

Q1 FY06/2024 Financial Results Briefing Materials



(TSE PRIME : 6036 JT)

10 Nov 2023

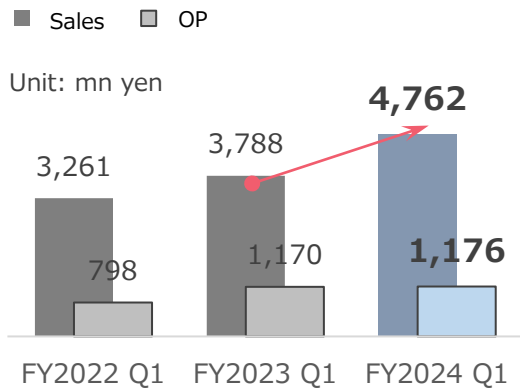
Contents

1. Financial Highlights
2. Results for Q1 of FY6/24 (July 2023 - September 2023)
3. Trends and Breakdown of SG&A Expenses
4. Factor Analysis to Changes in OP
5. Topic I : New LABO Stores and Expansion of Coating Booths
Topic II : ESG

Q1 results

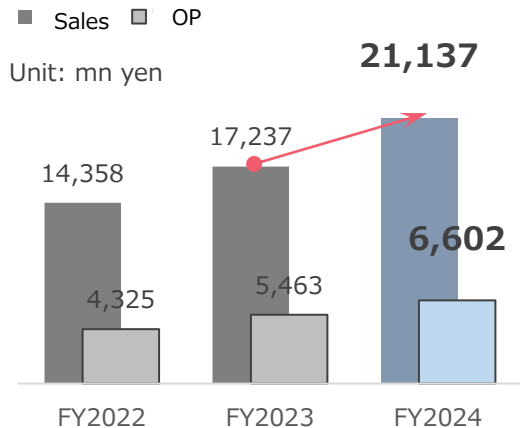
Net Sales 47.6 bn yen +25.6% YoY
Operating Profit 11.7 bn yen +0.5% YoY

»Status of Q1 results



- Sales increased by +25.6% YoY.
- SG&A expenses were +39.0% YoY, **mainly due to personnel costs**, OP was +0.5% YoY.
- **Sales in-line (LABO ↓, Products ↑) and OP were slightly lower** than the internal plan. This was due to reputational damage regarding Big M resulted in temporary decrease in LABO sales and SGA increase.
- Two new LABO stores were opened.

»Status of company plan



- Progress against the FY CoE was 22.5% of sales and 17.8% of OP in Q1. Progress is in line with previous years, taking into account seasonality.
*For more information on the seasonality of our results, see p.12.
- 15 new LABO stores remains unchanged.

Jul - Sep 2023 Company highlights

9 Aug 2023
 ► We will be the 15th store in Tokyo. Fuchu branch (107th company-operated store)



10 Aug 2023
 ► The Board of Directors resolved to increase the dividend for the year to FY06/2023.

1 Sep 2023
 ► Price increase for car washes implemented.

5 Sep 2023
 ► Official KeepPer e-commerce site Opened.



27 Sep 2023
 ► 31st annual general meeting of shareholders held



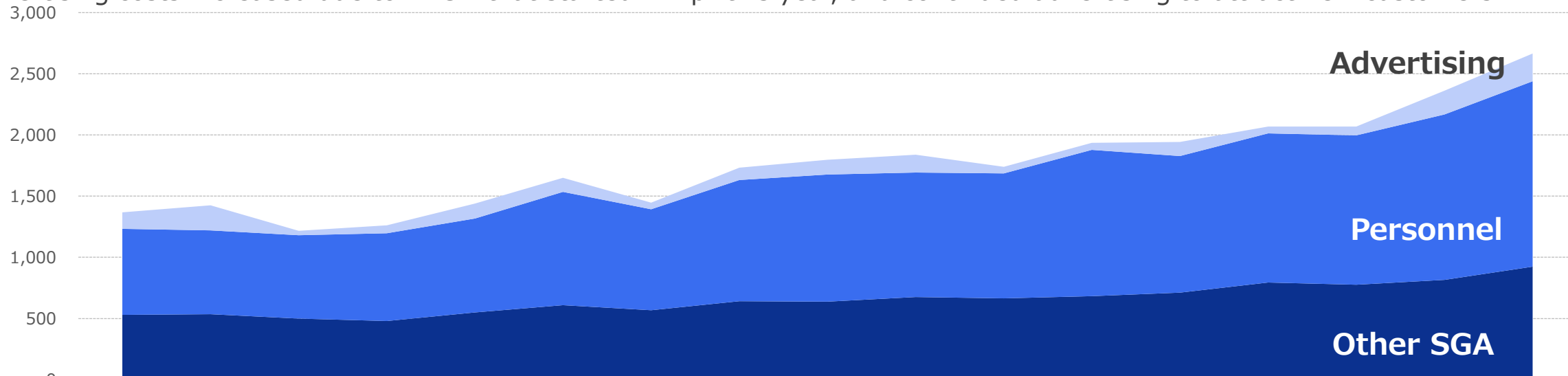
29 Sep 2023
 ► Opening of the 6th store in Osaka. Hirano branch opened.(108th company-operated store)

»P/L Statement

unit: mn yen	Q1 FY6/23 Actual	Q1 FY6/24 Actual	YoY	FY2024 Guidance	Progress of Guidance
Net sales	3,788	4,762	+25.6%	21,137	22.5%
—KeePer Products Related	1,584	2,132	+32.1%	9,355	22.8%
—KeePer LABO Operation	2,203	2,629	+19.7%	11,781	22.3%
Gross profit	3,113	3,879	+24.6%	17,339	22.3%
SGA	1,943	2,703	+39.0%	10,737	25.1%
Operating Profit	1,170	1,176	+0.5%	6,602	17.8%
—KeePer Products Related	582	714	+22.7%	—	—
—KeePer LABO Operation	588	461	-21.4%	—	—
Ordinary Profit	1,180	1,181	+0.1%	6,602	17.8%
Net income	807	798	-1.0%	4,595	17.3%
GP margin	82.1%	81.4%	-0.7 pt	82.0%	—
OP margin	30.8%	24.7%	-6.1 pt	31.2%	—
EPS	29.5 yen	29.2 yen	-0.3 yen	—	—

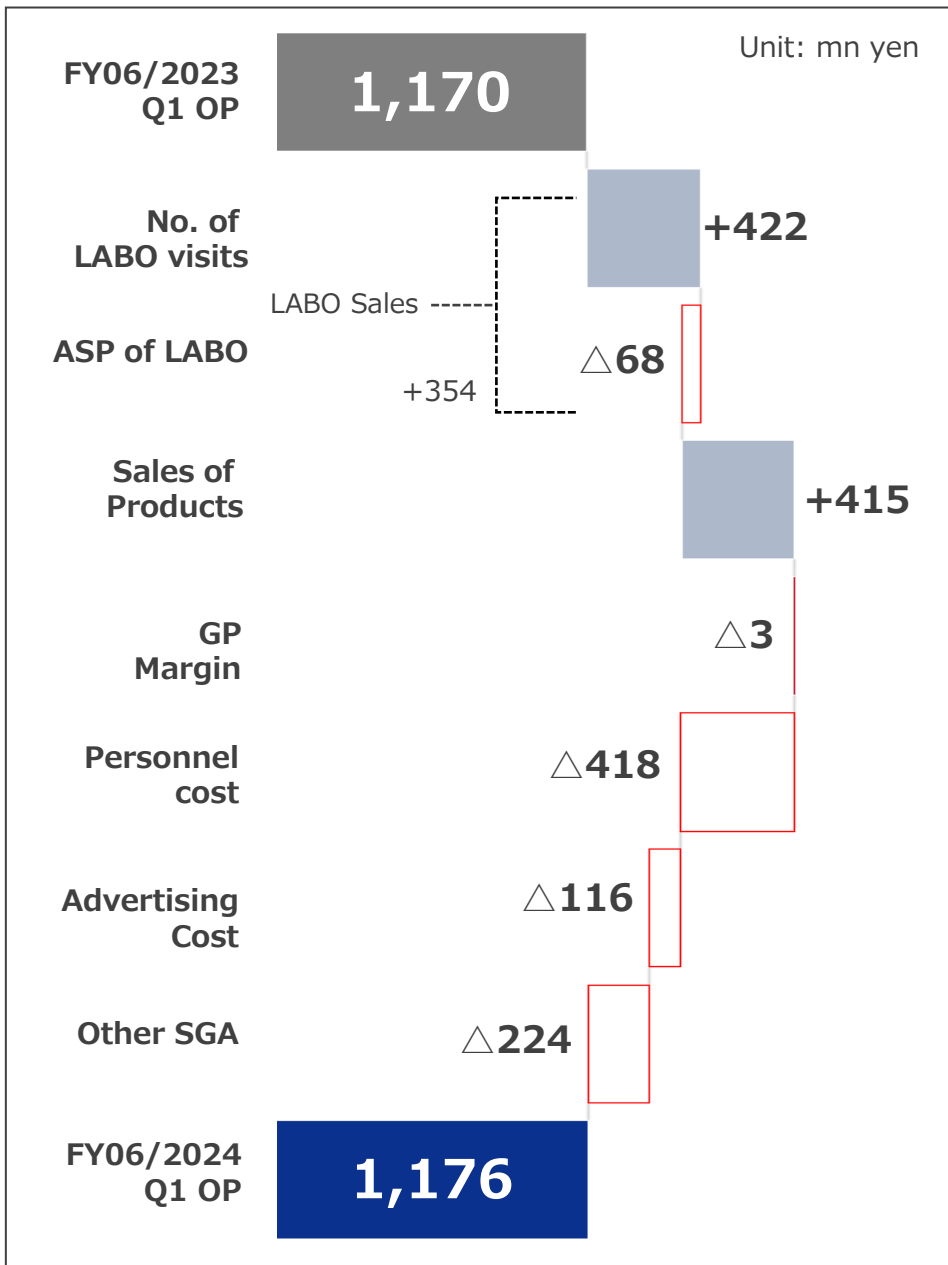
3. Breakdown of SGA Expenses

- » Personnel costs significantly increased due to an increase in # of employees and salary increases, but the ratio of personnel costs to sales remained at around 30%.
- » Advertising costs increased due to TVCM that started in Apr this year, and continued advertising to attract new customers.



Unit: mn yen	FY06/2020				FY06/2021				FY06/2022				FY06/2023				FY06/2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Advertising cost	134	204	36	65	121	114	54	102	121	145	54	57	114	55	71	193	230
YoY	28.8%	161.5%	-30.8%	-36.9%	-9.7%	-44.1%	50.0%	56.9%	0.0%	27.2%	0.0%	-44.1%	-5.8%	-62.1%	31.5%	238.6%	101.8%
Ad/Sales	5.9%	7.9%	2.0%	3.1%	4.5%	3.3%	2.2%	3.3%	3.7%	3.6%	1.7%	1.4%	3.0%	1.2%	1.9%	4.1%	4.8%
Personnel	703	685	682	718	769	925	826	989	1,039	1,017	1,022	1,196	1,117	1,218	1,221	1,352	1,535
YoY	13.4%	7.4%	8.8%	6.4%	9.4%	35.0%	21.1%	37.7%	35.1%	9.9%	23.7%	20.9%	7.5%	19.8%	19.5%	13.0%	37.4%
Ad/Sales	31.2%	26.6%	38.8%	34.0%	28.3%	26.4%	33.8%	31.6%	31.9%	25.2%	32.8%	30.4%	29.5%	25.5%	32.2%	28.9%	32.2%
Other SGA	530	536	499	479	549	610	567	642	637	676	664	682	711	795	776	816	936
YoY	6.6%	1.9%	1.2%	-5.9%	3.6%	13.8%	13.6%	34.0%	16.0%	10.8%	17.1%	6.2%	11.6%	17.6%	16.9%	19.6%	32.2%
Others/Sales	23.5%	20.8%	28.4%	22.7%	20.2%	17.4%	23.2%	20.5%	19.5%	16.7%	21.3%	17.3%	18.8%	16.6%	20.4%	17.4%	19.7%
Total SGA	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	2,361	2,703
YoY	12.0%	14.7%	3.8%	-1.9%	5.3%	15.7%	18.9%	37.3%	24.9%	11.5%	20.2%	11.7%	8.1%	12.5%	18.9%	22.0%	39.0%
SGA/Sales	60.6%	55.3%	69.3%	59.8%	52.9%	47.0%	59.3%	55.3%	55.1%	45.5%	55.8%	49.1%	51.3%	43.3%	54.5%	50.4%	56.8%

4. Factor Analysis to Changes in OP



Sales increased, but SG&A expenses increased due to upfront investments for the peak demand season in December and the continued airing of TV commercials.

Sales and GPM..... + 769mn yen

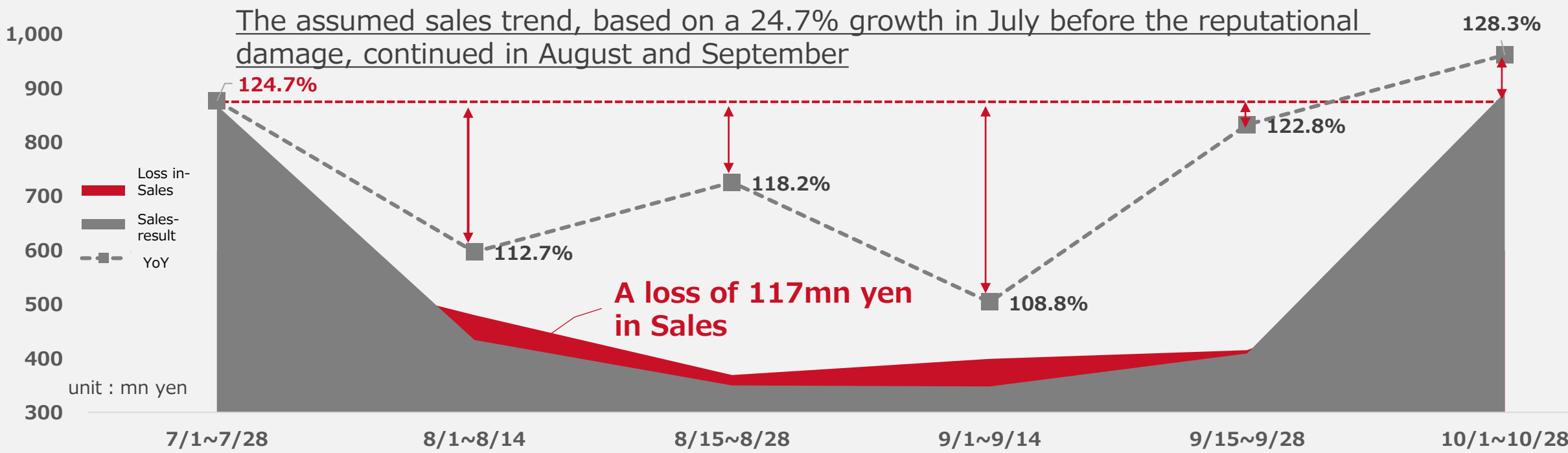
- ⇒Sales : Sales of both segments increased
- ⇒ASP : % of Car Wash increased from 46.5% to 49.0% (+2.5pt yoy)

SGA..... + 760mn yen

- ⇒**Personnel Cost : +418mn yen**
 - ➔ an increase in # of employees : + 302mn yen
 - ➔ an increase of base salary : + 116mn yen
- ⇒**Advertising Cost : + 116mn yen**
 - ➔ TVCM : +107mn yen
- ⇒**Other Expenses : + 224mn yen**
 - ➔ New Store related cost such as rent and depr/leasing : +82mn yen
 - ➔ Travel/Transportation Costs : +32mn yen

4. Profit Decline Analysis of LABO Operation Segment

Despite significant personnel investment for new store openings and staffing up before the peak sales season, a temporary sales slowdown in August and September led to reduced OP.



FY6/23 Q1
employees
809

FY6/24 Q1
employees
1,053

Expansion of # Employees (302mn yen) + Wage Increase (116mn yen)

Strong Sales

Reputational Damage related to Big M

Car Wash Price Hike

In July, we started off strong, but from August to mid-September, we experienced a decline in the number of applications for the 'Diamond Keeper' series. This is believed to be attributed to the similarity in name with the product 'Diamond Coat' previously offered by BM Company. Particularly, sales saw a significant drop in our Tokyo, Yokohama, and Osaka stores. This led to an estimated decrease in gross profit of 105 million yen.

In September, car wash revenue increased by 37 million yen due to the price hike. The wage increase for September, totaling 42 million yen, offset this gain. However, the wage increase for July and August, amounting to 74 million yen, directly contributed to cost escalation."

New Opening

Renovation

9 Aug 2023

Fuchu Store

Company-operated:107.
Company-operated + FC:120.



■ The store faces Koshu Kaido, a major arterial road. In addition to a dense market with the fourth largest population in Tokyo (approx. 260,000), the store can form a dominant position with the existing Mitaka and Kodaira branches, and can expect early recognition.

Location Former store site

Store floor area 461.58 m²

No. of coating booth 8

No. of washing area 3

1-10-1 Midori-cho, Fuchu-city, Tokyo (15th store in Tokyo)

29 Sep 2023

Hirano Store

Company-operated:108th
Company-operated + FC:121th



■ The store faces National Route 309 and is located in the most densely populated market in Osaka City (approx. 190,000 people), so it can expect high visibility.

Location Former coin-parking lot

Store floor area 427.09 m²

No. of coating booth 7

No. of washing area 3

2-2-15, Nishiwaki, Hirano-ku, Osaka City, Osaka (6th store in Osaka)

Location	Store Name	Date
Okayama, Okayama	Okayama	Nov 2023
Kitanagoya, Aichi	Nishiharu	Jan 2024
Koshigaya, Saitama	Saitama	Jan 2024
Fukuoka, Fukuoka	Fukuoka Sawara	Jan 2024
Utsunomiya, Tochigi	Utunomiya	Feb 2024
Tsukubamirai, Ibaragi	Yawara Inter	Mar 2024
Nara, Nara	Nara Daianji	Mar 2024
Kishiwada, Osaka	Kishiwada	Mar 2024
Ichikawa, Chiba	Ichikawa	Mar 2024
Kobe, Hyogo	Kobenishi	Apr 2024
Kobe, Hyogo	Kobekita	Apr 2024
Matsudo, Chiba	Shinmatudohigasshi	May 2024
Kamio, Saitama	Kamio	May 2024
Sakai, Osaka	Sakainishi	Jun 2024

Already open : 2 stores

Scheduled to open : 14 stores

*One of the stores scheduled to open includes-relocation.

Location	Store Name	Before renovation	After renovation	Wash area renovation
Hiroshima	Fukuyama	3	6	4
Tokyo	Suginami	4	6	
▼ Following are plans for future renovations				
Fukushima	Koriyama	6	10	3
Saitama	Omiya	4	7	3
Saitama	Urawamisono	3	5	3
Chiba	Ichihara	3	7	
Tokyo	Hachioji	6	10	
Tokyo	Adachi	7	12	
Kanagawa	Yokohama tresen	6	10	
Kanagawa	Kamimizo	3	6	
Kanagawa	246Tamagawa	3	6	
Aichi	Takabari	3	5	4
Aichi	Narumi	4	8	4
Aichi	Togo	4	8	3
Mie	Yokkaichi	3	5	
Mie	Matsuzaka	2	6	3
Fukui	Fukuowada	4	9	4
Hyogo	Amagasaki	4	7	
Fukuoka	Fukuoka Kasuga	3	4	4

Total **75** **137** **35**

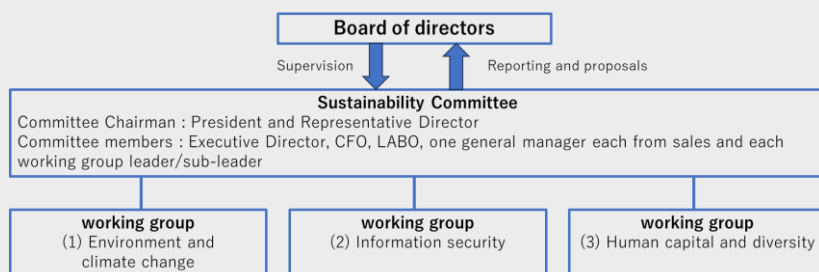
5. Topic II (ESG)

ESG disclosure planned by the end of 2023

■ With over 1,000 employees, we recognize the need to enhance our human capital framework. We also anticipate that prioritizing human capital and adopting environmentally-conscious management will be crucial for our future international expansion efforts. To showcase these commitments externally, we intend to publish ESG information on our corporate website by the close of 2023.

■ The Company's Board of Directors structure has been positively received since the beginning of the current fiscal year, with a well-balanced composition, including an outside director ratio of approximately 50%, aimed at establishing a more robust management framework. The percentage of female directors has increased by one from the previous year, now totaling two, or 15%. We remain committed to implementing various initiatives to promote diversity within our organization, including raising the proportion of female directors and employees.

▼ Sustainability committee structure



Ratio of outside directors: 46% (6/13), Ratio of female directors: 15% (2/13)

Name	Status and charge	Corporate Mgmt	Store Dev.	Product Dev.	Sales	Accounting	Marketing	Governance	DX/IT	Sustainability
Yoshimichi Tani	Representative Director & CEO	○	○	○		○	○	○		○
Toshiyuki Kaku	Representative Director & President & Co- COO	○	○		○	○	○	○		○
Chikashi Suzuoki	Senior Managing Director & Co- COO	○	○		○		○	○		○
Ayako Yamashita	Managing Director CFO	○				○	○	○		○
Kensuke Miura	Director & General Manager, Sales & Marketing				○		○			
Keisuke Nozaki	Director & KeePer LABO General Manager, Business		○				○			
Takashi Masuda	Director & General Manager of Product dept. and CTO			○	○					
Moe Oshima	Outside Director									○
Ryosuke Saito	Outside Director						○			○
Tadashi Mizushima	Outside Director Audit & Supervisory Member	○				○		○		○
Takashi Muto	Outside Director Audit & Supervisory Member			○						○
Yoshihiro Matsubara	Outside Director Audit & Supervisory Member	○		○				○		○
Fumio Kono	Outside Director Audit & Supervisory Member	○				○		○	○	

Supplemental

FY06/2023

Total Assets 15,079 mn yen

Q1 FY06/2024

Net Assets 14,392 mn yen

interest-bearing debt 160

cash and deposits 3,573	Provisions 481
accounts receivable 1,356	Other liabilities 3,287
merchandise 1,163	net assets 11,151
other current assets 583	
non-current assets 8,404	
unit: mn yen	

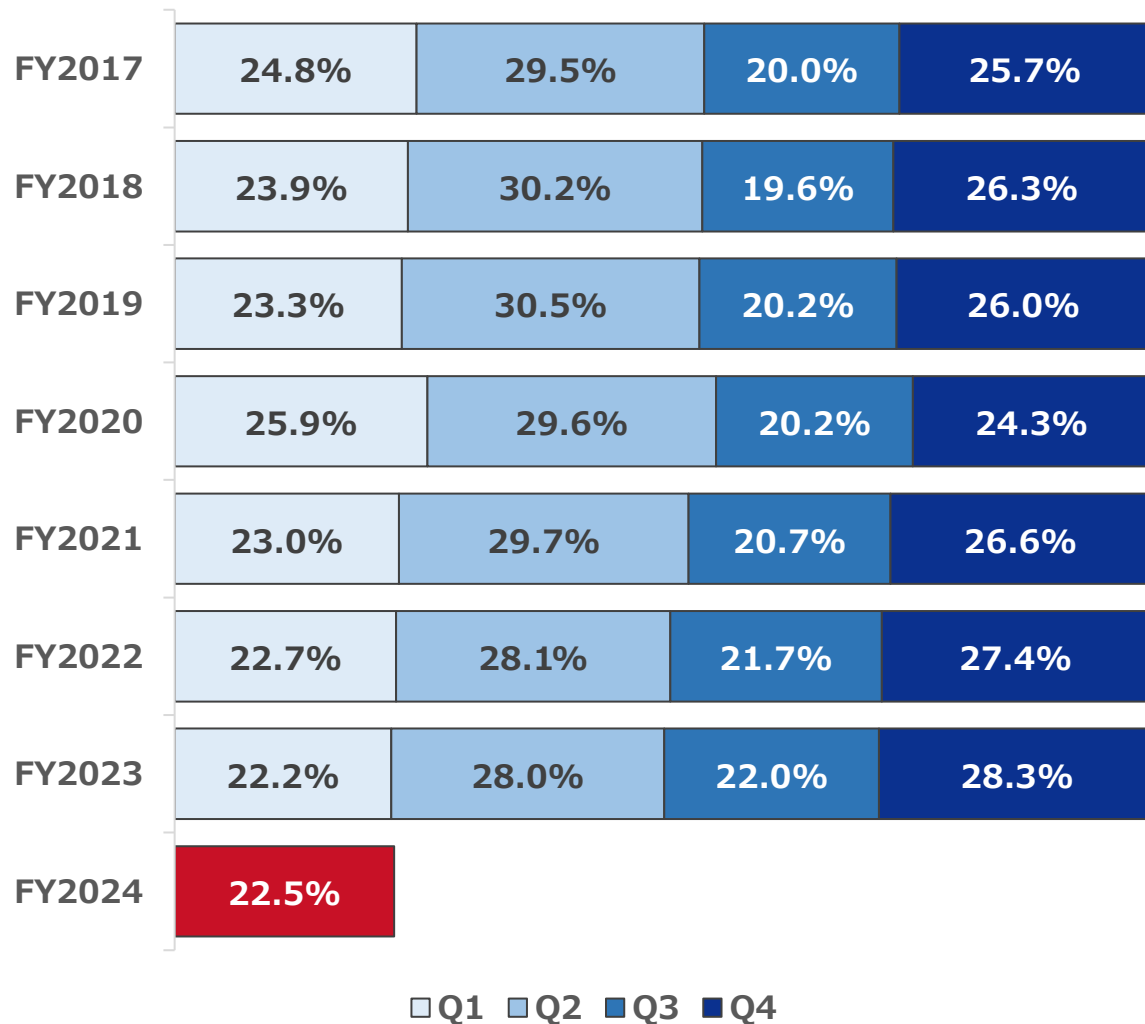
interest-bearing debt 148

cash and deposits 2,682	provisions 694
accounts receivable 1,390	other liabilities 2,773
merchandise 1,085	net assets 10,776
other current assets 534	
non-current assets 8,700	
unit: mn yen	

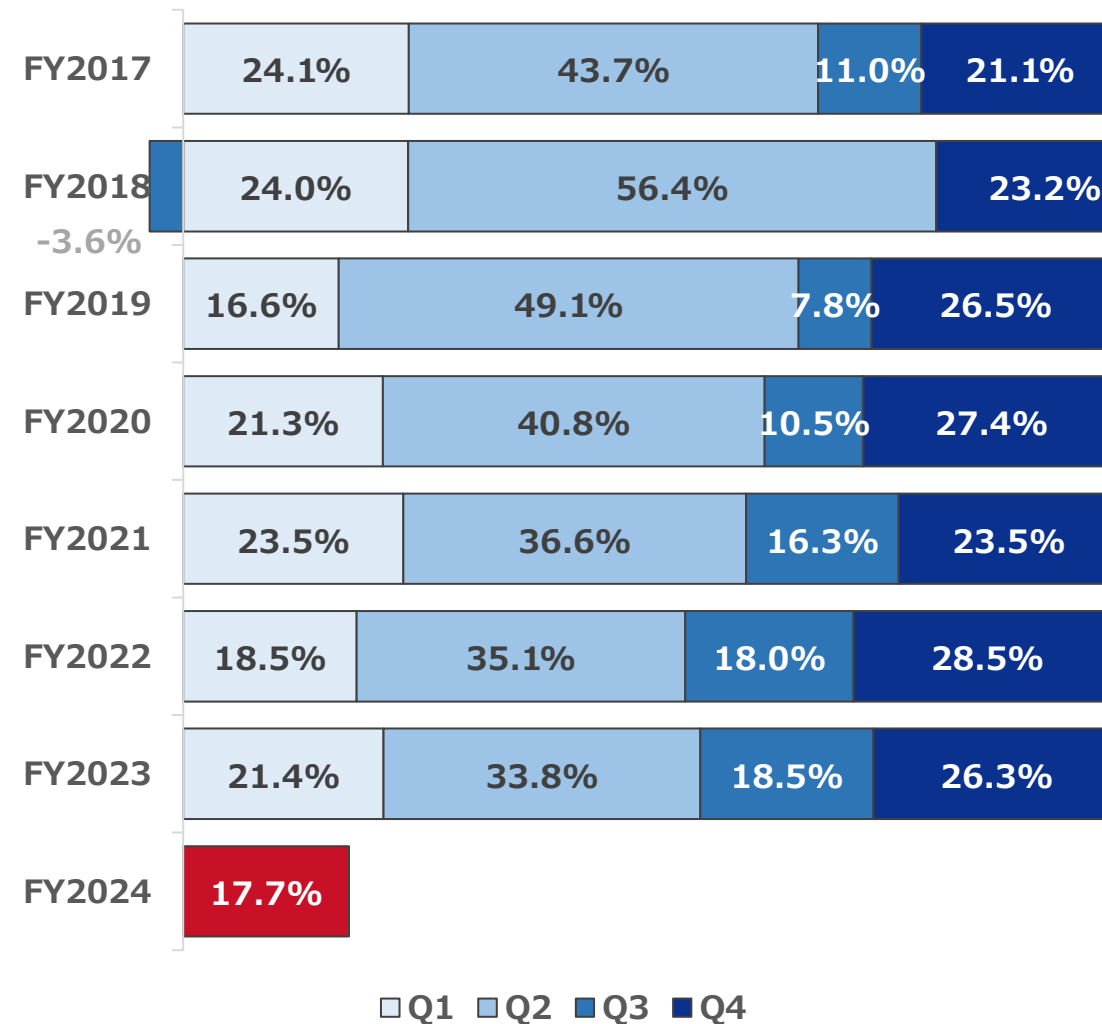
Income taxes paid in Q1 reduced income taxes payable and cash and cash equivalents, resulting in a smaller B/S.

BPS	395 yen
PBR	14.75x
EPS	29.2 yen
Equity Ratio	74.9%

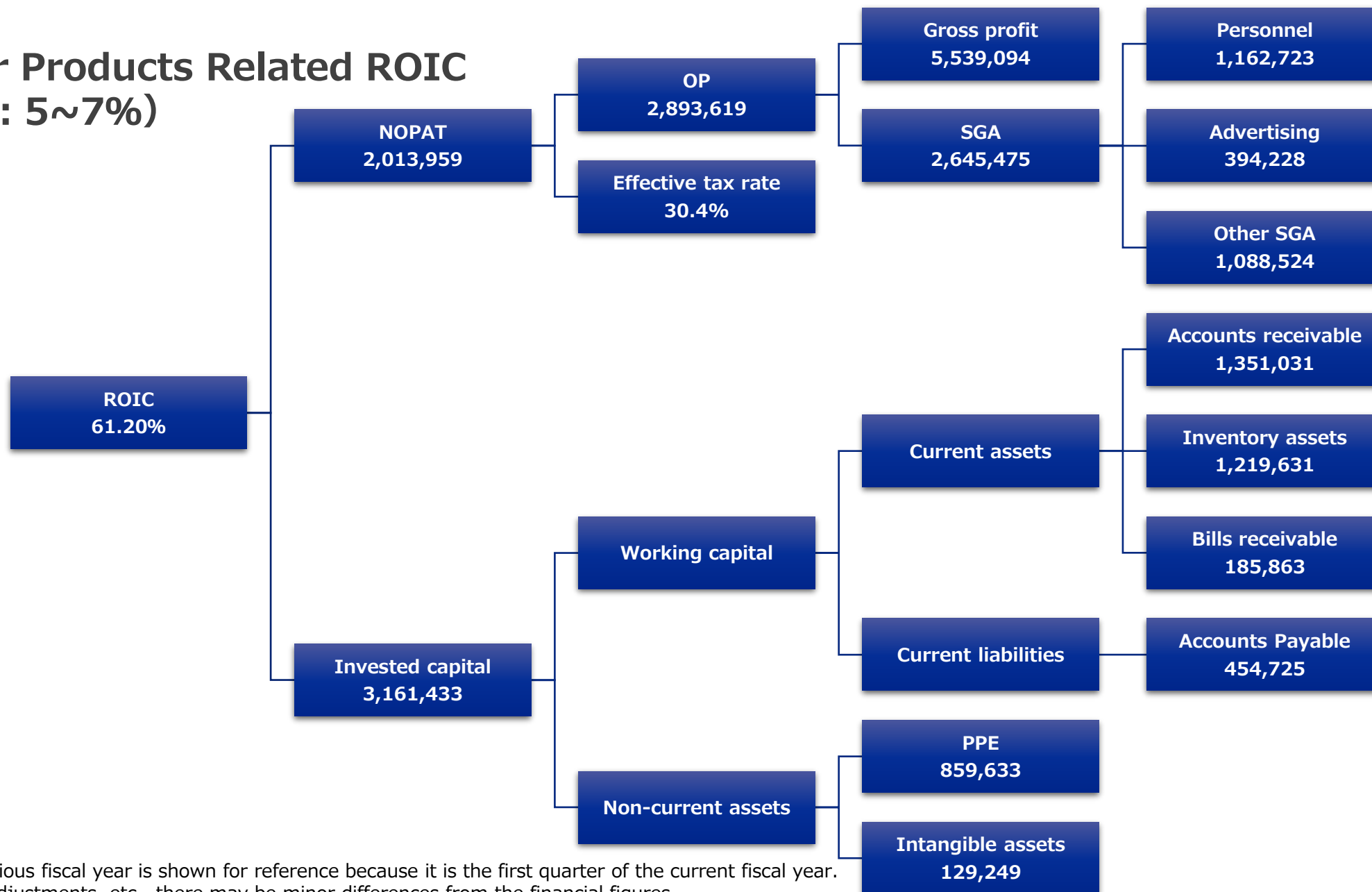
» Sales composition



» Operating Profit Composition



■ KeePer Products Related ROIC (WACC : 5~7%)



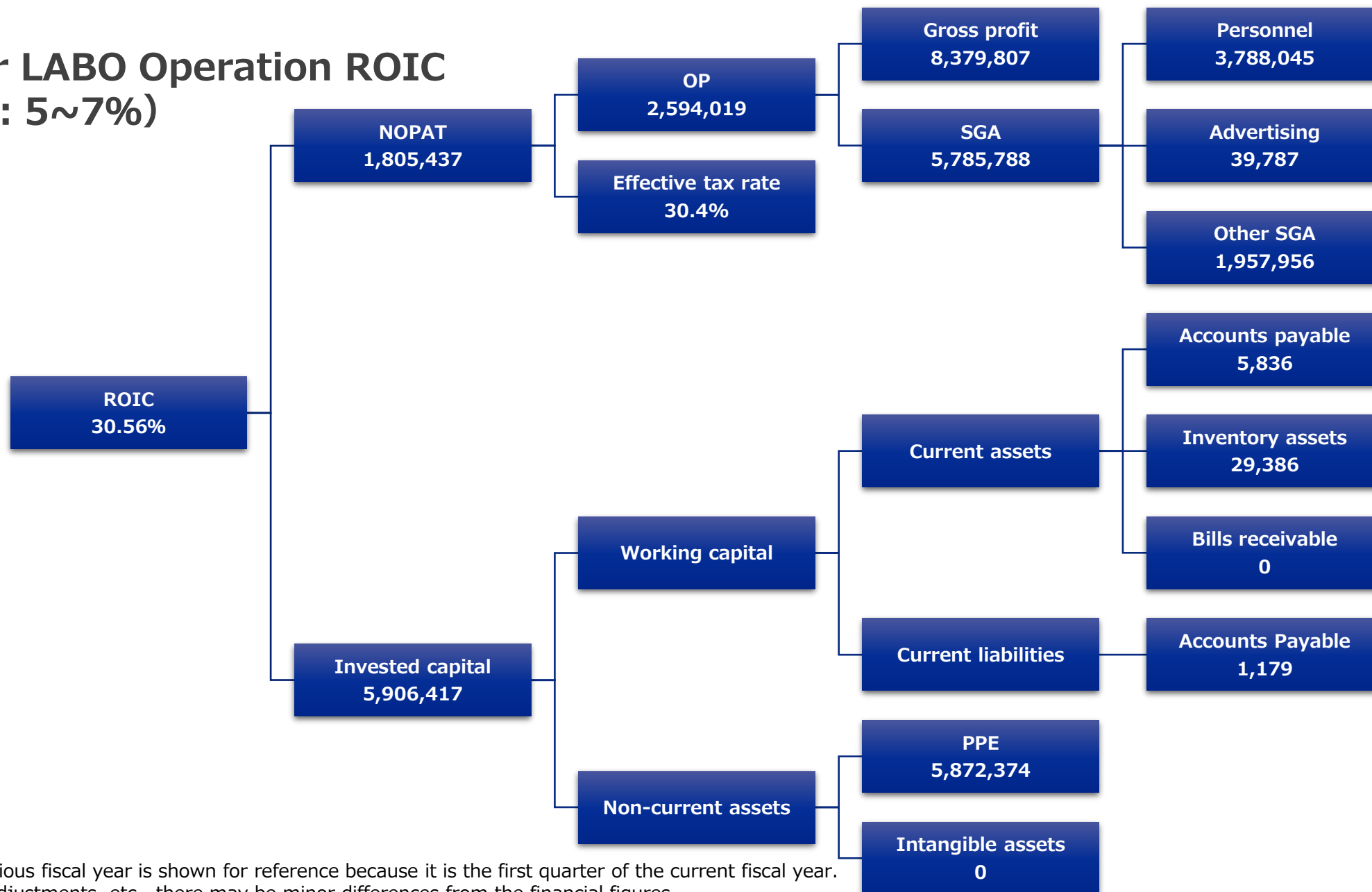
Unit: thousand yen

* ROIC for the previous fiscal year is shown for reference because it is the first quarter of the current fiscal year.

* Due to financial adjustments, etc., there may be minor differences from the financial figures.

ROIC and cost of capital (FY06/2023)

■ KeePer LABO Operation ROIC (WACC : 5~7%)



Unit: thousand yen

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Note

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In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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