

Mid-term Management Plan

From Fiscal Year Ended June 30,2023 to Fiscal Year Ended June 30,2025



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

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Corporate Vision



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

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



Meaning behind the vision

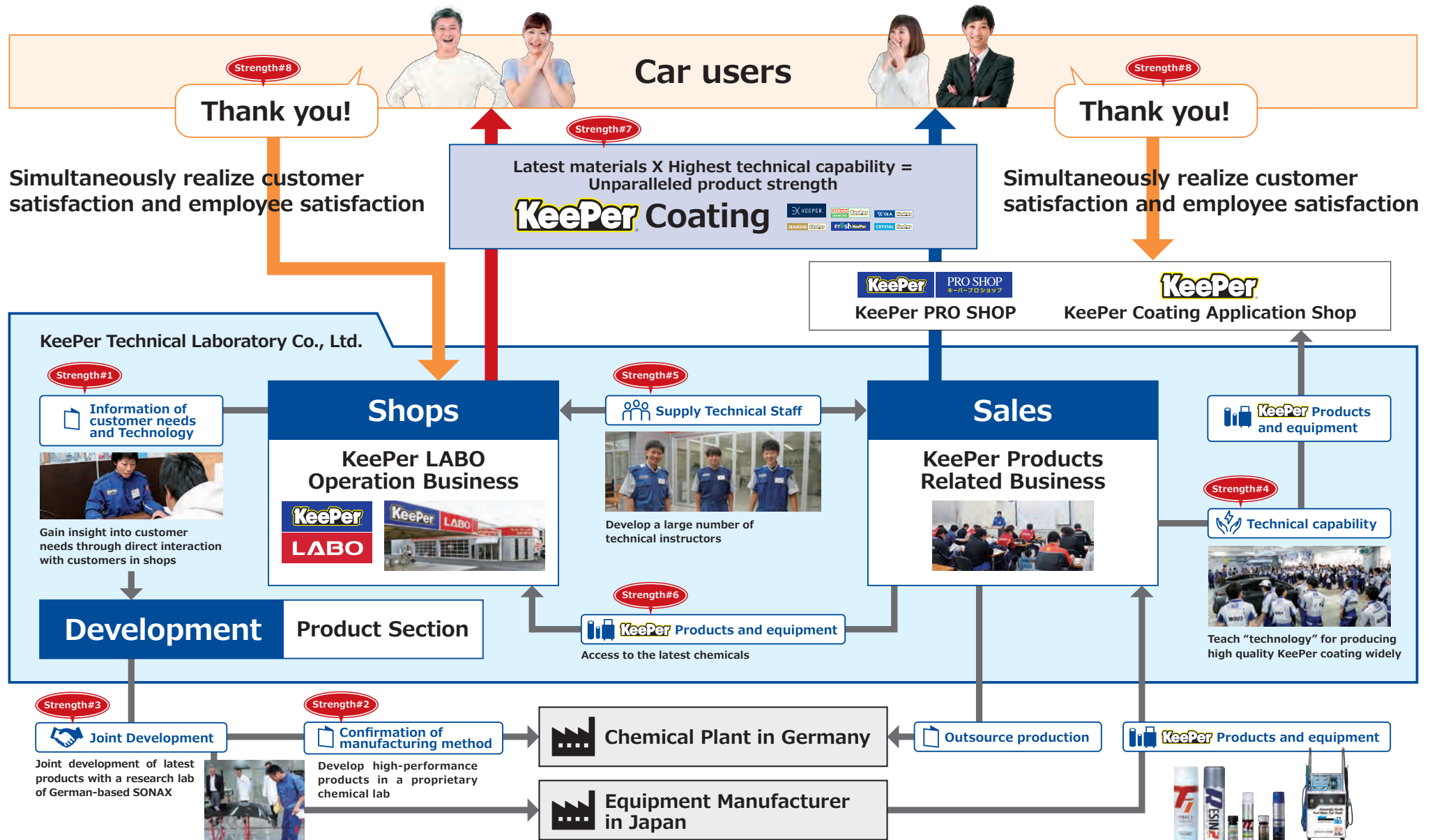
By providing a level of cleanliness that exceeds customer expectations through car washing and KeePer coating services, the work can be transformed from a low value add, low productivity service where profit is generated from "labor charge" into a high value add, high productivity service where profit is based on "technical fees. By realizing this, we can enjoy the pleasure by satisfying customers. At the same time, the technician who provides the coating service will gain satisfaction and also earn an income based on the value-add she or he provides. Hence,

CS (Customer satisfaction) and ES (Employee Satisfaction) can be realized simultaneously.



This structure is at the base of and driving force of KeePer and is the source of our uniqueness. Therefore, the thorough "**pursuit of customer satisfaction**" and "**front line-oriented**" philosophy are the most important aspects of **our corporate culture** that we will pass on from generation to generation.

A unique organizational structure that simultaneously generates customer and employee satisfaction



Mid-term Management Plan



Mid-term Management Plan From Fiscal Year June 30,2023 (FYE 6/23) to Fiscal Year June 30,2025(FYE6/25)

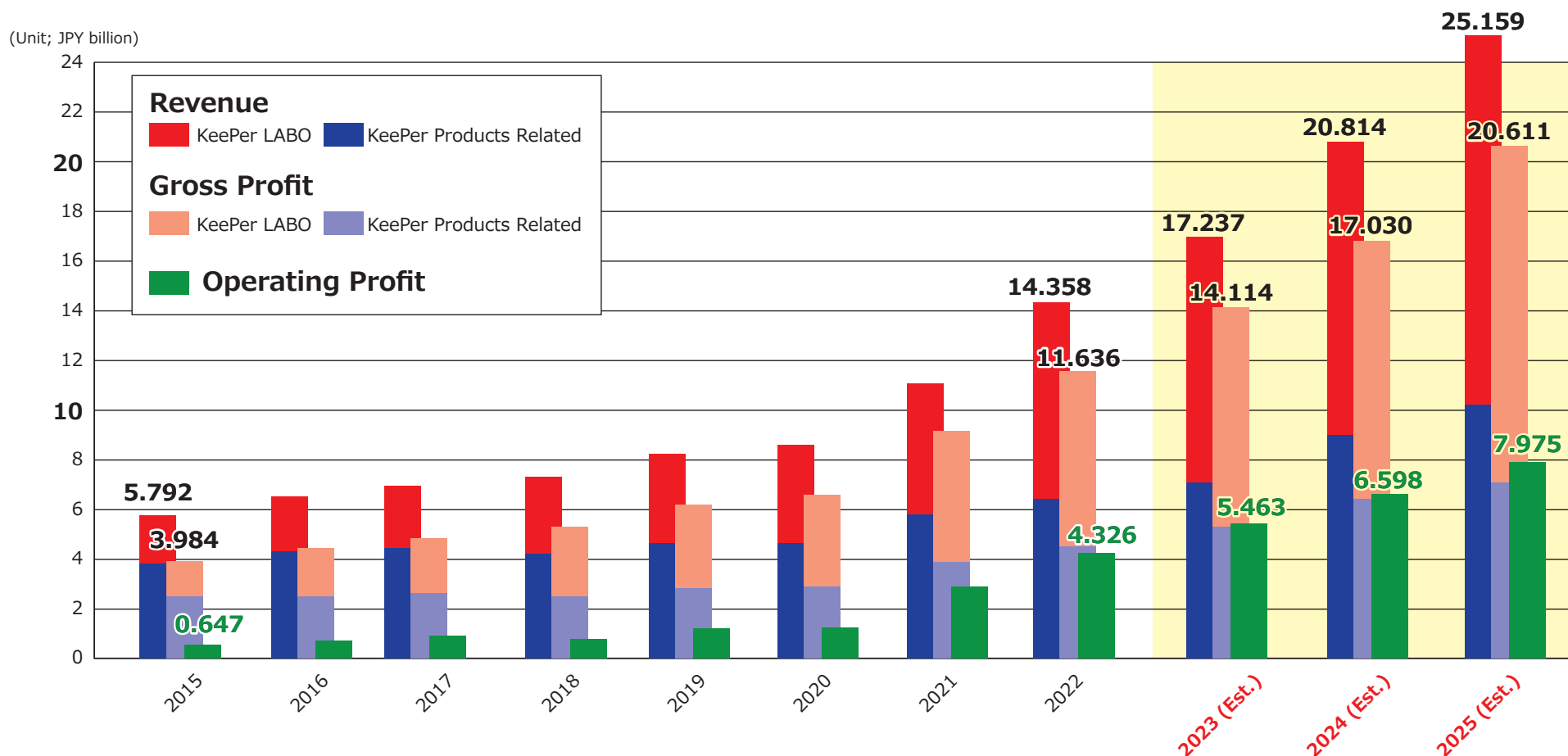


(In JPY million)

		FYE 6/22Actual		FYE 6/23 Plan		FYE 6/24 Plan		FYE 6/25 Plan	
			YoY		YoY		YoY		YoY
	KeePer Products Related	6,436	106.4%	7,421	115.3%	9,030	121.7%	10,771	119.3%
	KeePer LABO Operation	7,921	132.7%	9,816	123.9%	11,784	120.0%	14,388	122.1%
Sales		14,358	121.7%	17,237	120.1%	20,814	120.8%	25,159	120.9%
	KeePer Products Related	4,548	115.7%	5,328	117.1%	6,483	121.7%	7,734	119.3%
	KeePer LABO Operation	7,087	132.2%	8,785	124.0%	10,547	120.0%	12,877	122.1%
Gross profit		11,636	125.3%	14,114	121.3%	17,030	120.7%	20,611	121.0%
(Gross profit margin)		(81.0%)	—	(81.9%)	—	(81.8%)	—	(81.9%)	—
SGA		7,309	116.6%	8,650	118.3%	10,432	120.6%	12,636	121.1%
Recurring profit		4,325	143.1%	5,463	126.3%	6,598	120.8%	7,975	120.9%
(Recurring profit margin)		(30.1%)	—	(31.7%)	—	(31.7%)	—	(31.7%)	—

Revenue, Gross profit, Operating Profit

Since listing in Fiscal Year Ended June 2015, KeePer has steadily increased sales and profits since its listing. Furthermore, in the last three years, KeePer's recognition and reputation have increased dramatically, as a result of which we have been able to achieve significant increases in sales and profits. Based on this trend, we expect the pace of expansion to remain unchanged in the future. In Fiscal Year Ended June 2025, we target sales of JPY 25.1 billion and operating profit of JPY8.0billion



Segment Strategy

(KeePer LABO Operation)



Market potential for KeePer LABO is around 500 stores nationwide



Appropriate distances between KeePer LABO stores, taking profitability into consideration:

- For urban shops, where trade areas have labor force population※ of more than 150,000 within 3km radius, shops can be opened as long as there is 3 km linear distance from each other
- For regional shops, where trade areas have labor force population※ of more than 150,000 within 6km radius, shops can be opened as long as there is 6km linear distance from each other. Unless the above two criteria are met, we will not open new shops.

※It is said that labor force population is between age of 15 and 64 according to the latest census.



**Market potential for
KeePer LABO
is around 500 stores nationwide**



For example, Aichi Prefecture, which has population of around 7.54million, has the highest shop intensity, with around 30 shops in the prefecture.

Based on the above shop intensity, we estimate Japan can accommodate up to about 480 shops (National population of 120 million/7.54 million x 30 shops)

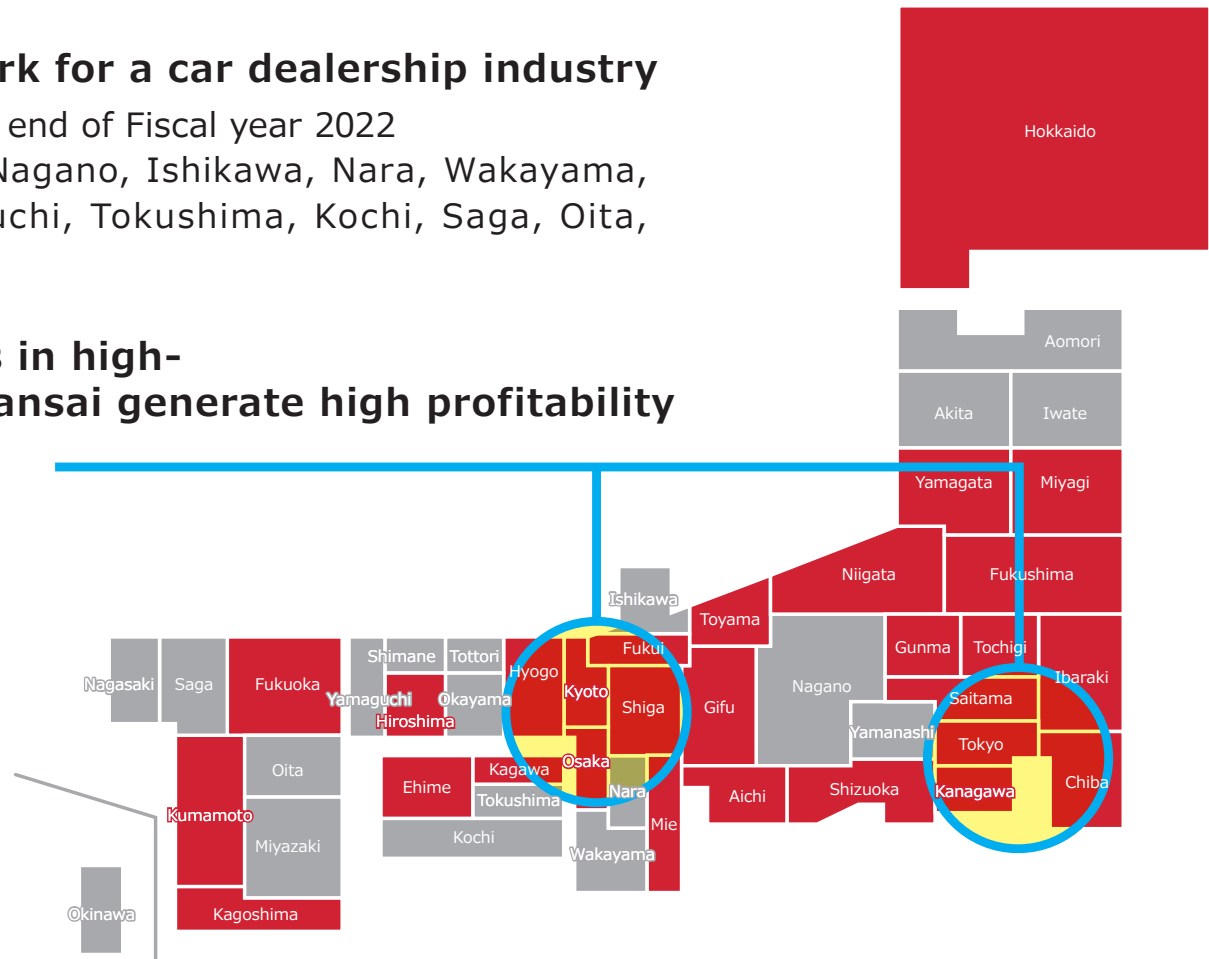
1 Structure strong support network for a car dealership industry

Only 19 prefectures remaining as of the end of Fiscal year 2022

※Aomori, Akita, Iwate, Yamanashi, Nagano, Ishikawa, Nara, Wakayama, Okayama, Tottori, Shimane, Yamaguchi, Tokushima, Kochi, Saga, Oita, Nagasaki, Miyazaki, Okinawa

2 Under dominant strategy, shops in high-demand regions of Kanto and Kansai generate high profitability

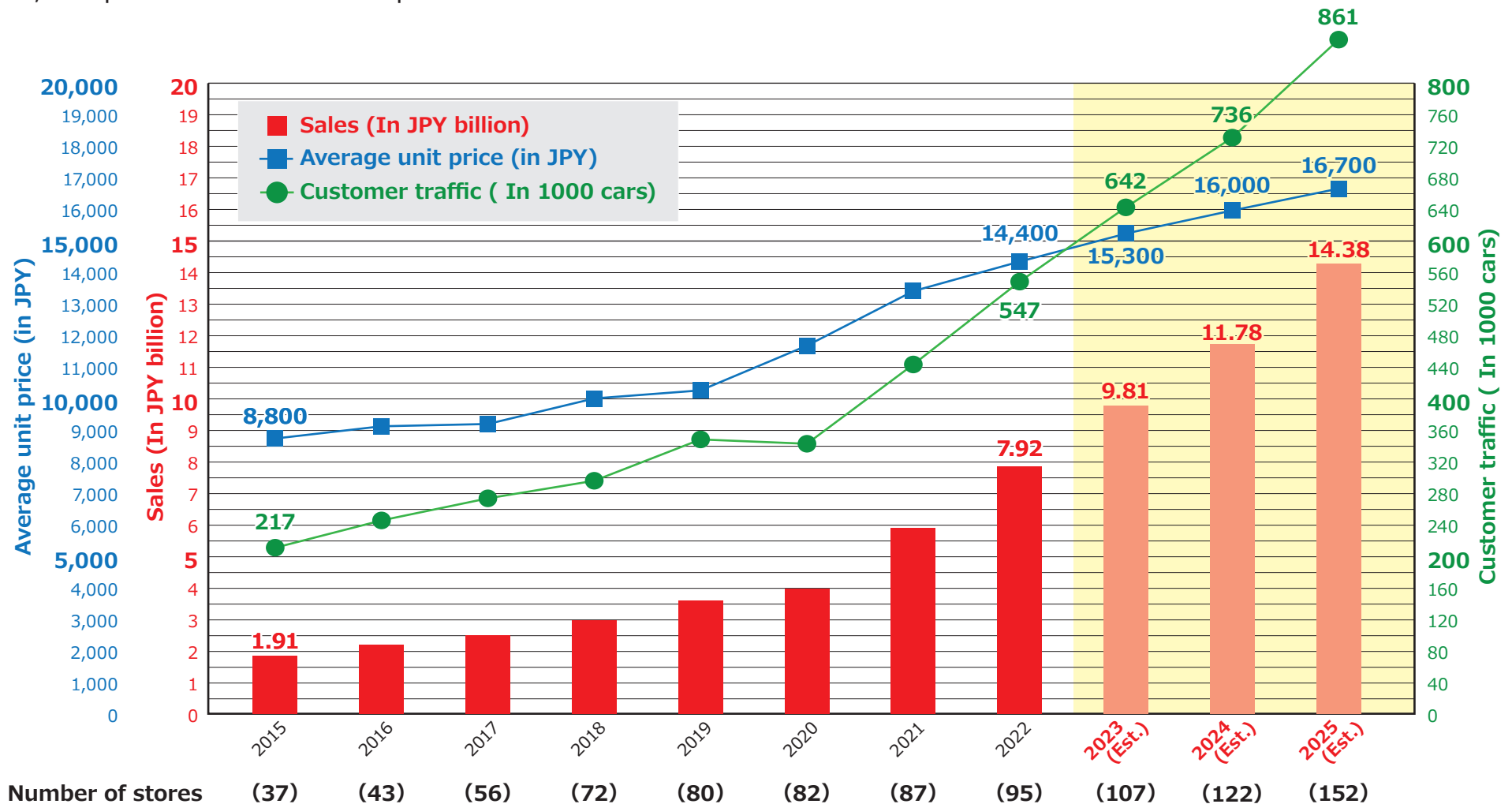
Dominant presence in Kanto and Kansai



We will leverage the nationwide network of KeePer LABO and more than 6,200 certified KeePer PRO SHOPS nationwide which enjoy a flagship presence in each of the area, in order to lead the car beautification business and to provide a solid support network for the coming car dealership industry.

KeePer LABO sales, average unit price, customer traffic

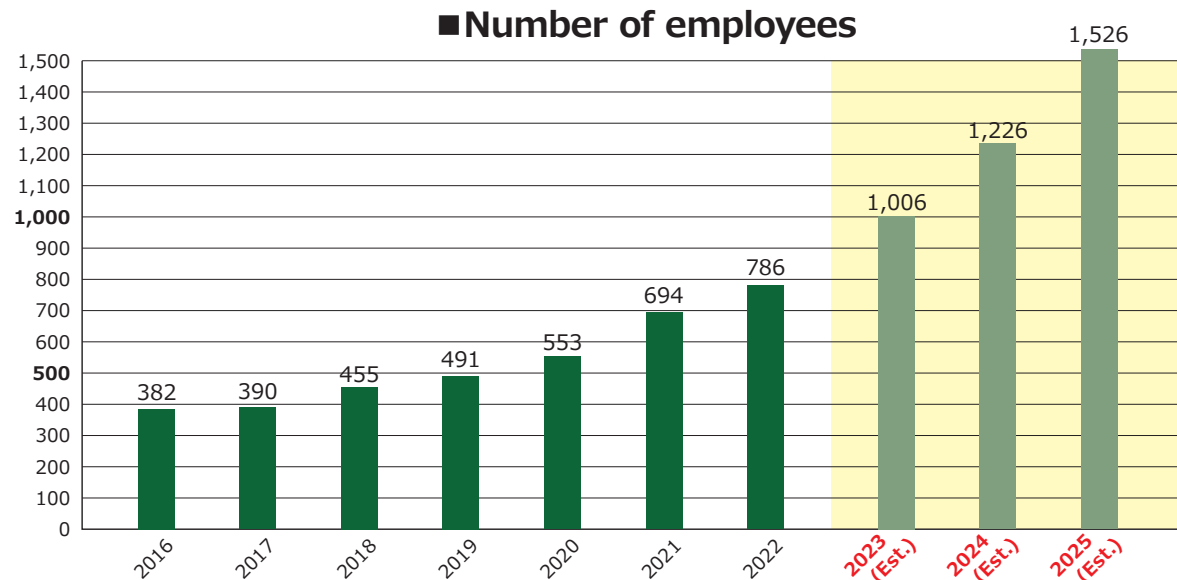
The spread of new KeePer LABO shop opening is significantly faster than before, along with the growth of existing stores. The business model has become such that shops are profitable immediately after opening. In order to steadily capture growth of customer needs, we will accelerate the pace of new shop openings. In three years, we plan to have 150 shops.



Employee Structure primarily consisting of Full Time Employees

In order maintain and develop our business model, a labor force structure primarily consisting of full-time employees is optimal, as our business model focuses on simultaneous realization of CS (Customer Satisfaction) and ES (Employee Satisfaction) - based on the idea that the technician takes satisfaction in the customer's satisfaction as his own and earns an income commensurate with value-added technical service.

It is necessary to increase the number of employees due to the growth of existing stores, personnel for new stores, and engineers for keeper products in KeePer Products Related Business. Considering the number of retirees, it is necessary to increase the number of employees by 200 to 300 per year.



Based on the 2022 results, this pace can be maintained, but the future challenge will be to evolve and explore recruitment methods, with a view to further development in the years ahead.

TVCM

TV commercial for KeePer coating[Challenge for cleanliness and beautification]



Creating a new version of a TV commercial for 2022

You Tube

YouTuber celebrities and car critics have featured KeePer.

More than 100 videos have been uploaded with more than 14 million views



Will continue promotions on You Tube platform

Segment Strategy

(KeePer Products Related Business)



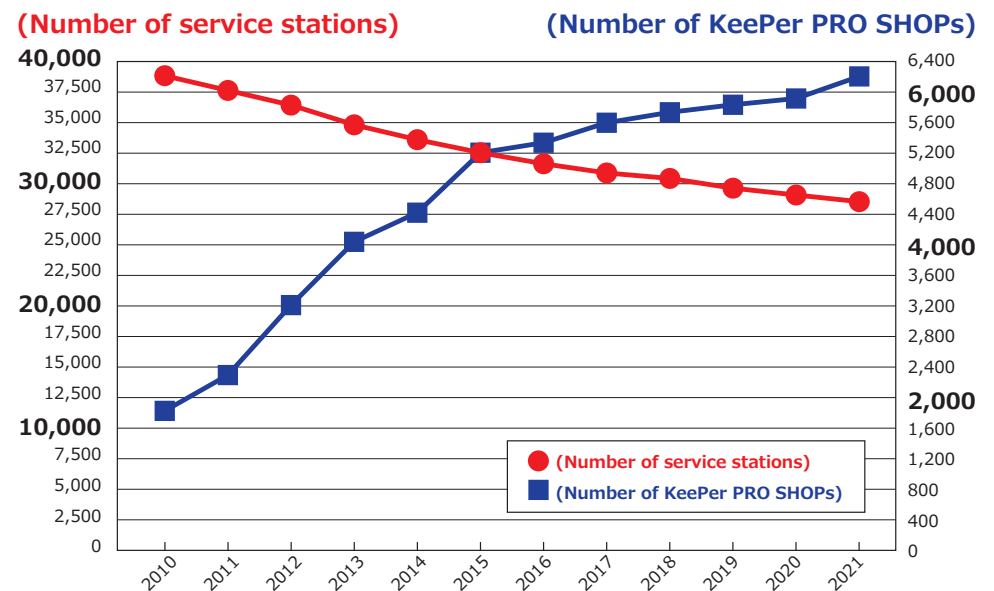
KeePer PRO SHOP

We develop, manufacture, and sell products for professional use, including our self-developed car coating chemicals, tools, equipments to KeePer PRO SHOPS, which are technically certified stores with certified first-class coating technicians, as well as KeePer application shops such as car sales shops and to car dealers. At the same time, we provide technical training for more than 50,000 people a year for KeePer application shops to give instructions on knowledge of car coating and application techniques. Those training programmes have received acclaim as practical and effective. The number of KeePer PRO SHOPS, which are certified shops with first-class coating technical qualifications, has increased to 6,283 shops by the end of June 2022. The number of coating applications has increased as the quality of service/products has improved along with the technical level at each shop. "KeePer signboards" displayed at KeePer PRO SHOPS nationwide have also become major advertisements that catch the eyes of customers, contributing greatly to KeePer's branding.

Gas Station Industry

In the gas station industry, which accounts for the largest share of our business, fuel oil sales volume is on a downtrend and the number of gas stations is decreasing due to the improvement of automobile fuel efficiency and the shift to next-generation energy. However, the number of KeePer PRO SHOPS, whose main business targets gas stations, is increasing. KeePer coating service which are able to polish cars has been positioned as the core of "non-oil services" and is being actively sold in KeePer PRO SHOPS.

■ Number of KeePer PRO SHOPS operated primarily by gas stations



Source : Agency for Natural Resources and Energy, KeePer estimates for the number of PRO SHOPS

Revenue forecast for gas station industry going forward

Currently, the energy source for automobiles is gradually shifting from "fossil fuels" such as gasoline or diesel oil to "fossil fuel-free" sources such as electricity and hydrogen in order to prevent global warming. According to the IEA (International Energy Agency), by 2030, about 30% of the world's new vehicle sales will be electric or hydrogen-powered vehicles, such as EVs (electric vehicles), PHVs (plug-in hybrids), and FCVs (fuel cell vehicles). Therefore, while product sales to the gas station industry, which accounts for a large part of the After Sales Division, will increase slightly in the short term, but in the medium to long term, sales will inevitably decline due to a decrease in the number of gas stations as demand for fuel oil declines with the shift to next-generation energy sources.

Online Booking for KeePer PRO SHOPS

In November 2021, the "Online Booking System," customized for KeePer PRO SHOPS was launched. Currently, approximately 3,000 of KeePer PRO SHOPS are using the system with the number of bookings is steadily increasing. However, there are many shops that have existing booking systems with different platforms. Therefore, those shops decided not to deploy the new proprietary booking system as it would be too complicated to manage bookings from different sites at the same time. Our plan is to integrate the existing booking systems by 3 companies used by many of KeePer PRO SHOPS with our proprietary system to improve convenience for the shops.

Integration plans for online booking sites

- **PIT in plus** Deployed as of July 2022
- **timy** Planned for integration in April 2023
- **A booking site designated by a major gas station operator**
Planned for integration in April 2023

The proprietary booking system was launched in October 2021. The original plan was to offer this system free of charge for the first year as a trial period and start charging JPY 10,000 per month as a system usage charge from October 2022. However, given that the system is yet not perfect, we decided to extend the free trial period by one more year and start charging from October 2023. Hence, in the medium-term management plan, we have incorporated an assumption of about 4,000 shops from October 2023.



Developing a new market

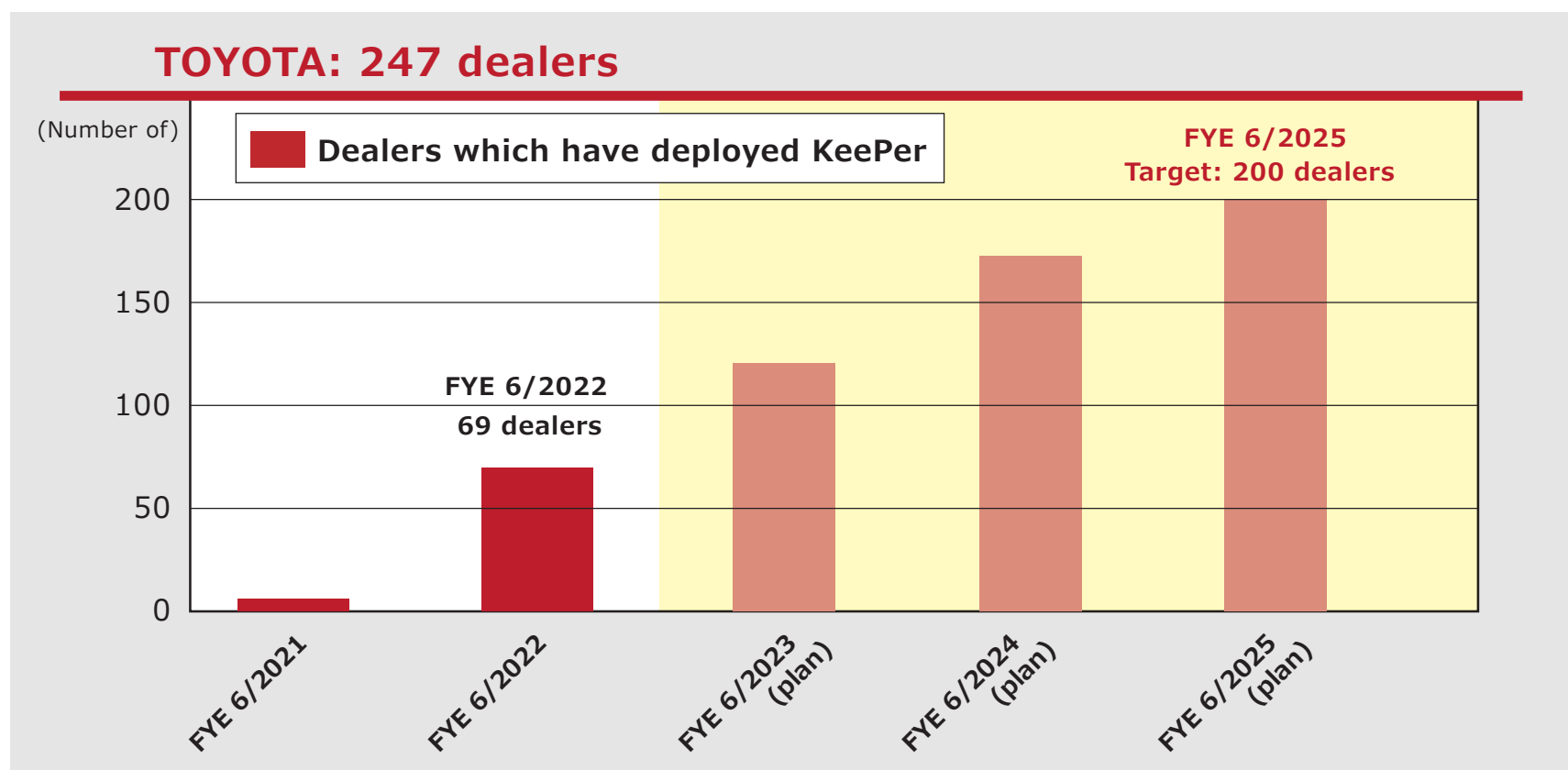
Along with the growing need for coating, we are seeing growing interest in for coatings among automotive-related companies, including used car dealerships, car stores, auto mechanics, and sheet metal shops, as coating services as after-sales service enable them to stay in touch with their customers and often result in a high repeat rate.

Such automotive-related industry, which comprise approximately 32,000 companies nationwide, have hardly been untapped. However, there are some which have already introduced KeePer coating, traction has been positive as they have seen a significant increase in coating revenue. In order to expand our “car beautification business,” we will develop new markets with KeePer coating.



Winning TOYOTA dealer one by one takes time but response has been positive

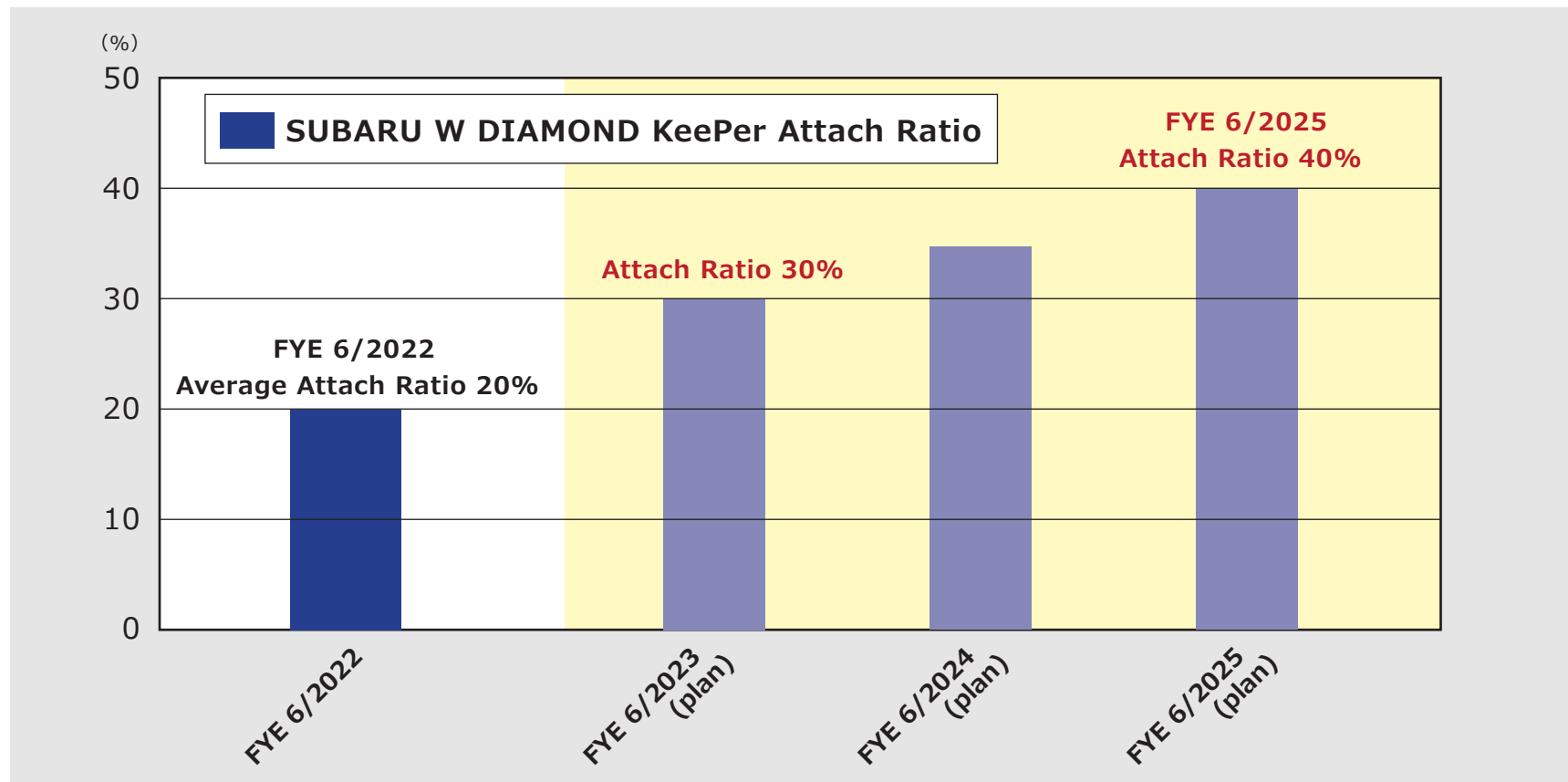
As of the end of June 2022, 69 out of 247 Toyota-related dealers have either started selling the system or have confirmed the deployment of KeePer coating. Therefore, by the end of fiscal year 2023, we will increase our share approximately 50%, or 120 dealers. We will also conduct thorough technical sales activities in cooperation with the front line which is one of KeePer's strongest areas of expertise to lead the dealers to success.



in FY 2025, we target 200 dealers and revenue of JPY 2 billion.

Proprietary Coating for SUBARU "SUBARU W DIAMOND KeePer"

"SUBARU W DIAMOND KeePer" was adopted as a proprietary product in the fiscal year ending June, 2020, and although the attach rate was 5% at the time of its launch, it has increased to approximately 20% during the remaining of the year. Going forward, we will further expand the coating lineup to meet the needs of SUBARU users and aim to increase the attach rate.



In FYE 6/2025, we will target an attach rate of 40%

Win new OEM customers beyond TOYOTA and SUBARU

We are also continuing our sales activities to new car OEMS other than TOYOTA and SUBARU and will strongly promote KeePer to expand the new car market business. For new car market, we continue to expand the KeePer coating lineup, starting with EX KeePer and Diamond KeePer series. For used cars and existing cars, we are seeing interest in Diamond KeePer non-polish coating. We will continue to expand KeePer coating lineup for new and existing cars with Diamond KeePer and Crystal KeePer as core products.



Car OEM



Developing New Markets (Non-Automobile Industries)

Expand into non-automobile business, by exploiting car coating technology

Starting with coatings for mobile devices, there is a great demand for coatings for other applications such as signboards and residential kitchen and bathrooms. Such demand is also supported from the perspective of SDGs, as coating helps products stay clean and last longer. We will actively expand our business to non-automobile industries by leveraging our automotive coating technology.

Continue to expand KeePer products

Following the motorcycle industry, Trek Japan K.K. introduced KeePer Coating as a new value-added service for coating bicycles in June 2022. KeePer has also started to make inroads into porcelain, white appliance sales, marine ships, and signboard industries and is steadily advancing along the path of expanding sales channels for KeePer products.



Overseas Business

Overseas business activities have been suspended due to the spread of COVID-19 but will be resumed in the current fiscal year. However, our priority is the Japanese market, rather than aggressively going overseas to conduct activities. In a fashion similar to KeePer PRO SHOPS in Japan, training for overseas staff will be conducted in Japan for them to take back KeePer technology back to their home countries to develop business as KeePer PRO SHOPS. Leading local companies in Hong Kong and Taiwan are carrying out business activities already and are generating sufficient profits. We will continue to make steady progress.



Developing New Markets (Female Customers)

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 JPY70,000-JPY90,000, 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 range of JPY20,000 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 "Fresh KeePers," 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 JPY20,000 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 Fresh KeePer, it may finally become a product that will be attractive in the eyes of female customers and compact car users.

Fresh KeePer will be available at all KeePer LABO shops nationwide from August20, and will also be available at KeePer PRO SHOPS and KeePer application shops. With the addition of new concepts, we will be developing new markets.

The advertisement for Fresh KeePer features a blue background with yellow text. At the top, it says "キレイと楽するは" (Clean and easy is) in large characters, followed by "環境性能で両立できる!" (Can be achieved with environmental performance!). Below this, there's a row of small car icons. The main text "フレッシュ キーパー Fresh KeePer" is prominently displayed. A four-step process is shown with car icons: 1. すごくキレイになって (Becoming super clean), 2. ホコリで汚れても (Even if dirty with dust), 3. 雨が降ると (When it rains), 4. またキレイに (Becomes clean again). Below the steps, it says "フレッシュ キーパーをしたその日から、" (From the day you apply Fresh KeePer,). At the bottom, it lists benefits: ecology, enjoy, easy, and economy.

SS size	¥27,400
S size	¥29,500
M size	¥31,800
L size	¥33,900
LL size	¥38,400
XL size	¥42,900

Shareholder Returns



- The Company's basic policy is to continue to pay dividends in line with business performance while enhancing internal reserves for the strengthening of the corporate structure and future business development.
- The Company will use retained earnings to strengthen its 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.**

	FY 2022	FY2023(Plan)
Dividend	JPY31	JPY40
Dividend payout	27.3%	28.7%

SUSTAINABLE DEVELOPMENT GOALS



Commitment to Sustainability

Environmental Initiatives

Based on the "Theory of Paint Surface Improvement," KeePer brand products do not alter the paint, which is a prerequisite for service quality. In addition, KeePer chemicals are environmentally friendly. All chemicals are made from inorganic and biodegradable raw materials that do not harm the environment, making them environmentally friendly and people-friendly.



Certificates of patents and assessments from external organizations

SUSTAINABLE DEVELOPMENT GOALS

“When it rains, the car becomes as clean as if it had just been washed. Taking care of the car gets much easier”



When it rains, the car gets cleaned



A drastic reduction of
frequently of car washes

For example, if a car gets washed once a month instead of three times per month

Frequency of car washes

Three times by month
to be once a month

Time for a round trip to a
car washer and washing.

About 180minutes by month
to be about 60 minutes a month.

Annually c.24 hours can be saved per car

Under certain weather and environmental conditions (for instance, a prolonged period without rain), cars may get dirt and stains, but they can be removed easily just with a water wash

A drastic reduction of
frequently of car washes



Contribute to SDGs



For example, if a car gets washed once a month instead of three times per month

Frequency of car washes

Three times by month
to be once a month

Amount of water required for
car wash

About 150 liters to be about
50 liters

Annually about 1,200 liters of water can be saved per car.

We can contribute to SDG's 6th goal of "Ensuring available management of water and sanitation for all"

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

○**Investor Relations Inquiries**○

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