

Financial Results

FY ending 6/2022



KeePer Technical Laboratory Co., Ltd. (Code:6036) Sector: Service

Corporate profile



Name	KeePer Technical Laboratory Co., Ltd. (changed from i-Tac Co., Ltd., in September 2014)
Established	February 1993
Office	4-17 Yoshikawa-cho, Obu-shi, Aichi Prefecture
Representative Directors	Yoshimichi Tani, Chairman and CEO Toshiyuki Kaku, President and COO
Capital	1,347,550,000 yen (as of the end of June, 2022)
Employees	Full time 738, Part time 48 (as of the end of June, 2022)
Business	<ul style="list-style-type: none">• Development, manufacture, sale of car coatings, car washing chemicals and equipment, etc.• Development of “Keeper PROSHOP” certified car coating technology shops• Management of “Keeper LABO” car coating and car washing specialty shops

Founded TaniCorporation Ltd. and Kyodo Oil Refueling Station in **1985**



History



- February 1993 Spun off a super polymer business from TaniCo. Ltd., to establish i-Tac Co. Ltd., with a capital of 10 million yen in Kariya, Aichi Prefecture to engage in sales of and provide training for car coating chemicals and tools etc.
- July 1998 Opened the Express Wash Team Kariyabranch (currently KeePerLABO Kariyabranch) as a pilot shop for a new format "Car Wash and Express Wash Team"
- May 2001 Launched sales of a product developed jointly with SONAX, the largest automotive chemical company in Germany
- July 2006 Built a headquarter in Obu, Aichi Prefecture and relocated the headquarter, Nagoya Sales Office, and Central Training Centre to Obu
- January 2007 Established a coating technology certification system and registered the first certified KeePerPROSHOP
- January 2008 Received "Innovative Business Distinction" in "Good Company Award" by The Medium and Small Business Research Institute
- April 2010 Changed trademark from "KeePre" to "KeePer" and brand name of the specialty shops from "Express Wash Team" to "KeePerLABO"
- May 2013 Number of KeePerPROSHOP exceeded 3,000 shops. Number of directly run KeePerLABO reached 29 shops
- September 2014 Changed corporate name from "i-Tac" to "KeePer Technical Laboratory"
- February 2015 listed shares on the Mothers Section of Tokyo Stock Exchange
- September 2015 Celebrated 30th anniversary of its founding
- March 2016 Changed listing to the First Section of Tokyo Stock Exchange and listed shares on the First Section of Nagoya Stock Exchange
- June 2016 Number of KeePerPROSHOP exceeded 5,000 shops. Number of directly run KeePerLABO reached 59 shops
- February 2020 Launched the sale of "ExKeePer"
- January 2022 Launched the sale of "Eco Plus Diamond KeePer"
- April 2022 Listed in "Prime Market" according to Tokyo Stock Exchange re-classification
- May 2022 Featured in "Cambria Palace," a broadcasting programme by TV Tokyo
- June 2022 Number of KeePerPROSHOP: 6,283 shops, directly run KeePerLABO: 59 shops (Itabashi and Hachioji shops are temporarily closed)

Spreading a new car washing culture to Japan

Spreading our car beautification business throughout Japan, including high-quality car washes and car coatings that appeal to the unique aesthetic sensibilities of the Japanese people, delighting our customers and sharing pleasures with everyone.

Ensure all stores nationwide are fulfilling workplaces where employees feel proud to offer beautification services and create a car wash culture unique to Japan.

Simultaneously realize customer satisfaction and employee satisfaction



Income Statement

JPY:Million

	FYE 6/21	% of revenue	FYE 6/21	% of revenue	YoY value	YoY %
Revenue	11,801		14,358		2,556	21.7%
KeePerproducts related business	5,822	49.3%	6,436	44.8%	614	10.5%
KeePerLABO Operation	5,978	50.7%	7,921	55.2%	1,943	32.5%
Advertising expense	391	3.3%	377	2.6%	△13	△3.6%
Operating profit	3,021	25.6%	4,326	30.1%	1,305	43.2%
Recurring profit	3,022	25.6%	4,325	30.1%	1,302	43.1%
Net profit	2,133	18.1%	3,093	21.5%	960	45.0%

Summary of FYE June 2022



1. Qualitative Information on Fiscal Quarters

(1) Explanation of Business Results

During the fiscal year under review (July 1, 2021 to June 30, 2022), although quasi-state of emergency to prevent the spread of COVID-19 were lifted in March 2022, and an economic turnaround could be expected, the Japanese economy of Japan continued to face an uncertain outlook due to fluctuations in raw material prices and financial markets caused by the situation in Ukraine and other factors.

In this environment, we believe that maintaining and improving the quality of KeePer coating provided to users more than ever is the most important factor in not only improving our current business performance but also ensuring KeePer's branding for future growth.

【First Quarter】

In the first quarter of the fiscal year (July 2021 to September 2021), the Company received a strong response to YouTube videos featuring celebrities, including entertainers and motor journalists since the beginning of July. As such, the fiscal year started off with a strong momentum, leading to an increase in both sales and profit, with sales of 3,261 million yen (up 19.9% yoy) and operating income of 798 million yen (up 12.2% yoy).

【Second Quarter】

In the second quarter of the fiscal year (October to December 2021), the number of units for our product application continued to increase thanks to the favorable reputation of our products on SNS such as YouTube. In December, which is the highest demand month the number of customers who chose the high unit price

【Third Quarter】

In the third quarter (January to March 2022), demand for car coating and car wash services tends to be usually low in January and February. However, the significant increase in recognition and trust of KeePer have resulted in substantial increase in demand for the application of coatings on new cars, leading us to generate sufficient operating income. In addition, in March, the month which sees the largest car sales, our performance was akin to that of a demand season. Sales increased 27.7% yoy to 3,117 million yen and operating income increased 57.4% yoy to 777 million yen.

【Fourth Quarter】

In the most recent fourth quarter (April to June 2022), the spring season was free of COVID-19 regulations for the first time three years, and many people drove cars to go out, resulting in an elevated level of activities around and during Golden Week. In addition, the number of car units for our product application increased further due to the strong response to the TV program "Cambria Palace" that was aired in late May. Sales increased 25.6% yoy to 3,938 million yen and operating income increased 73.4% yoy to 1,232 million yen.

Quarterly operating profit progression over the past year shows an acceleration of growth rate, as illustrated below.

First Quarter(up12.2%yoy)

SecondQuarter(up37.3%yoy)

ThirdQuarter(up57.4%yoy)

FourthQuarter(up73.4%yoy)

As described above, the demand continues to increase, and the number of vehicles for which KeePerproducts were applied continue to increase at each shop both in terms of new vehicles and existing vehicles, by word-of-mouth through "seeing KeePer'shigh reputation on YouTube," "seeing its reputation on social networking services," and "hearing about it from family and friends."

In addition, the response to the "Cambria Palace" TV programme which featured KeePeron May 26 was so impactful that Keeper PROSHO, Keeper LABO, and new car dealerships which handle KeePerproducts nationwide continue to receive many inquiries and orders.

Many customers indicate preference preference for "Crystal KeePer" that was featured in the TV programme. At the same time, the programmeprompted consumer to visit our shop first time to find out "what other coating products are available"aswell as to "find more information because this is the first time ever to apply for a coating service."Wehad heard that such benefits from being featured on a TV programmewould abate after about two weeks. However, the benefits are still continuing to this day, perhaps because this is a non-discretionary service. Hence, we expect an elevated level of demand will continue

【Full year】

As a result, for the fiscal year (July 2021 to June 2022), sales increased 21.7% yoyto 14,358 million yen, operating income increased 43.2% yoyto 4,326 million yen, ordinary income increased 43.1% yoyto 4,325 million yen, and net income increased 45.0% yoyto 3,093 million yen. As such we were able to post a significant increase on revenue and profits, recording a historical high level of profits.

①KeePerproducts related business

The petroleum sales industry, which accounts for the largest share of our business, saw a decline in the frequency of customer traffic nationwide due to soaring crude oil prices, despite the lifting of COVID-19 mobility restrictions. However, demand for KeePerproducts is very high in this industry as well, especially for high-value-added coatings with grades above Diamond Keepers.

In November 2021, an online reservation system customized for KeePerPRoSHOPwas introduced. Currently, approximately 3,000 KeePerstores are using this system, and the number of reservations is steadily increasing.

However, because there are many shops that have pre-existing reservation systems, some shops have not yet adopted the new online system as it would be too complicated to manage two reservation systems at the same time. We will link the system with other reservation sites (three companies) that are often used by KeePershops in order to improve convenience for shops.

In January 2022, we launched a new service “ECO Plus Diamond Keeper” (hereinafter referred to as “ECO Diamond”). As stated in the product’s copy line of “When it rains, the car becomes as clean as if it had been washed, making it very easy to take care of,”theeffect of natural rain as a car wash has helped the product gain customer support as it can save customers from the time and cost of car washing as well as help save water and reduce use of washing detergents, leading to contribution of SDGs in this day and age, when environmental issues are a major focus of attention. As Diamond KeePercan be applied as long as there is the technical capability and an environment to offer the service, it has become a

In addition, the 7th KeePer Technology Contest 2022, which was kicked off on May 31 and is still on going, is showing great excitement, given more than 3,300 contestants from all over the nation are entering since this is being held for the first time in three years. The next round will be held in September to determine the champion of each prefecture, and on October 13 and 14, the All-Japan Championship will take place to crown the best KeePer technician in Japan. The competition will be covered by three TV stations. We are confident that this excitement will lead to the improvement of the skills of KeePer technicians nationwide and will help maintain as well as improve the quality of KeePer coatings provided to users.

In the new car market, the global shortage of semiconductors caused by COVID-19, combined with the situation in Ukraine, has caused a significant delay in the production of new cars and a delay in the delivery of cars, resulting in a postponement of coating applications. However, even in such a situation, there are more customers who specially request “Subaru W Diamond KeePer, a product dedicated to Subaru. Given the high level of quality of KeePerproducts, dealer sales staff can confidently recommend the high quality of KeePer, as they hardly face customer complaints from our products. Therefore, the coating application ratio has risen to about 20% throughout the year.

With regards to KeePerBody Coat, which was launched for Toyota dealers in September 2021, the progress of introduction to 247 Toyota-related dealers nationwide is as follows:

- As of July 31st, the number of dealers which we have been able to contact are 247
- out of the above,162 have started the deliberation process for potential introduction by conducting performance tests, etc
- out of the above, 69 have decided to offer our service and started the offering
- out of which, 42 have started offering our service and delivering

The effect of "Cambria Palace" has been seen in the new car market as well. Many new car dealerships that have seen the program have inquired about introducing KeePercoatings. They are interested in the non-polishing coating that was featured in the program. Many stores are adding KeePercoatings to their lineups as a coating for new and existing vehicles.

As a result of these activities, sales of KeePerproducts related segment increased 10.5% yoy to 6,436 million yen, and operating income increased 20.5% yoy to 2,118 million yen, after deducting internal transactions.

②KeePerLABO Operation

In the Keeper LABO operation business, despite the delay in the manufacture and delivery of new cars due to the shortage of semiconductors, there have been many orders for the application of coatings to new cars, partly because KeePer's credibility has improved dramatically through "watching YouTube" and "looking at reviews on SNS".

In addition, consumers are holding off on buying new cars because of the uncertainty in delivery timing. Hence, consumers are taking better care of cars they already own, resulting in higher interest in application of coating of such cars. KeePercoatings keep cars clean without polishing and are offered at reasonable prices, the number of existing cars for which KeePercoating are applied is also increasing. Looking at the number of coating applications, EX KeePer was applied to 9,375 cars, up 60.0% yoy, generating sales of approximately 1,446 million yen, a significant increase over the previous year. The Diamond KeePer series, with the addition of ECO DIA, saw a 25.7% yoy increase in the number of units applied to 38,102 cars and sales of 2,585 million yen, a significant increase. Crystal KeePer increased 25.5%. Maintenance demand for each KeePercoating also increased, rising 30.3%. As a result, we were able to generate high growth rates across the board. In addition, the desire for cleanliness remained high, and demand for car washes improved substantially, leading to a significant 23.7% increase in the total number of visits to our shops. The average unit price increased 8.0% from 13,492 yen in the previous fiscal year to 14,597 yen in the fiscal year.

As for personnel, a net increase of 170 persons was achieved. As a result, we were able to contain an increase of hourly productivity per employee to just 0.3% yoy to 7,229 yen/hour.

The increase in staff, the addition of coating booths, the efforts to minimize the labor involved in moving vehicles in the car wash and finishing areas, and heat insulation measures have resulted in a large increase in high value-added coatings and improved work efficiency. Therefore, the level of fatigue among staff is lower compared to the high level of hourly productivity. However, we will continue to focus on creating a work environment that allows us to focus on customer satisfaction and prevent excessively high hourly productivity per employee by vigorously recruiting good human resources without lagging behind the increase in demand, taking into account that new shop openings and growth of existing stores are expected to continue at a high level.

As a result, average monthly sales per store for the fiscal year ending June 30, 2022, rose significantly from 5.97 million yen in the previous fiscal year to 7.46 million yen this fiscal year, a 25.5% increase yoy, further improving the operational efficiency of Keeper LABO.

In new shop development, nine new shops were opened.

Update on new shop opening

September 18, 2021 GamagoriShop, GamagoriCity, Aichi Prefecture

September 29, 2021 ChigasakiShop, ChigasakiCity, Kanagawa Prefecture

January 26, 2022 Shiroishi Shop, Shiraishi Ward, Sapporo City, Hokkaido

February 11, 2022 Atsugi Shop, Atsugi City, Kanagawa Prefecture

April 22, 2022 Hakata Shop, Hakata Ward, Fukuoka City, Fukuoka Prefecture

May 26, 2022 Toyama Shop, Toyama City, Toyama Prefecture

June 24, 2022 Maebashi Shop, Maebashi City, Gunma Prefecture

June 25, 2022 Kyoto Shop, Fushimi Ward, Kyoto Prefecture

June 29, 2022 Yamagata Shop, Yamagata City, Yamagata Prefecture

All of the shops saw strong customer traffic from the outset of opening and, and the ramp up speed has been remarkably fast. In particular, the Hakata shop, which opened on April 22, 2022, generated 8,806 thousand yen in May, the month after the store opened. KeePerLABO has grown into a business model that is profitable immediately after opening.

In order to meet the current needs and prepare for further growth in demand, we actively expanded existing stores, expanded facilities such as adding booths, and changed to a new branding design.

Renovation of existing shops and change to new branding design

ObuShop, Aichi Prefecture Renewal Open

UrawamisonoShop, Saitama Prefecture Added 8 booths, changed to a new brand

KomakiyamaShop, Aichi Prefecture Added stationary workspace for car wash and finish for 3 units

MoriyamaShop, Aichi Prefecture Added 3 booths

SuzukaShop, Mie Prefecture Added 4 booths, changed to a new brand

SokaShop, Saitama Prefecture, Added 2 booths, changed to a new brand

Hiroshima ShinonomeShop, Hiroshima Prefecture Added 3 booths, additional wash space for 1 unit

TakashimadairaShop Tokyo Prefecture 3 additional booths, additional car wash and finishing space for 2 units

As a result of these activities, net sales in KeePerLABO operation segment increased 32.5% yoy to 7,921 million yen, and operating income increased 74.7% yoy to 2,207 million yen, a significant increase in both sales and income. Thus, the Keeper LABO segment outperformed KeePerproducts related business segment not only in sales but also in segment income.

(2)Explanation of Financial Position

①Position of assets, liabilities and net assets

(Assets)

Total assets at the end of the fiscal year amounted to 11,858 million yen, up 2,671 million yen from the end of the previous fiscal year.

This was mainly due to an increase of 1,204 million yen in cash and deposits, an increase of 560 million yen in buildings, and an increase of 423 million yen in land.

(Liabilities)

Total liabilities at the end of the fiscal year amounted to 3,818 million yen, up 198 million yen from the end of the previous fiscal year. This was mainly due to a 143 million yen increase in income taxes payable, a 163 million yen increase in contract liabilities, and a 123 million yen decrease in debt.

(Net assets)

Net assets at the end of the fiscal year increased 2,473 million yen from the end of the previous fiscal year to 8,039 million yen. This was mainly due to a 3,093 million yen increase in retained earnings resulting from net income for the period, and a 545 million yen decrease due to dividends.

②Position of cash flow

Cash and cash equivalents(hereinafter referred to as "cash") increased 1,204 million yen to 2,721 million yen(up 79.4% from the end of the previous fiscal year)in the current fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities was 3,221 million yen (up 127 million yen from the previous fiscal year). The main accounts of cash inflow were income before taxes and minority interests of 4,323 million yen and depreciation and amortization of 288 million yen, while the main accounts of cash outflow were income taxes paid of 1,178 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 1,349 million yen(up 609 million yen from the previous fiscal year).The main cash inflow was 57 million yen from the sale of property, plant and equipment, while the main cash outflow was for the acquisition of tangible fixed assets. The main cash inflow was 57 million yen from sales of property, plant and equipment, while the main cash outflow was 1,347 million yen for the purchase of property, plant and equipment.

(Cash flow from financing activities)

Net cash used in financing activities amounted to 669 million yen (down 2,062 million yen from the previous fiscal year). The main accounts of cash inflow were proceeds from long-term debt of 340 million yen, while the main accounts of cash outflow were repayment of long-term debt of 463 million yen and dividends paid of 545 million yen.

Balance Sheet

JPY:Million

	FYE 6/2021	%	FYE 6/2022	%	YoY change	YoY %
Currents Asset	3,542	38.6%	5,029	42.4%	1,486	42.0%
Cash and deposit	1,517	16.5%	2,721	22.9%	1,204	79.4%
Trade notes and A/R	1,046	11.4%	1,326	11.2%	279	26.7%
Fixed Assets	5,644	61.4%	6,829	57.6%	1,184	21.0%
Tangible fixed assets	4,588	49.9%	5,628	47.5%	1,039	22.7%
Investments and other assets	958	10.4%	1,093	9.2%	135	14.1%
Current liabilities	2,487	27.1%	2,765	23.3%	277	11.2%
A/P	468	5.1%	359	3.0%	△108	△23.4%
Long term liabilities	1,132	12.3%	1,053	8.9%	△79	△7.0%
Net assets	5,566	60.6%	8,039	67.8%	2,473	44.4%
Shareholders' equity	5,564	60.6%	8,037	67.8%	2,473	44.5%
Total Assets	9,186	100.0%	11,858	100.0%	2,671	29.1%

Cash flow positions

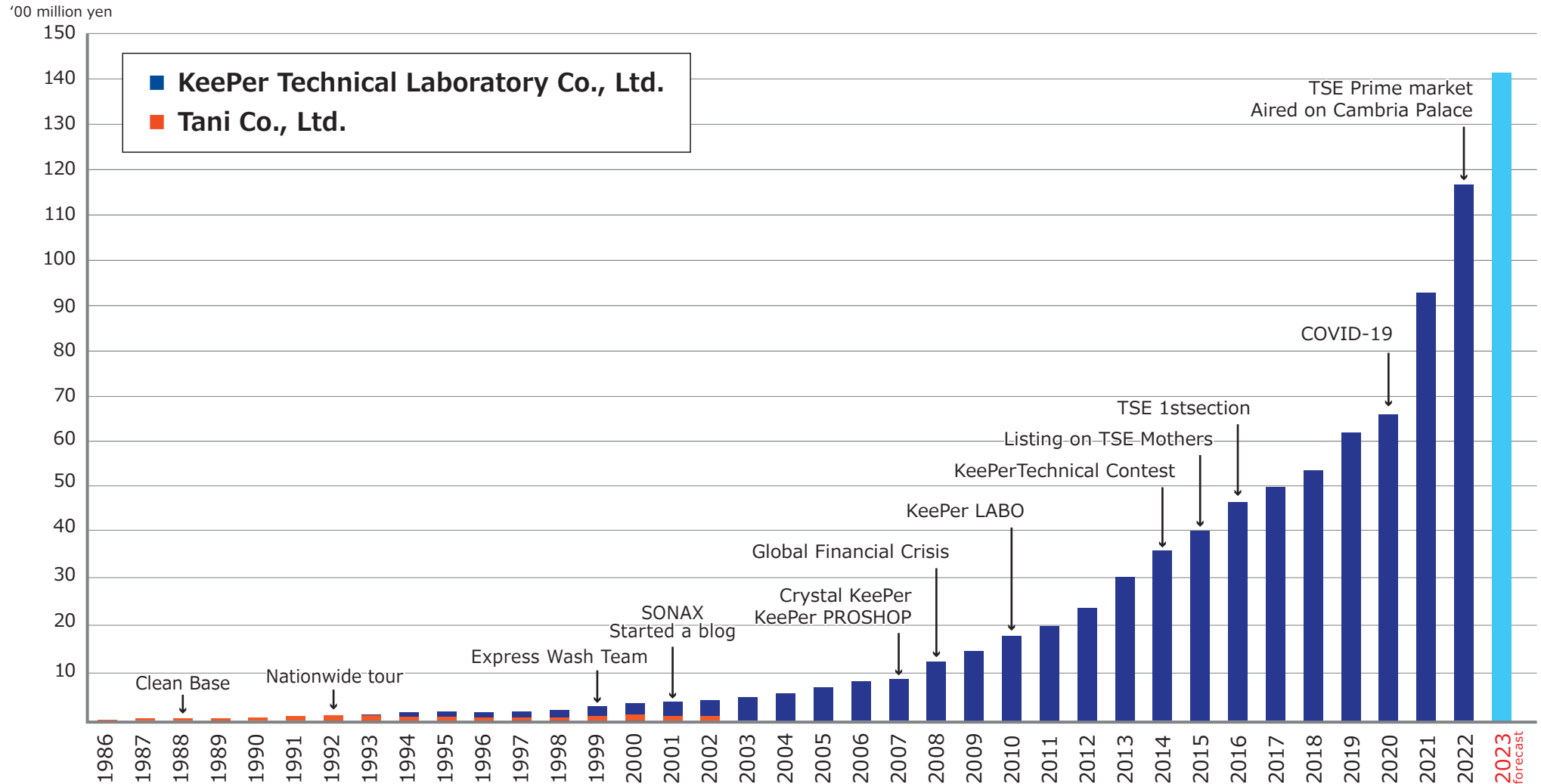
JPY:Million

	FYE 6/2021	FYE 6/2022
Cash flows from operating activities	3,093	3,221
Cash flows from investing activities	-739	-1,349
Cash flows from financing activities	-2,731	-669
Cash and cash equivalents at end of year	1,517	2,721

Incremental growth over a 36 year period



Gross profit trend



We will further promote active sales and marketing activities to establish and popularize the KeePer brand. The outlook for each segment is as follows

New product "ECO Crystal Keeper" (tentative name) to be launched in September

EX KeePer was launched in February 2020, almost two years ago, and has since spread throughout the market as a top-class coating with an unprecedented level of transparency and gloss. And as a byproduct, "When it rains, the dirt flows away with the rain." We found that this was due to the molecular structure of EX KeePer's surface, and we added it to the surface of the existing Diamond KeePer and launched "ECO Diamond Keeper (hereinafter referred to as ECO DIA)" in February 2022. With characteristics such as "It makes washing the car a lot easier," the ECO DIA coating is now well-accepted not only by male drivers but also by female drivers, and the percentage of female drivers purchasing ECO DIA has increased from 15% to 35%. However, given the price range of ECO DIA of 70,000-90,000 yen, which is a high price level for a coating product, so it did not widely penetrate female drivers. We conducted a variety of surveys and collected opinions from many females, and found that they are willing to spend in the 20,000 yen range if they had to spend money on a "car" no matter how much they could benefit from "cleanliness and ease of use".

That's why we are coming up with "ECO+CrystalKeepers," aka ECO Crystal(tentative name), which is a product that adds the benefit of "when it rains, the car looks as good as if it had been washed, and it's effortless" to KeePer best-selling Crystal KeePers of which effects last for a year. This way we can keep the price in 20,000 yen range and expect ordinary female consumers will find it acceptable. Crystal KeePer offers benefits such as ease of service as the effect of coating can last for a year with no maintenance. Crystal KeePer also has a demonstrated track record of being a best seller with a concept of "giving your beloved car a gift once a year." Also, it was featured prominently on the May 26th episode of Cambria Palace. With the addition of "When it rains, the car is as clean and easy to use as if it had been washed, "if we are able to realize the concept of Eco Crystal (tentative name), it may finally become a product that will be attractive in the eyes of female customers and compact car users.

ECO Crystal will be available at all KeePer LABO shops nationwide from August 20, and will also be available at KeePer PROSHOPS and KeePer application shops. With the addition of new concepts, we will also open up new markets.

Outlook for each segment

KeePer products related business

In addition to the existing sales in the after-market, such as the gasoline station industry, we will expand our coating business to the automobile industry, which is the market for new cars, such

To this end, we reviewed our business structure, and designated a business unit that focus only on new sales as the "Sales Division" and strengthened our sales structure, including the number of personnel. Furthermore, the support team for shops that have already introduced KeePer is now named the "Support Division" to help maintain and improve the technical capabilities of shops that provide KeePer services and to support the success of such shops.

Furthermore, in order to expand the coating business to non-automotive applications, we will review the personnel structure of the Special Sales Divisions and strengthen the application of our automotive coating technology to the non-automotive industry.

In this business, we will aggressively promote the launch of "ECO Crystal"(tentativename) which will be launched in September among KeePer PROSHOPS, our main business partners whose primary business is gasoline stations.

In the coating service, given Crystal KeePer, whose performance last up to a year, has been a core service, existing technical capabilities are sufficient applying ECO Crystal. Therefore, we believe that this service will be quickly rolled out. In addition, female drivers often come to refuel their cars, and we believe they will be very interested in the value proposition of "reduce frequency of car washes" as well as the price in the 20,000-yen range.

A number of events are in the pipeline. There will be a prefectural tournament in September and a national tournament in October to select a champion among

Toyota dealers in September 2021. The number of Toyota related dealers that have either started to offer or are confirmed to offer KeePer Body coatings are 69 out of 253 dealers As of the end June 2022. Therefore, we will work to increase the rate to around 50%, i.e., 120 dealers, by the end of fiscal year 2023. We will also relentlessly implement technical sales activities in unison with the front line, which is what we are good at, in order to lead the stores where KeePer is introduced to success. In addition, at Subaru dealerships where our products have been introduced earlier, we will increase the percentage of new cars which will have our coatings applied. We will also promote the introduction of plastic fender keepers and a la carte products which could generate additional revenue. We are also continuing our sales activities to new car manufacturers other than Toyota and Subaru, and will strongly promote KeePer to expand the new car market.

In the area of non-automotive services, KeePer has entered the bicycle industry, following the smartphone coating and motorcycle industries. In the future, KeePer has started to enter industries of ceramic manufacturers, white appliance retailer, shipbuilding, and signboard, and is steadily moving forward on its path to expanding the sales channels for KeePer products.

Finally, we will resume our overseas business activities this fiscal year after a hiatus caused by COVID-19. However, our priority is the Japanese market. Rather than aggressively going overseas to conduct activities, in a fashion similar to KeePer PROSHOPS in Japan, we will conduct training in Japan and bring KeePer technology back to our home country to develop business as KeePer PROSHOPS.

KeePer LABO Operation Segment

In the KeePer LABO operation segment, we plan to open 12 new stores per year, and in addition, we will open shops in all 47 prefectures in Japan to strengthen support for KeePer PROSHOPS and car dealers nationwide and seek expansion of KeePer demand. We plan to thoroughly spread KeePer LABO all over Japan.

Plans for new store opening

September 2022 Relocate and Expand Hachioji Shop, Hachioji City, Tokyo Prefecture

October 2022 Open Kokura South Shop, Kita-Kyushu City, Fukuoka Prefecture (tentative)

November 2022 Open NiizaShop, NiizaCity, Saitama Prefecture (tentative)

November 2022Open Yokkaichi South Shop, Yokkaichi City, Mie Prefecture (tentative)

November 2022Open Yoga Shop, Setagaya-ku, Tokyo Prefecture (tentative)

We will continue to enhance our facilities by expanding and replacing existing stores and adding booths. We plan to complete the changeover to the new branding design by the end of this fiscal year.

Furthermore, we will restructure the Shop business unit in preparation for future expansion of shop development. Currently, the three-person Shop business unit handles everything from leasing activities, shop planning/design, to opening preparations, but we will strengthen the leasing and construction teams to create better shops and ensure smooth shop development.

In shop operations, the reservation system, which is now well established, will be made more convenient, while a new POS system, which is under development, will be introduced. We will continue to create shops that are easy for customers to use and efficient for staff.

As the number of shops expands, the organizational structure is also important, and we are building a system centered on managers and section managers who manage multiple stores. If this system functions well, further store expansion will be possible. We will also focus on close communication with shop staff to identify customer needs and human resource development to improve service centered on technology and knowledge.

In addition, we plan to hire 181 new graduates and midcareer workers. We will evolve our existing recruitment methods, increase the number of people involved in recruitment activities, select and augment media, actively hire women. In the Kanto region, we will actively utilize part-time workers in addition to our employee-oriented structure, provided that we do not damage our corporate culture.

Based on the above, for the current fiscal year, we forecast a 20.1% yoy increase in net sales to 17,237 million yen, a 26.3% yoy increase in operating income to 5,463 million yen, a 26.3% yoy increase in ordinary income to 5,463 million yen, and a 23.0% yoy increase in net income to 3,805 million yen. The Company expects to book record-high sales and income.

KeePer Branding

KeePer will continue its sponsorship of "Super GT" in 2022, which has been very effective in terms of branding and recruitment activities. KeePer will actively expand its sponsorship activities to other motorsports in order to gain publicity and strengthen its relationship with the automobile industry. We are also working on a new commercial for "ECO Crystal"(tentative name), which is scheduled to go on sale in September Although we are not yet ready to make an

SDGs initiatives

We share the philosophy of the SDGs (Sustainable Development Goals), which are international goals set by the United Nations to achieve a sustainable world by 2030, and we will contribute to the achievement of these goals through our business and social contribution activities.

We believe that expanding our business as an SDG initiative will contribute to the achievement of the goals. KeePer coatings such as EX KeePer, Diamond KeePer, and Crystal KeePer not only repel rain due to their strong water repellency but also prevent dirt such as sand from sticking to the coating, thereby allowing sand and other particles to be dispersed into the rain and be repelled together with the rain. As a result, users who have had their cars coated with KeePer Coating all say, "I wash my car much less frequently."

Hence, when it rains, cars get clean, which is contrary to a conventional phenomena of rain making cars dirty. KeePer Coating reduces the number of car washes, leading to savings in time and effort as well as savings in fresh water and reduction of detergent consumption.

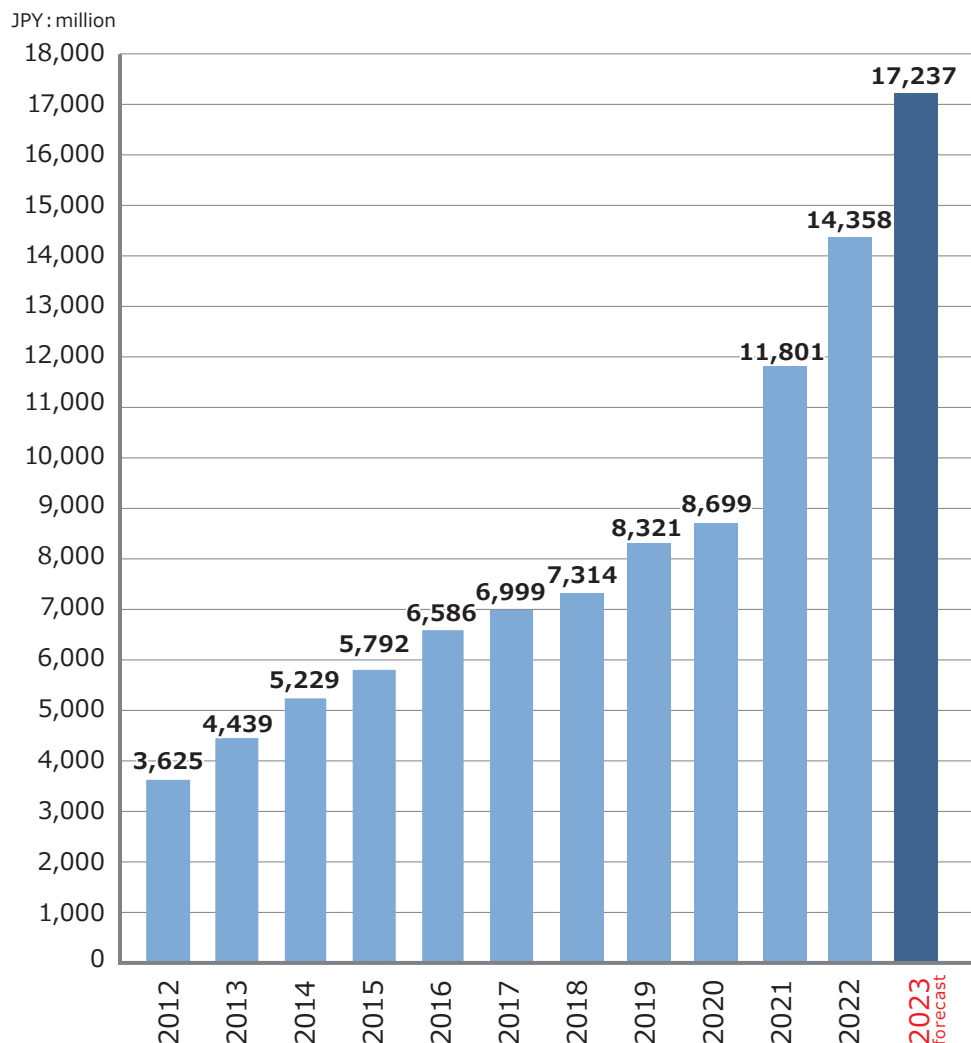
In addition, the continued cleanliness of the car helps to protect the value of the car, which, combined with aging of the car, leads people to take better care of their cars and to drive them longer. This, in turn, saves CO2 emission from car manufacturing and leads a sustainable car life plan.

Income Statement

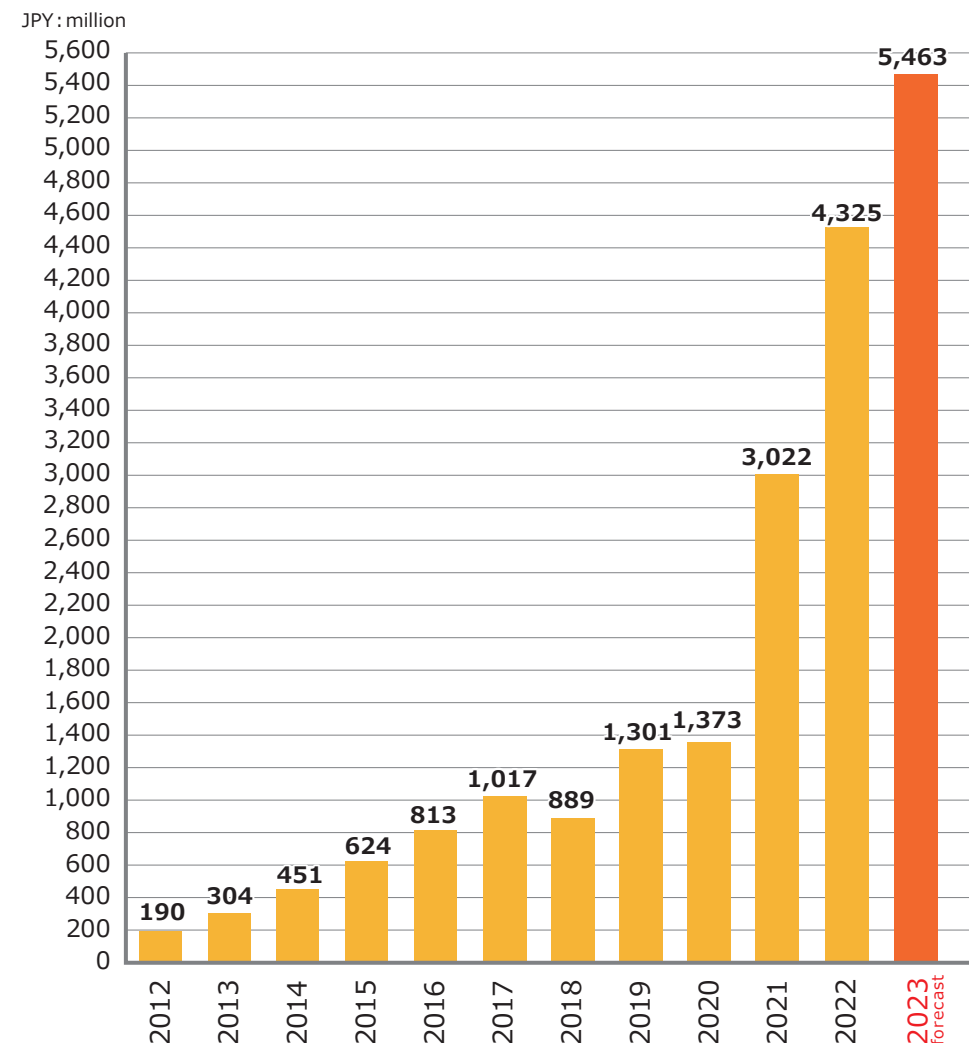
JPY:Million

	FYE 6/22	% of revenue	FYE 6/23	% of revenue	YoY change	YoY %
Revenue	14,358		17,237		2,879	20.1%
KeePer-related products	6,436	44.8%	7,421	43.1%	984	15.3%
KeePerLABO operation	7,921	55.2%	9,816	56.9%	1,894	23.9%
Advertisement Expense	377	2.6%	748	4.3%	371	98.5%
Operating Profit	4,326	30.1%	5,463	31.7%	1,136	26.3%
Recurring Profit	4,325	30.1%	5,463	31.7%	1,137	26.3%
Net Profit	3,093	21.5%	3,805	22.1%	711	23.0%

Revenue trend



Recurring profit trend



Performance indicators

Unit:JPY/%

		FYE 6/2022	FYE 6/2023 (Guidance)
Per Share	EPS	113.41yen	139.49yen
Operating Indicator	Recurring profit margin	30.1%	31.7%
Financial Indicator	ROE	45.5%	—

(Note) Return on equity for the fiscal year ending June 30, 2022 is net income divided by average shareholders' equity at the beginning and end of the fiscal year, and the guidance for the fiscal year ending June 30, 2023 is not disclosed.

【Shareholder return】 Dividend policy



Basic policy on profit distribution

- Our basic policy is to continue to pay dividends in line with business performance while enhancing retained earnings to strengthen the corporate structure and future business development.
- Retained earnings will be used to strengthen the company's financial position for business expansion, while striving to maintain and improve the level of dividends paid to shareholders over the long term.
- Based on the above policy, we aim to achieve a dividend payout ratio of 30% over the medium term in order to clearly emphasize the importance of returning profits to shareholders.

Dividend guidance

- Based on the above basic policy, for the fiscal year ending June 30, 2023, the Company plans to increase the annual dividend per share to 40 yen per share from 31 yen per share for the fiscal year ended June 30, 2022

	2 Q-end	Year-end	Total	Dividend Payout
FYE 6/2023 (Guidance)	—	40yen	40yen	28.7%
FYE 6/2022	—	31yen	31yen	27.3%
FYE 6/2021	—	20yen	20yen	26.4%

On October 1, 2020, the Company conducted a 2-for-1 stock split of shares of common stock. Therefore, the dividend amount is calculated based on the assumption that the stock split was conducted in the fiscal year ended June 30, 2020.

【Shareholder return】 Shareholderbenefits



Shareholder Benefits

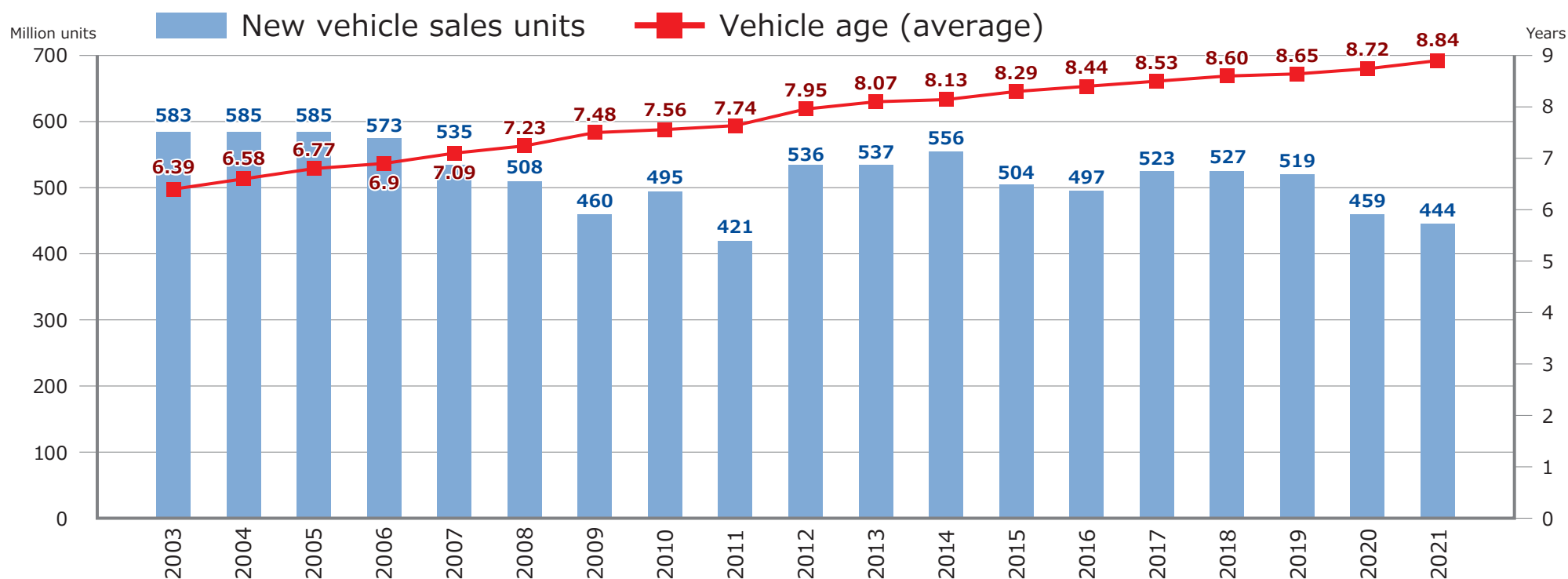
- The shareholder benefit system was changed on August 11, 2020 to express appreciation to shareholders for their ongoing support, increase the attractiveness of the Company's shares, and encourage more shareholders to hold the Company's shares over the medium to long term.
- Shareholders who have held the shares for six months or more will receive a special benefit card and a 30,000 yen coupon for the purchase of a new or used car that can be used at any VT Holdings Group company store (hereinafter "VT HD shops"). A continuous holding period refers to shareholders who have been recorded twice or more consecutively with the same shareholder number in the Company's shareholder registry as of the end of December and the end of June each year.
- As described below, in proportion to the number of shares held, shareholders will be presented with a KeeperLABObenefit card that can be used at KeeperLABOshops nationwide and a 30,000 yen coupon for the purchase of a new or used car that can be used at any VT HD shops.

No of shares owned	Benefits
Between 100 and 1,000 shares	20% off of all KeePerLABO Services & 30,000 yen coupon for purchasing new/pre-owned vehicles from VT HD shops
Between 1,000 and 2,000 shares	25% off of all KeePerLABO Services & 30,000 yen coupon for purchasing new/pre-owned vehicles from VT HD shops
Above 2,000 shares	30%off of all KeePerLABO services & 30,000yen coupon for purchasing new/pre-owned vehicles from VT HD shops

【Statistical Data】 Replacement cycle getting longer

Since the Global Financial Crisis of 2008, new vehicle sales (passenger vehicles) have stagnated, and average vehicle age has gotten longer

New vehicles sales volume (passenger vehicles) and average vehicle age

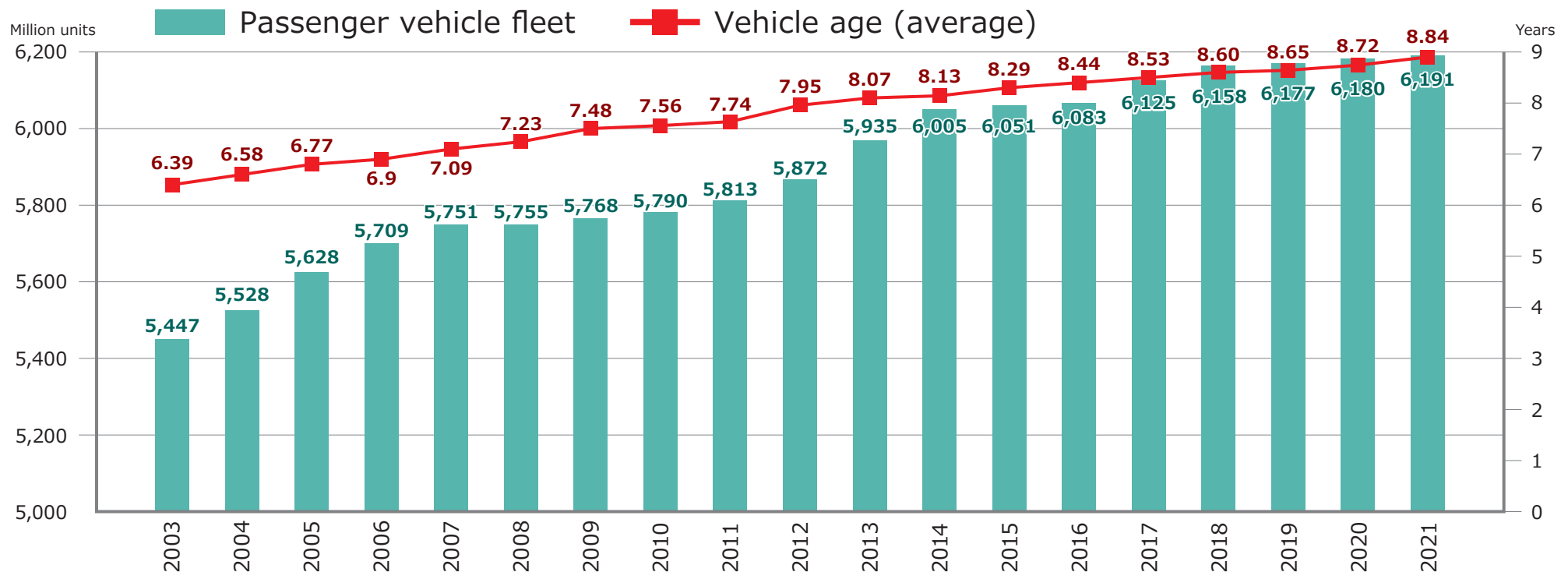


Source: Japan Automobile Dealers Association, Automobile Inspection & Registration Information Association

[Statistical data] Passengervehicle fleet and average age

Passenger vehicle fleet continue to rise

Average vehicle age from extended by over 2 years from 6.39 years in 2003 to 8.84 years in 2021, with an aftermarket expanding



Source: Automobile Inspection & Registration Information Association

Disclaimer



- This material is prepared for the purpose of providing information to investors only to enhance investors' understanding of KeePer's current status.
- This material contains forward-looking statements and management forecast. Forward looking statements do not guarantee their accuracy or certainty. When using this material, please keep in mind that actual results could differ materially from any forecasts herein.
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