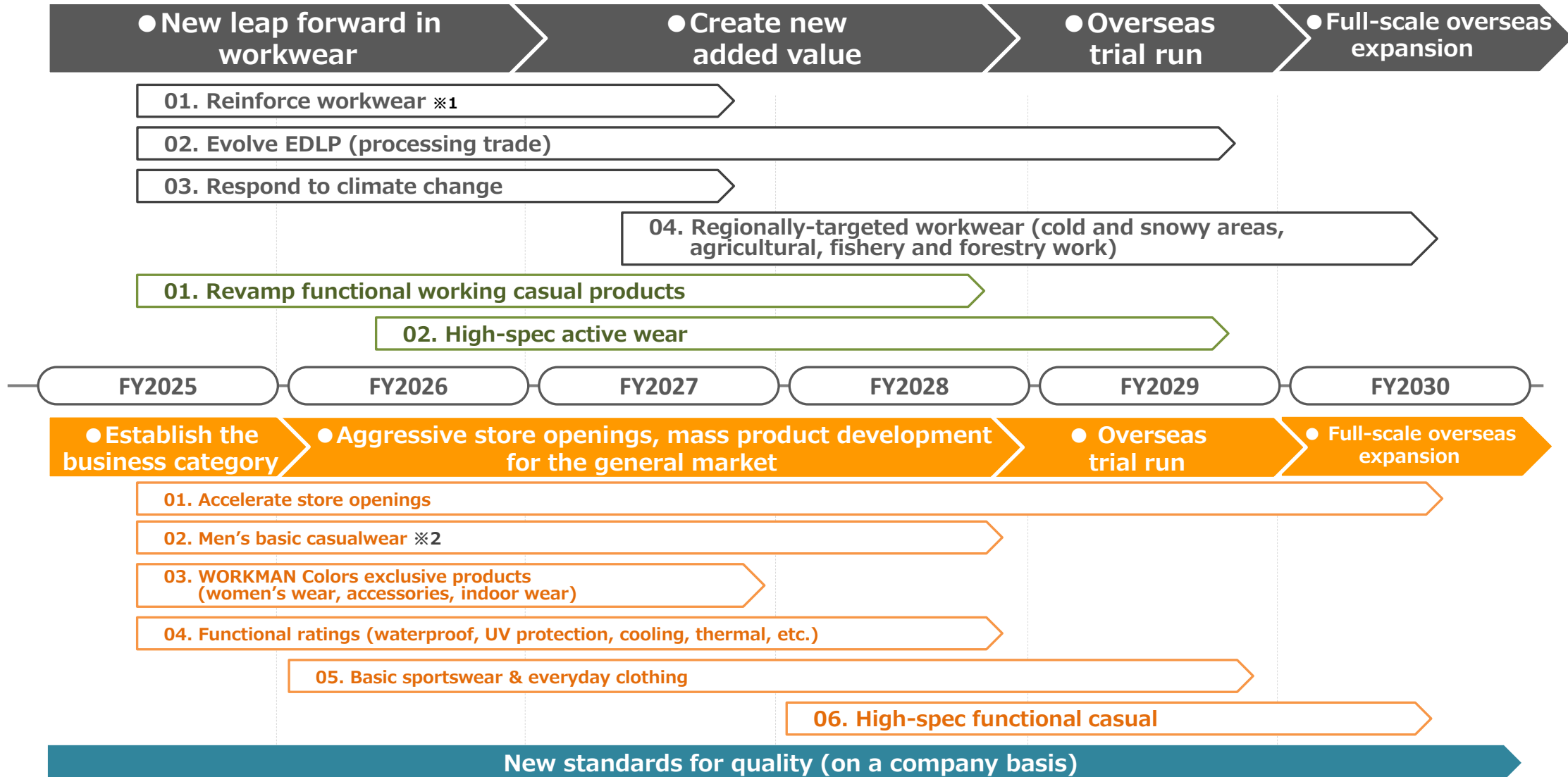


Roadmap



WORK Business

ACTIVE Business



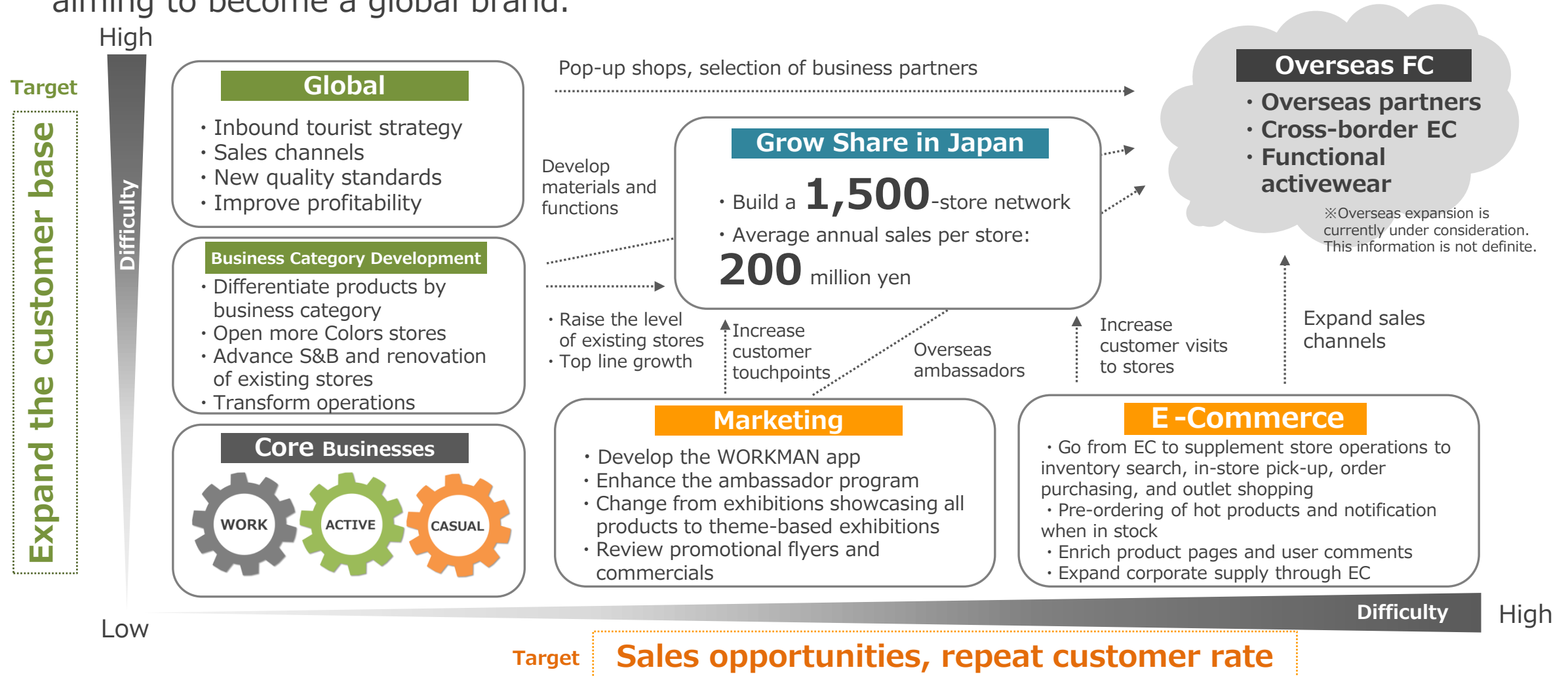
※1. The first phase of efforts to reinforce workwear started up strongly, and the decision was made to increase production. (High-spec "ZERO-STAGE" items: 260,000 → 350,000 items; high-function x low-priced "Wonder Stretch" items: 500,000 → 700,000 items.)

※2. "All-purpose pants" sold exclusively at WORKMAN Colors stores sold more than expected and contributed to attracting male customers to those stores.

■ Growth Strategy

Growth Strategy

Our growth strategy is to focus on expanding the customer base and retaining customers. We will expand business by linking store openings and sales based on our product policy, aiming to become a global brand.

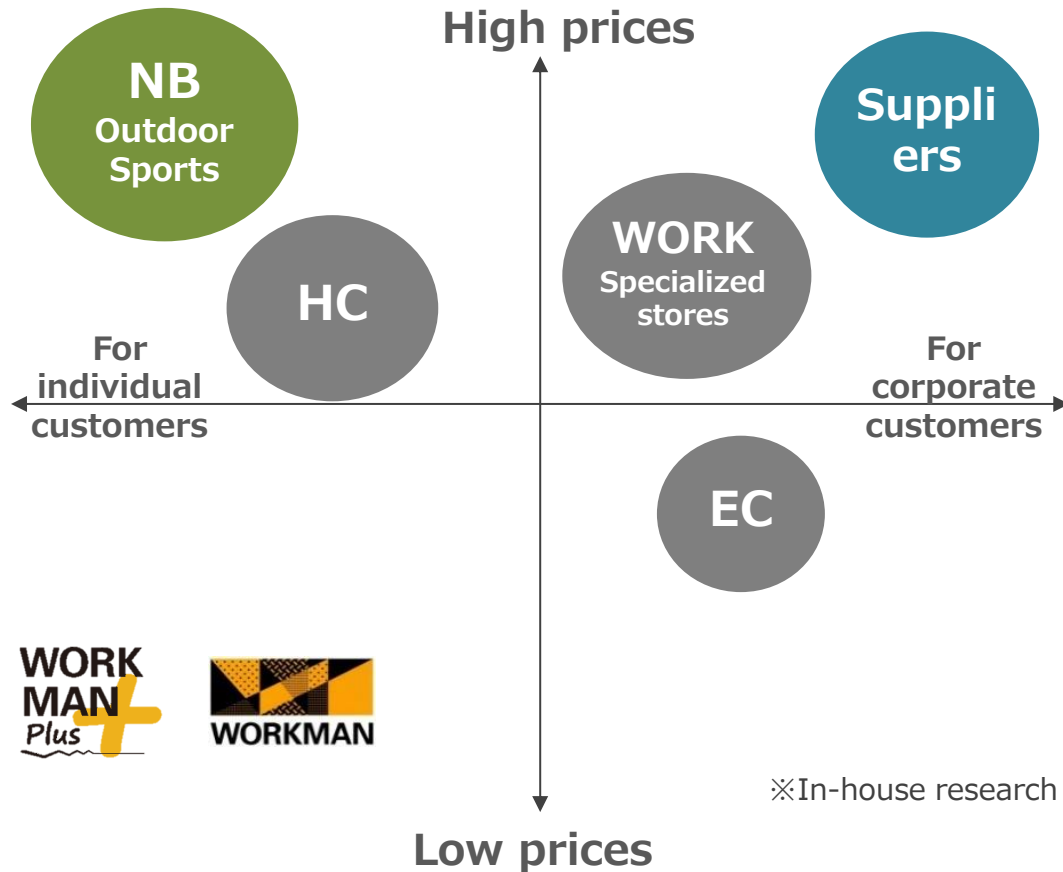


Positioning

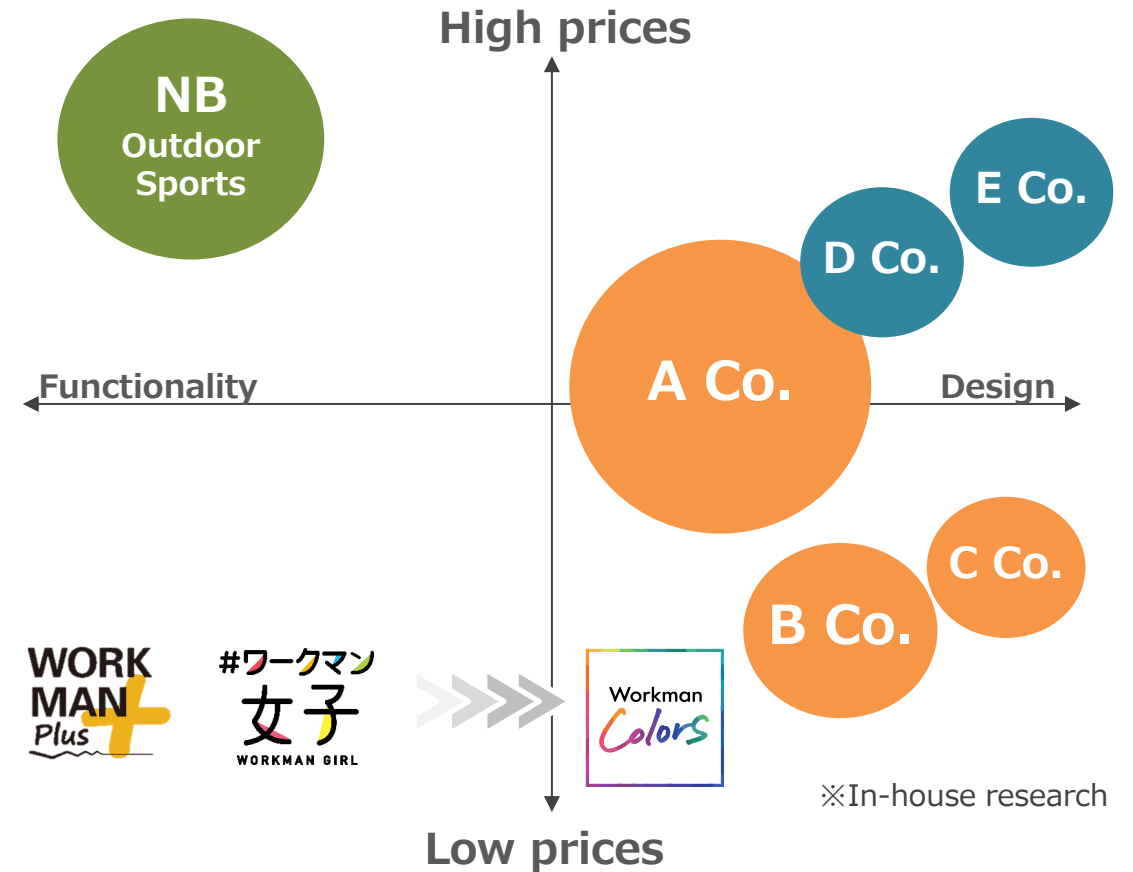
We will clarify where each business category stands, and carve out a unique position in each market.



Work market map



General market map

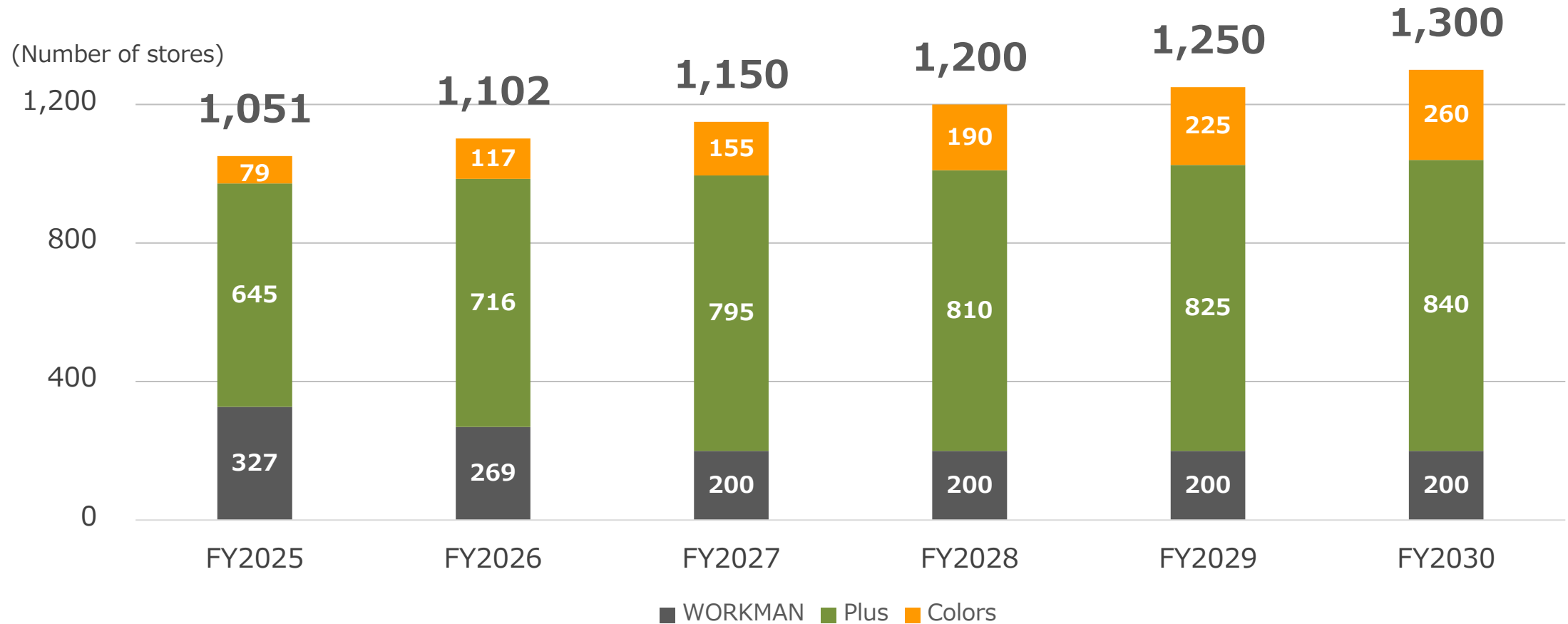


Store Opening Plans



In a generational shift, store openings will focus on WORKMAN Colors. With an expected net increase of 50 stores a year, we will aim for

1,500 stores across Japan by the fiscal year ending March 31, 2035.



※WORKMAN store numbers include WORKMAN Pro stores, Plus includes Plus II stores, and Colors includes #WORKMAN GIRL stores.

Store Opening Strategy

We will promote differentiation between business categories to expand opportunities for store openings.

Expand the customer base so that business categories can
“coexist and co-prosper” in different markets



WORKMAN Plus +

Action ①.

- Pursue dominance in urban areas, targeting market areas with a population of 70,000-100,000 people
- Can coexist with WORKMAN Colors by selling exclusive products

WORKMAN Plus

Action ②.

- Create a business model that is viable even in market areas with a population of 30,000 people
- Capture all work-related and general demand in the market area through stand-alone stores

WORKMAN Plus II

Action ③.

Taking the sales conditions of each store into consideration, choose to either relocate or renovate in the same location, aiming to increase sales activities at existing stores

S&B

Build a network of 1,100 stores across Japan in accordance with the store opening standards



Workman **Colors**

Action ①.

Store Opening Standards/Locations

- Store openings: 30-40 per year, market area population: 70,000-10,000 people
- Locations: Strip malls, roadside stores, shopping center tenants

Action ②.

Form of Store Operations

While individual franchise contracts are the norm, depending on store opening conditions, corporate franchises and multiple store management by individuals may be considered

Action ③.

Renovation

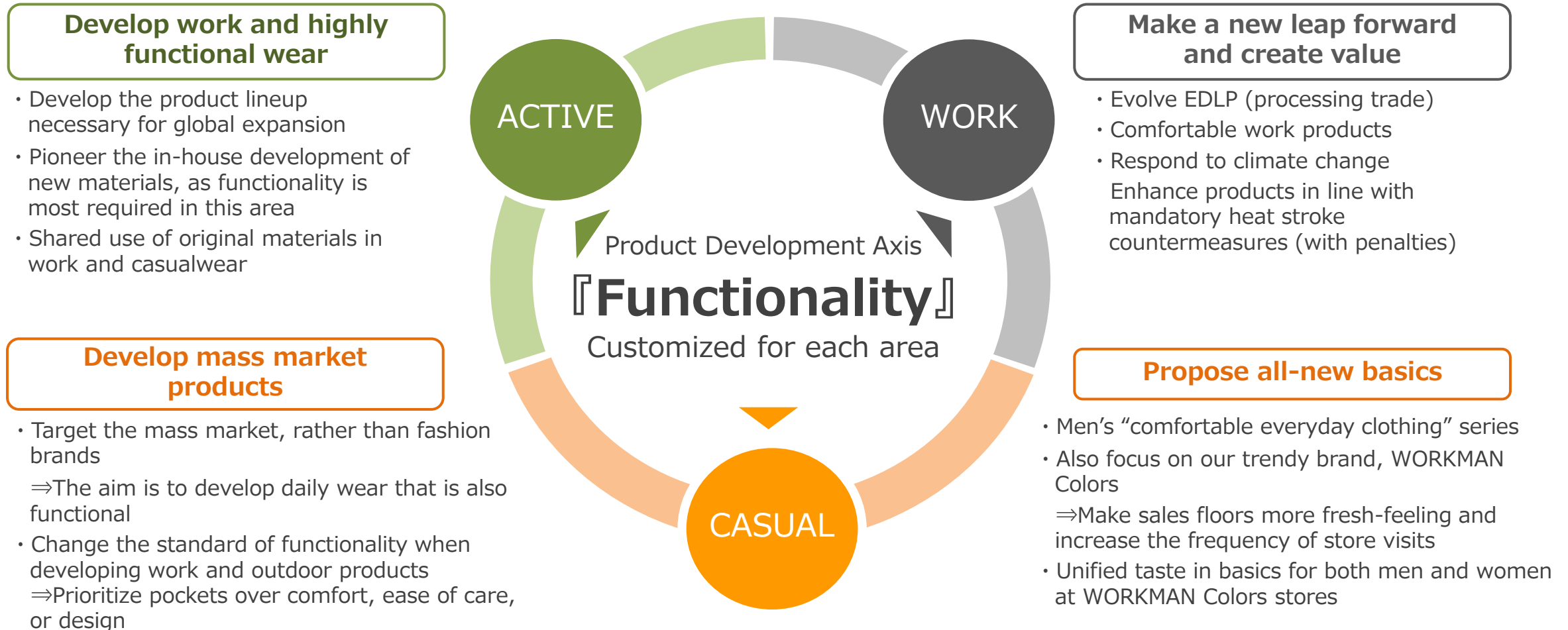
Renovate #WORKMAN GIRL stores (20 per year) to revitalize existing stores

Aim to have 400 stores in Japan by March 31, 2035, unbound by fixed concepts such as the form of store operations

Product Development

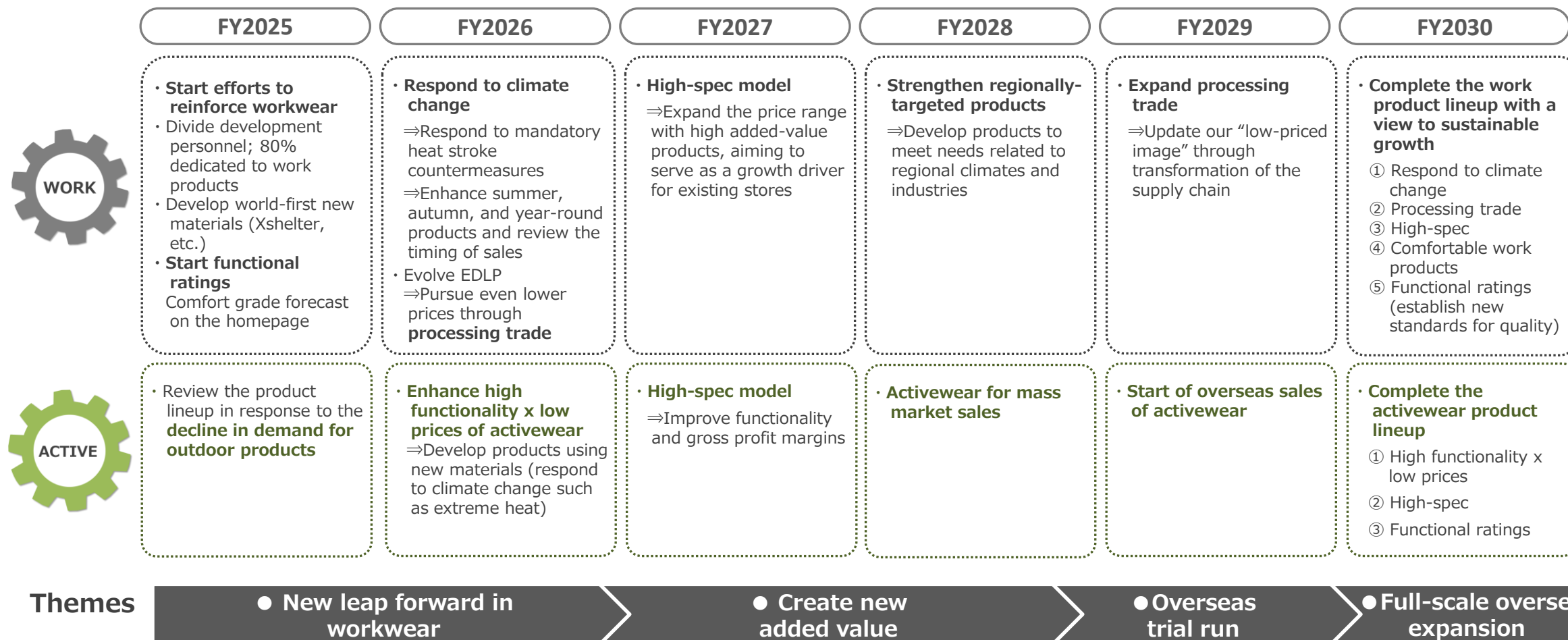
Separate the development teams into workwear and casualwear.

We will develop new materials unlike any in the world, aiming for shared use in each area, and stabilize our profit margins by lengthening forward exchange contracts.



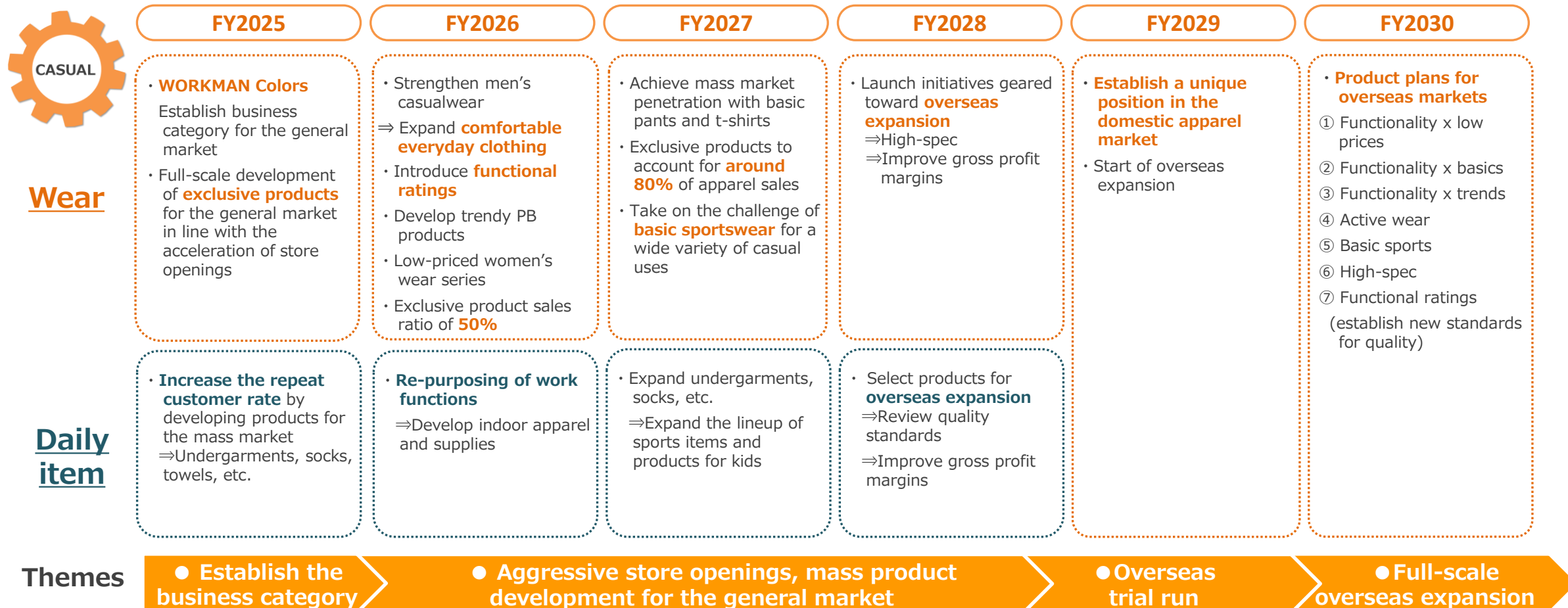
Product Development (Work and Active)

Reaffirming our original strengths in functionality, price, and a design with a shine to it, we will develop product lines that satisfy what customers are asking for, aiming for global development of functional wear that uses our own new materials.



Product Development (Casual)

Avoid competition among our own business categories by improving the ratio of exclusive products. We will propose a new kind of functional basic apparel that also incorporates some trends.



Sales Strategy

Aiming to become a convenient chain that is closely interconnected with people's lives, including work, day-to-day activities, and hobbies, we will transform our operations and marketing approach to boost customer satisfaction.



WORK

Return to our roots by reinforcing workwear and capturing corporate demand

Action ①: Respond to climate change

- Review timing and sales floors in response to longer summers and warmer winters

Action ②: Evolve the demand forecast ordering system

- Eliminate shortages of products for professionals essential for their jobs

Action ③: Capture corporate demand

- Corporate sales leveraging our store network and EC
- Promote sales through exhibitions, etc.

CX

Keep sales floors fresh and improve the customer experience

Action ①: Store renovations

- Renovate 200 stores per year to make them equal to those of new stores

Action ②: Optimize inventory

- Improve the shopping environment by consolidating items in each business category

Action ③: Sophisticate operations (develop human resources)

- Develop high-quality franchise stores by following up after they join
- In-house Operation Meister system
- Sales promotions (boosting popularity) and linkage between EC and sales floors

DX

Cultivate and retain customers
Improve our level of service

Action ①: Develop a smartphone app

- New products, limited information on promotional campaigns, EC linkage, etc.
- FY2030 target: **5 million** registered app users

Action ②: Area-specific sales promotions

- Web-linked flyers in urban areas, resume local TV commercials

Action ③: Strengthen EC to supplement store operations

- Link to smartphone app
- Improve convenience ⇒ pre-ordering of hot products, outlets, order service for corporate customers, etc.

Mission : Transform operations

Mission : Transform channels & marketing

Target :

Increase the number of loyal customers by expanding the customer base and improving customer satisfaction

Logistics Strategy

We will invest in logistics to accommodate the expansion of the store network and increased distribution due to growth in sales, automate warehouse operations to “save on manpower,” and address social issues such as the shrinking workforce and work style reforms.



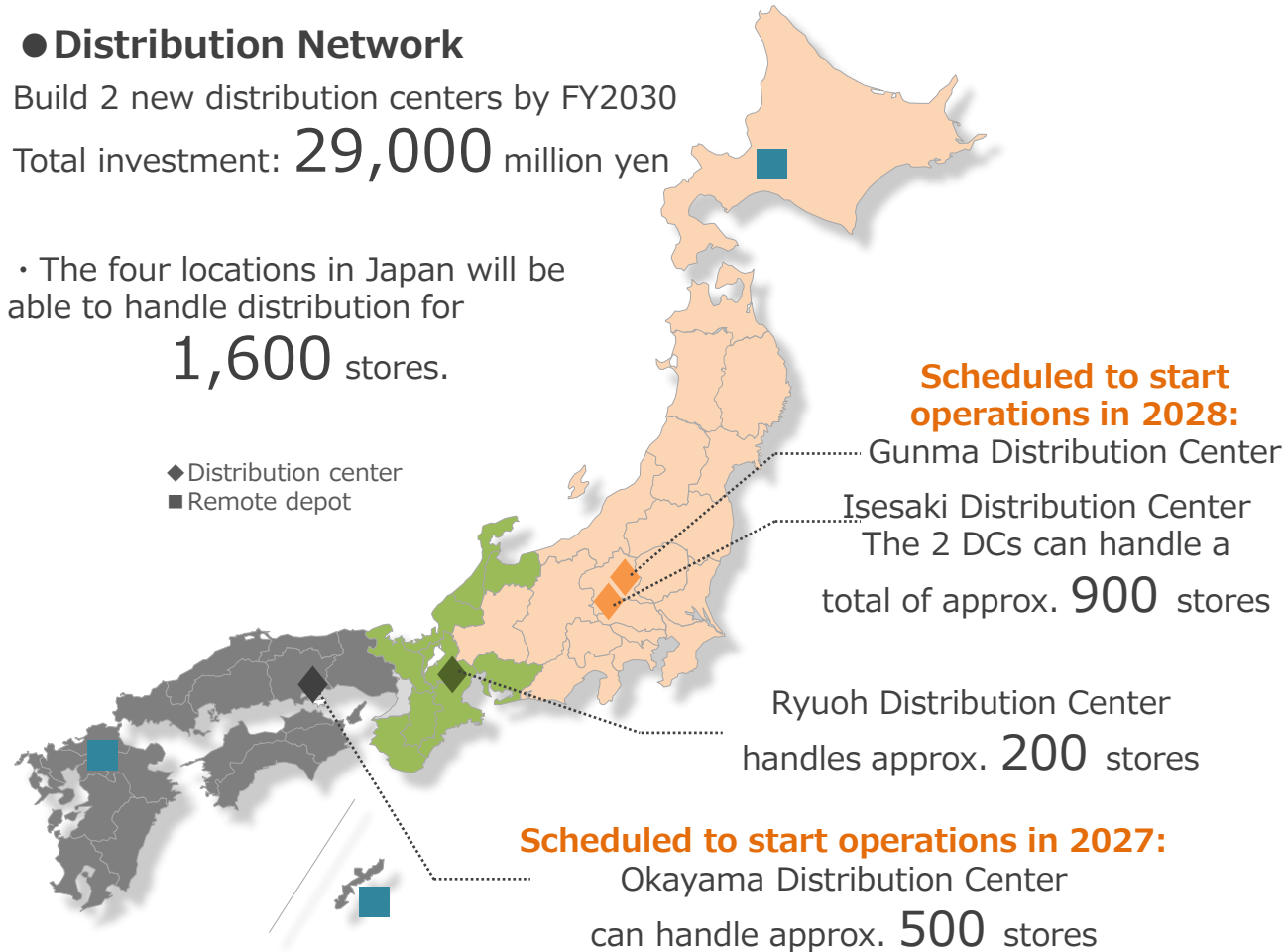
● Distribution Network

- Build 2 new distribution centers by FY2030

Total investment: **29,000** million yen

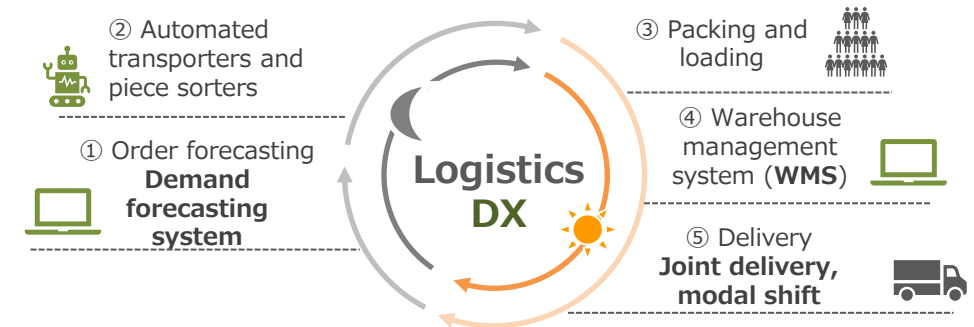
- The four locations in Japan will be able to handle distribution for

1,600 stores.



● Streamlining of Logistics

- Automate by integrating material handling and systems.
- Constantly seek improved efficiency in delivery (joint delivery, modal shift).



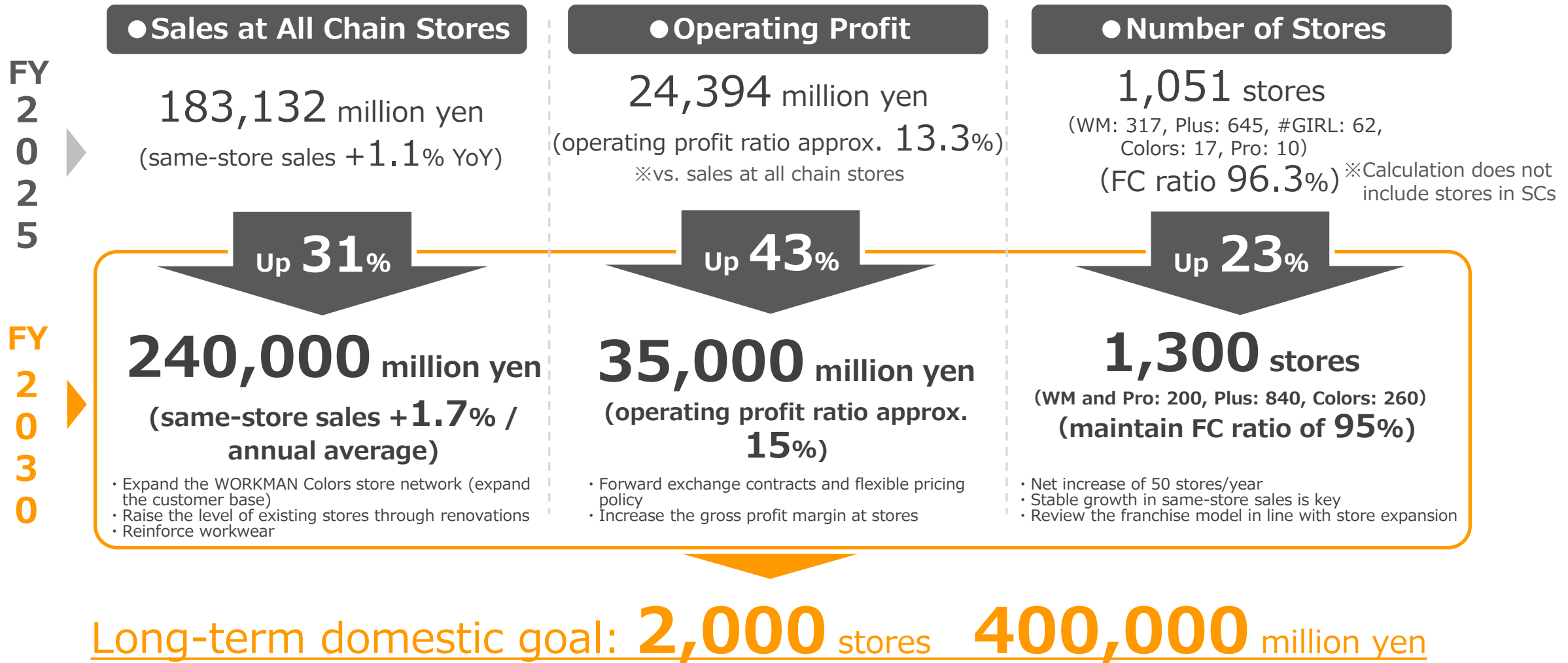
● KPIs

Item	FY2025	FY2030 Target
① In-house warehouse ratio	50%	approx. 95%
② Single-item follow-up ratio	under 50%	65% or more
③ Logistics cost ratio	7.8%	stay in the 7% range

※Logistics cost ratio: Ratio of logistics-related costs (land rent, outsourcing, freight cost, etc.) to total shipments.

- Quantitative Goals/Capital Policy

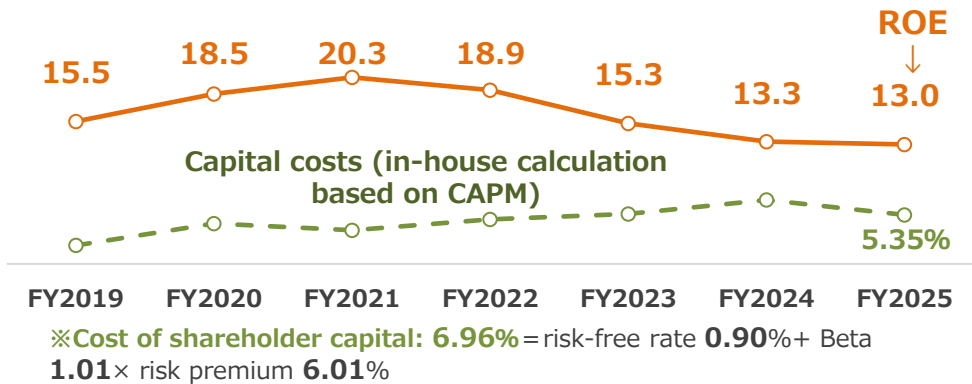
Quantitative Goals for 2030



We will aim to improve return on capital through growth investments.

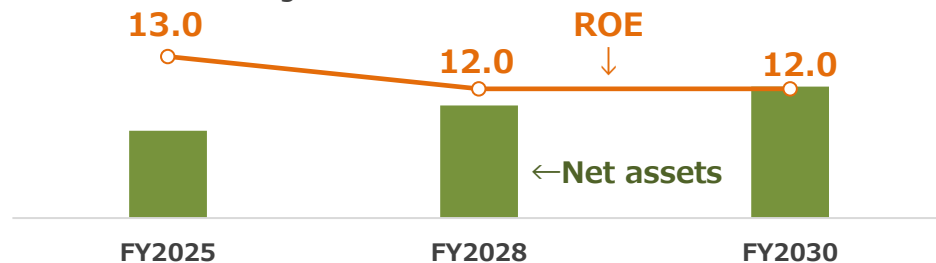
● Analysis of current situation (trends in ROE and cost of shareholder capital)

- ROE is higher than cost of shareholder capital (market expectations).



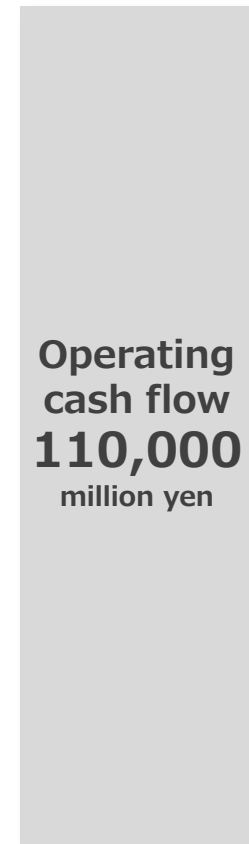
● Analysis of current situation (outlook for ROE and net assets)

- Net assets will increase due to solid profitability and a stable financial base.
- Maintain the level of ROE by being conscious of appropriate allocation of management resources.

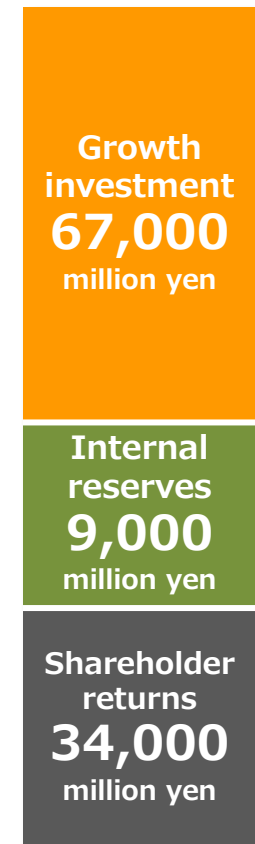


● Cash Allocation

FY2026-FY2030
Cash In



FY2026-FY2030
Cash Out



- Store investment: 33,000 million yen
New store opening/renovation work
- Logistics investment: 31,000 million yen
Distribution centers/material handling
- IT investment, etc.: 3,000 million yen
Core systems/app development

- Reinforce the management foundations in anticipation of expansion of the scale of business, including overseas expansion

- Consider flexible returns to shareholders based on a dividend payout ratio of 35%.
- Raise the dividend payout ratio to 40% from FY2029, when growth investment will slow down



- 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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