

FY06/23 Q3 Financial Results



(TSE Prime 6036 JT)

May 10, 2023

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1. Financial Highlights

Q3 (Jan-Mar 2023)

Sales 3.796 bn yen (+21.7% YOY), OP 1.019 bn yen (+31.1% YOY)

- The Q3 results were slightly weaker than the internal plan as Jan sales was weak and sales were affected by the postponement of store openings scheduled for Jan-Mar to April-June.
- In addition, the March monthly budget did not incorporate the impact of the rush demand prior to the price increase in March 2022.
- LABO's directly managed Yokkaichi Minami branch opened on March 30.
- KeePer coating has been available as a genuine product at Honda Access since March 31.

FY Guidance (July 2022 - June 2023)

Sales 17.237 bn yen (+20.1% YOY), OP 5.463 bn yen (+26.3% YOY)

- Q4 is the second highest demand Q after Q2, and even taking into account one-time costs related to new stores and TV commercial costs, the FY results will be in line with the guidance.
- April results were off to a good start, with enough progress to make up for the weakness in January.
- New stores: 2 in May and 7 in June; in line with FY target at 12 stores.
- Continue to invest in new store openings, personnel, brand awareness and new products for growth in the next fiscal year and beyond.

2. Results for Q3 (Jan-Mar 2023)

P/L

(million yen)	FY06/22 Q3	FY06/23 Q3	YOY	FY06/23 Q2	QOQ
Net Sales	3,118	3,796	21.8%	4,778	-20.6%
Product-related	1,359	1,616	18.9%	2,139	-24.5%
LABO stores	1,758	2,179	23.9%	2,640	-17.5%
COGS	601	708	17.8%	865	-18.2%
GP	2,517	3,088	22.7%	3,913	-21.1%
GPM	80.7%	81.4%	+0.6pt	81.9%	-0.6pt
SG&A	1,740	2,068	18.9%	2,068	0.0%
OP	778	1,019	31.0%	1,845	-44.8%
OPM	25.0%	26.8%	+1.6pt	38.6%	-12.1pt
Product-related	400	544	36.0%	2,139	-74.6%
LABO stores	378	476	25.9%	2,640	-82.0%
RP	771	1,010	31.0%	1,862	-45.8%
NP	520	687	32.1%	1,280	-46.3%
EPS	19.06	25.20	32.2%	46.94	-46.3%

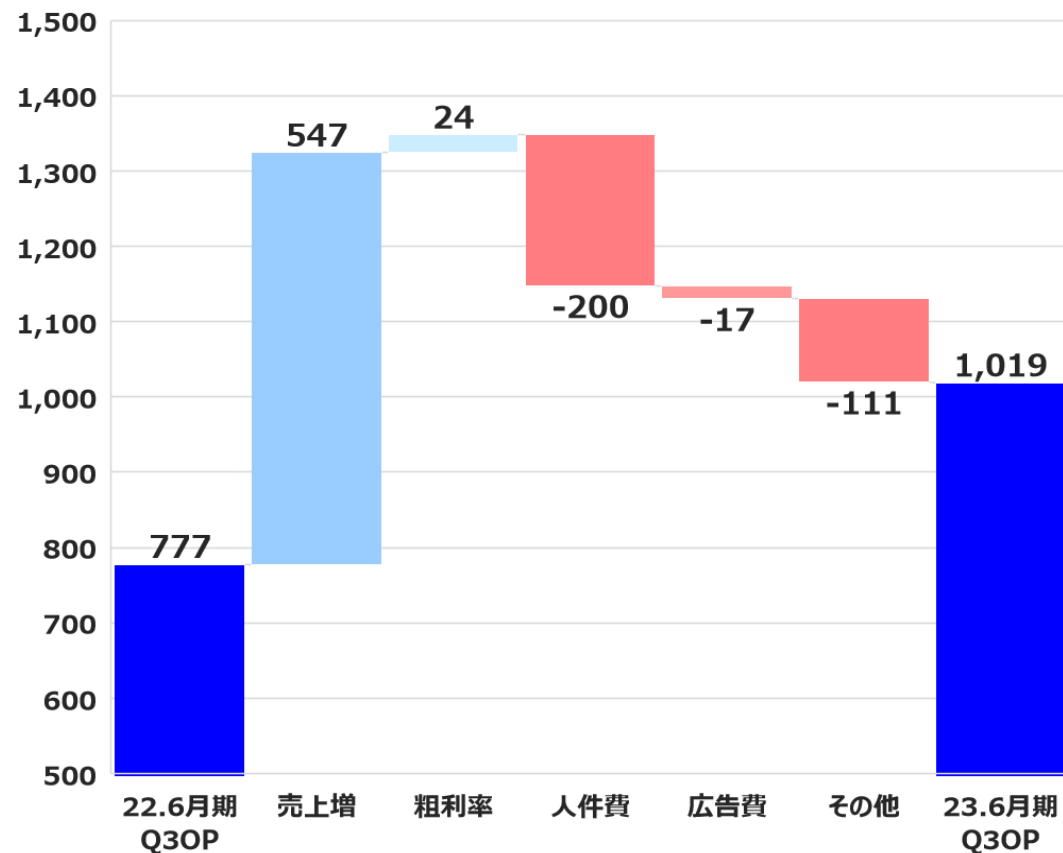
(million yen)	FY06/22 9 mo	FY06/23 9 mo	YOY	FY06/23 Guidance	Progress Rate
Net Sales	10,420	12,362	18.6%	17,237	71.7%
Product-related	4,734	5,339	12.8%		
LABO stores	5,685	7,022	23.5%		
COGS	1,951	2,246	15.1%	3,123	71.9%
GP	8,468	10,115	19.4%	14,114	71.7%
GPM	81.3%	81.8%	+0.5pt	81.9%	
SG&A	5,374	6,079	13.1%		
OP	3,094	4,035	30.4%	5,463	73.9%
OPM	29.7%	32.6%	+2.9pt	31.7%	
Product-related	1,538	2,119	37.8%		
LABO stores	1,556	1,916	23.1%		
RP	3,101	4,052	30.7%	5,463	
NP	2,131	2,774	30.2%	3,805	
EPS	78.14	101.72	30.2%	139.49	72.9%

2. Results for Q3 (Jan-Mar 2023)

Factor Analysis of OP

(YoY change)

(mn yen)



Sales and GPM factors: +571 mn yen YOY

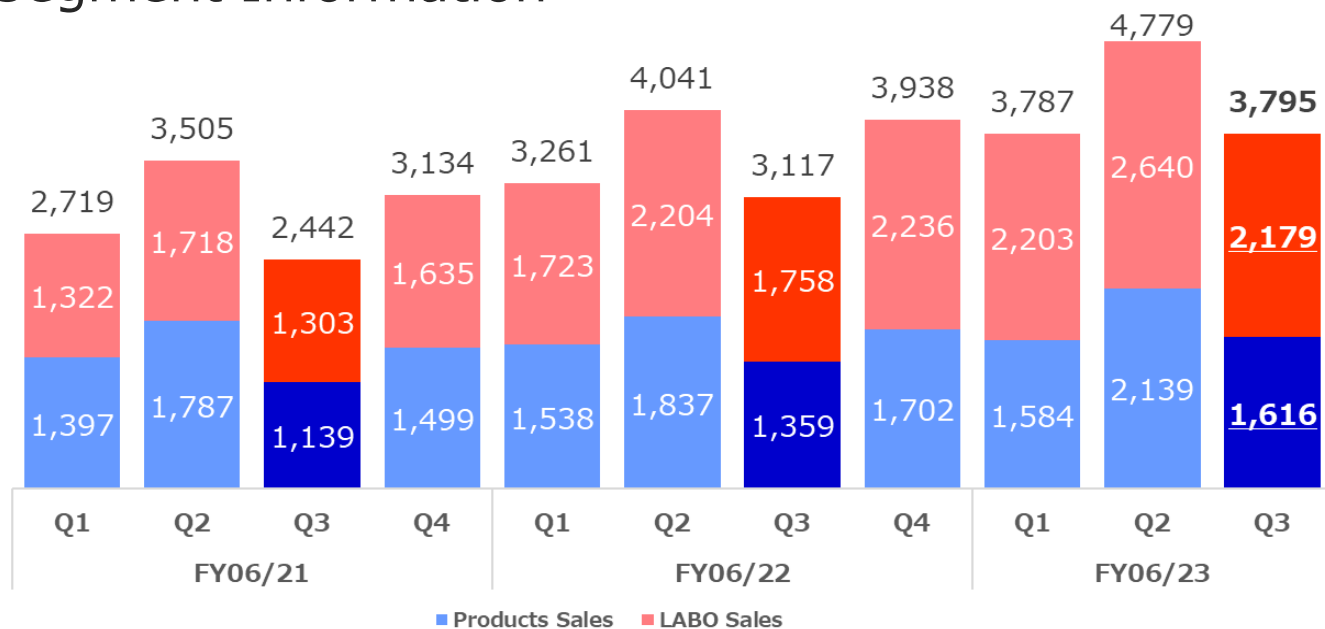
- Sales increase: Both segments increased.
- GPM: Maintained GPM by increasing volume and ASP despite rising material costs.

SG&A factors: +337 mn yen YOY

- Labor cost increase: +0.2 bn yen due to upfront investment for new stores.
- Advertising expenses: +0.17 bn yen
- Other expenses: +111 million yen due to resumption of sales activities and increased utilities costs.

2. Results for Q3 (Jan-Mar 2023)

Segment Information



LABO Operation Sales +24.0% YOY

visitors +12.6% YOY

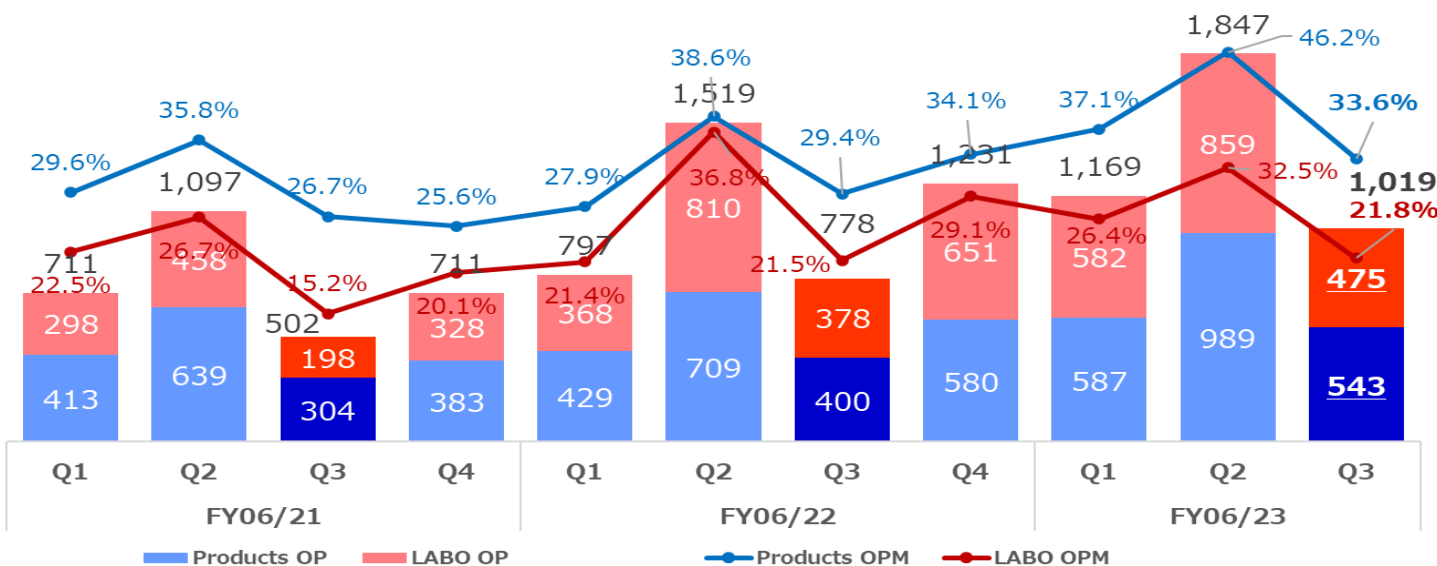
ASP+10.6% YOY

January sales were below plan due to unfavorable weather conditions and delays in new car deliveries.

From February to March, an increase in new car deliveries contributed to higher-priced coatings.

OPM: +0.3pt

- Productivity per man-hour improved.



Product Related Sales +18.9% YOY

Following Q2, Fresh KeepPer at PRO SHOP and higher-priced coatings at dealerships increased.

OPM: +4.2pt

- As the semiconductor shortage eases, shipments of relatively low gross margin car washes tools resumed.
- Profitability improved due to an increase in high-priced coatings.

3. New LABO store and Expansion of Coating Booths



New openings

Opened	3 stores
April-June 23	9 stores
After July 23	7 stores

Renovation of existing stores

Renovated	13 stores
Booths added	11 stores 34 booths→71 booths
Washrooms	9 stores 30 washrooms

done in Q3	2 stores
Booths added	2 stores 9 booths→15 booths
Washrooms	1 stores 4 washrooms

In progress	10 stores
Booths added	10 stores 40 booths→77 booths
Washrooms	9 stores 16 washrooms

added in Q3	5 stores
Booths added	5 stores 23 booths→40 booths
Washrooms	5 stores 16 washrooms

- In addition, other renovations will be in place for the comfort and convenience of employees. For example, the women's changing rooms are expanded.
- Plans for September and beyond will be updated in August when we announce the FY.

New stores opened

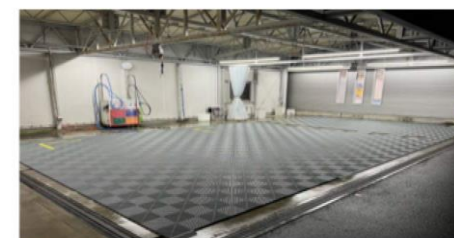
Name	Location	Date
Niiza	Niiza, Saitama	Nov 2, 2022
Ogura Minami	Kita-Kyushu, Fukuoka	Nov 26, 2022
Yokkaichi Minami	Yokkaichi, Mie	March 30, 2023

Re-location

Name	Location	Date
Hachioji	Hachioji, Tokyo	Sep 26, 2022

New stores schedule

Name (temporary)	Location	Date
Ariake	Koto-ku, Tokyo	May, 2023
Matsuyama	Matsuyama, Ehime	May, 2023
Musashi Murayama	Mursashi Murayama, Tokyo	June, 2023
Kakamigahara	Kakamigahara, Gifu	June, 2023
Akita	Akita, Akita	June, 2023
Omiya Higashi	Saitama, Saitama	June, 2023
Isesaki	Isesaki, Gunma	June, 2023
Fussa	Fussa, Tokyo	June, 2023
Yoga	Setagaya-ku, Tokyo	June, 2023
Koshigaya	Koshigaya, Saitama	August, 2023
Nishiharu	Kita-Nagoya, Aichi	August, 2023
Fuchu	Fuchu, Tokyo	August, 2023
Osaka Hirano	Osaka, Osaka	August, 2023
Utsunomiya	Utsunomiya, Tochigi	September, 2023
Ageo	Ageo, Saitama	September, 2023
Fukuoka Sawara	Fukuoka, Fukuoka	September, 2023



3. Status of the Development of new LABO stores

We plan to open 12 new stores this FY and we are in line with the plan.

However, although the challenging environment for store development is gradually easing, it will continue for some time.

(1) Delays in material deliveries due to supply chain disruptions caused by COVID-19

⇒ Gradual improvement

(2) Due to the rising cost of materials and construction work, we obtained more quotes from contractors than ever before, which required more time to select suppliers.

⇒ Gradual improvement

(3) Insufficient resources of construction contractors due to the remodeling of stores at the same time.

⇒ Remains a challenge

(4) Time to build relationships with new suppliers to address construction resource constraints and expansion into new areas

⇒ Continue to improve as actual results are accumulated

(5) Government permits and approvals are taking longer than expected

⇒ Gradual improvement

We will improve each issue to ensure that we achieve the target of 12 stores this FY and 15 stores next FY.

4. Topic

Start of the Multi-Media Promotion of Fresh Keeper (April 2023)

フレッシュキーパー 「勝手にキレイ」プロモーション進行中!!

TVCMや雑誌、YouTubeやInstagramなどを活用し、フレッシュキーパー「勝手にキレイ」プロモーション進行中!フレッシュキーパー-特設Webサイトもオープンし、キャンペーンなども実施しながら、フレッシュキーパーとキーパーショップ、キーパー-施工店を盛り上げていきます!

4月~12月(10月~12月は新CM)

TVCM

全国ネット3番組でCM放映! 10月からは大物タレントを起用した新CMを3番組の他、各番組でも時間帯指定で放映予定!

4月から9月までの8か月間、全国ネットの人気3番組でCMを放映中。10月からは大物タレントを起用した新CMを放映予定!3番組内だけでなく、番組に関連なく時間帯で放送できるスポットCMも実施します!



すべてのメディアから特設Webサイトへ誘導します。

4月1日公開!

特設Webサイト (ランディングページ)

女性にも親しみやすいイラストを使った特設サイトを開設!

フレッシュキーパーの特設Webサイト(ランディングページ)を制作し、お客様の声や商品紹介、情報、CMやYouTube動画へのリンクを掲載します。女性にも興味関心を持っていただけるようイラストを用いた親しみやすいデザイン、各メディアからの特設Webサイトへ誘導し、集客を行います。

6月~

キャンペーン

フレッシュキーパー体験プレゼント企画

一般ユーザーやインフルエンサーを募集し、フレッシュキーパーを体験してもらい、体験後や感想をSNSなどに投稿してもらいます。募集は雑誌広告やTV番組内などで行います。



4月1日~

Web広告

検索結果画面上に掲載されるテキスト広告+様々なWebサイトにバナー広告
Instagram、Twitter、FacebookやWebなどバナー広告を掲載します。また検索結果画面上に掲載されるテキスト広告(リスティング広告)も実施します。



6月7日(7月号)発行

雑誌広告

女性誌「LEE」7月号(6月7日発行)に広告掲載



30~40代を中心に、ファッション・ビューティ・インテリア・料理のほか、ヘルス・マネーなど、暮らしを楽しむ女性をターゲットにした「LEE」に純広告を掲載します。

5月より順次

YouTuber・インフルエンサー

●タレントYouTuber

若いママに人気の有名人タレント・YouTuberのチャンネルにてフレッシュキーパーの紹介とキャンペーン告知の動画を配信します。

●一般インフルエンサー

若い女性やママから支持を得ているライフスタイル系InstagramやFacebookのインフルエンサーの紹介とキャンペーン告知の動画を配信します。

●マイクロインフルエンサー

SNSにおいて特定のジャンルに特化して発信をするインフルエンサーの一種であり、1万人~10万人のフォロワー数を誇るインフルエンサーにフレッシュキーパーを施工していただき、投稿してもらいます。

4月より随時

PR

キャンペーンのプレスリリース、TV番組内でのキャンペーン告知など、各販路を広くアピールします。

The commercial started on April 3, 2023 and the number of female customers coming to PRO SHOP has increased.

In addition to TVCM, we will continue to strengthen our approach to customers unfamiliar with coatings through a series of successive promotions.

If you haven't seen the TV commercial, please click here.

<https://youtu.be/PVItVk2qOh8>



4. Topic

Yokkaichi Minami Store and Ariake Store

The most significant feature of both is that they were opened on the same site or in the same building as the dealership.

Customers visiting the LABO have access to the dealership's showroom and guest room, and will be able to test-drive new models and other services that only a dealership can provide.

We will continue to build win-win relationships with our dealers.

LABO's first

Yokkaichi Minami Store

New store **on the same site** as Netz Toyota's new car dealership.



LABO's first

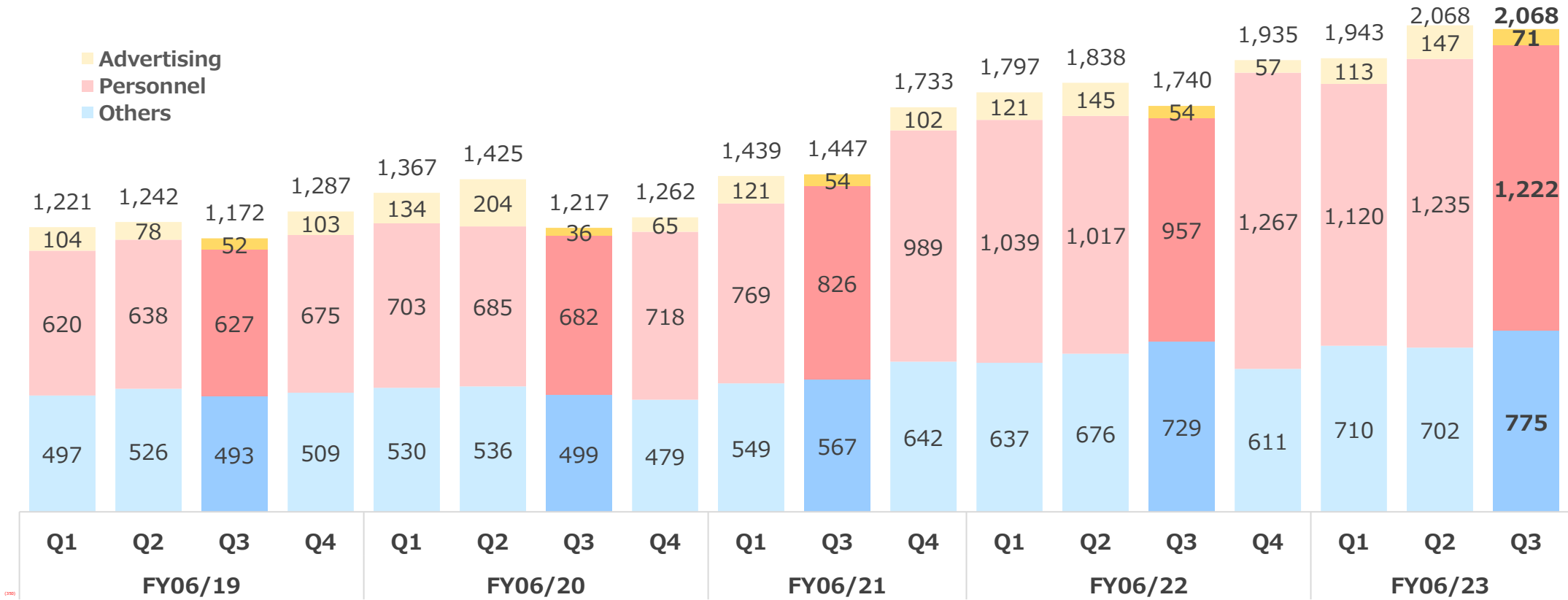
Ariake Store (opening on May 13)

New store as a shop-in shop **in the same building** of Toyota and Lexus dealership.



Supplemental Data

Breakdown of SG&A Expenses



	FY06/19				FY06/20				FY06/21				FY06/22				FY06/23		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Advertising	104	78	52	103	134	204	36	65	121	114	54	102	121	145	54	57	113	147	71
Ad/SLS (%)	5.4%	3.1%	3.1%	4.8%	5.9%	7.9%	2.0%	3.1%	4.4%	3.3%	2.2%	3.3%	3.7%	3.6%	1.7%	1.4%	3.0%	3.1%	1.9%
Personnel	620	638	627	675	703	685	682	718	769	925	826	989	1,039	1,017	1,022	1,196	1,120	1,235	1,222
Personnel/SLS (%)	32.0%	25.1%	37.4%	31.2%	31.2%	26.6%	38.8%	34.0%	28.3%	26.4%	33.8%	31.5%	31.9%	25.2%	32.8%	30.4%	29.6%	25.8%	32.2%
Others	497	526	493	509	530	536	499	479	549	610	567	642	637	676	664	682	710	702	775
others/SLS (%)	25.6%	20.7%	29.4%	23.5%	23.5%	20.8%	28.4%	22.7%	20.2%	17.4%	23.2%	20.5%	19.5%	16.7%	21.3%	17.3%	18.7%	14.7%	20.4%
total SGA	1,221	1,242	1,172	1,287	1,367	1,425	1,217	1,262	1,439	1,649	1,447	1,733	1,797	1,838	1,740	1,935	1,943	2,068	2,068

Results for Q3 (Jan-Mar 2023)

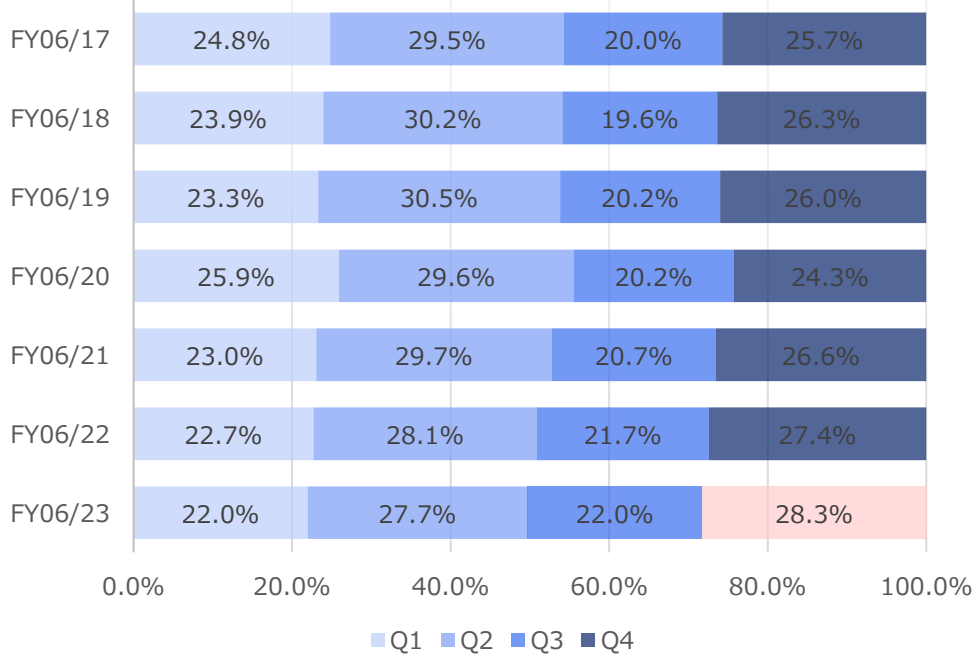
Segment Information

		FY06/21				FY06/22				FY06/23		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total	Revenue	2,719	3,505	2,442	3,134	3,261	4,041	3,117	3,938	3,787	4,779	3,795
	yoy	465	928	685	1,024	542	536	675	804	526	738	678
	yoy%	20.6%	36.0%	39.0%	48.5%	19.9%	15.3%	27.6%	25.7%	16.1%	18.3%	21.8%
	OP	711	1,097	502	711	797	1,519	778	1,231	1,169	1,847	1,019
	yoy	420	548	350	337	86	422	276	520	372	328	241
	yoy%	1440.0%	98.3%	2444.4%	89.8%	12.1%	38.5%	55.0%	73.1%	46.7%	21.6%	31.0%
	OPM	26.1%	31.3%	20.6%	22.7%	24.4%	37.6%	25.0%	31.3%	30.9%	38.6%	26.9%
LABO	Revenue	1,322	1,718	1,303	1,635	1,723	2,204	1,758	2,236	2,203	2,640	2,179
	yoy	342	546	398	640	401	486	455	601	480	436	421
	yoy%	34.9%	46.6%	44.0%	64.3%	30.3%	28.3%	34.9%	36.8%	27.9%	19.8%	23.9%
	OP	298	458	198	328	368	810	378	651	582	859	475
	yoy	244	234	199	232	70	352	180	323	214	49	97
	yoy%	451.9%	104.5%	-	241.7%	23.5%	76.9%	90.9%	98.5%	58.2%	6.0%	25.7%
	OPM	22.5%	26.7%	15.2%	20.1%	21.4%	36.8%	21.5%	29.1%	26.4%	32.5%	21.8%
		10.6%	28.1%	25.8%	53.0%	25.5%	23.5%	27.4%	19.3%	13.7%	9.5%	12.6%
		25.5%	16.3%	15.7%	8.3%	5.1%	4.8%	7.3%	15.3%	12.8%	9.9%	10.6%
Products	Revenue	1,397	1,787	1,139	1,499	1,538	1,837	1,359	1,702	1,584	2,139	1,616
	yoy	123	383	287	382	141	50	220	203	46	302	257
	yoy%	9.7%	27.3%	33.7%	34.2%	10.1%	2.8%	19.3%	13.5%	3.0%	16.4%	18.9%
	OP	413	639	304	383	429	709	400	580	587	989	543
	yoy	176	305	160	105	16	70	96	197	158	280	143
	yoy%	74.3%	91.3%	111.1%	37.8%	3.9%	11.0%	31.6%	51.4%	36.8%	39.5%	35.8%
	OPM	29.6%	35.8%	26.7%	25.6%	27.9%	38.6%	29.4%	34.1%	37.1%	46.2%	33.6%

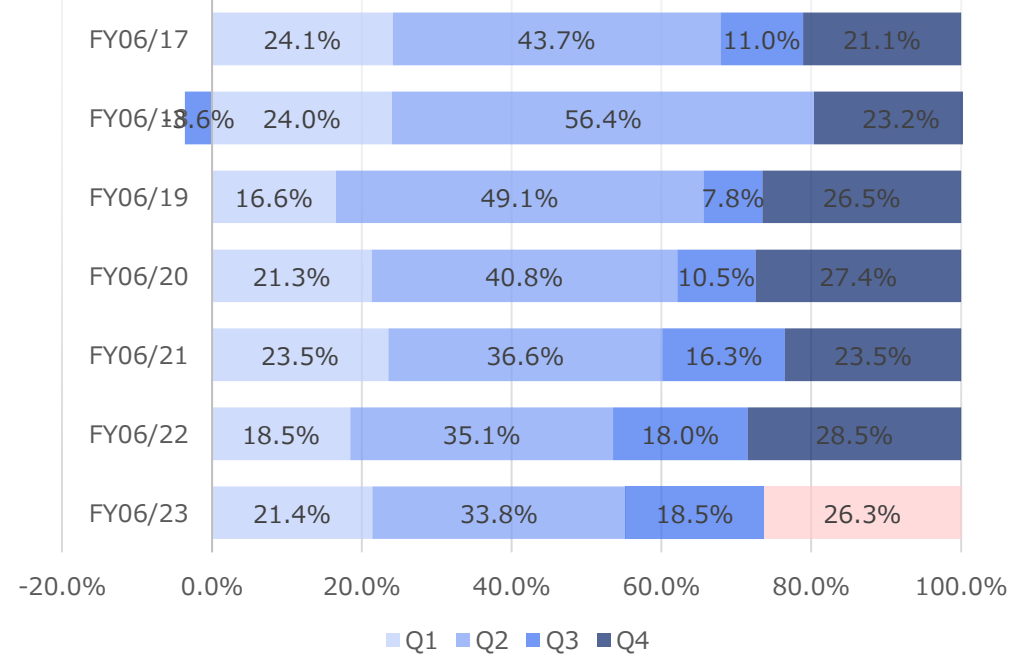
Progress toward FY06/23 FY Forecasts

Ratio of the Q'ly earnings in the actual/forecast

【Sales】



【OP】



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