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## Non-consolidated Financial Results for the Six Months Ended December 31, 2024 [Japanese GAAP]

February 10, 2025

Company name: KeePer Technical Laboratory Co., Ltd.

Listing: Tokyo, Nagoya

Securities code: 6036

URL: <https://keepergiken.co.jp>

Representative: Toshiyuki Kaku

Representative Director, President, and COO

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Chief Financial Officer

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Scheduled date to file semi-annual securities report: February 10, 2025

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Non-consolidated Financial Results for the Six Months Ended December 31, 2024 (July 1, 2024 to December 31, 2024)

#### (1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended December 31, 2024	12,098	13.0	4,031	21.4	4,012	20.7	2,747	21.4
December 31, 2023	10,702	24.9	3,320	10.1	3,324	9.3	2,263	8.4

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended December 31, 2024	100.66	-
December 31, 2023	82.95	-

#### (2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	20,706	15,841	76.5
June 30, 2024	19,284	14,466	75.0

(Reference) Equity: As of December 31, 2024: ¥ 15,841 million  
As of June 30, 2024: ¥ 14,466 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2024	-	0.00	-	50.00	50.00
Fiscal year ending June 30, 2025	-	0.00			
Fiscal year ending June 30, 2025 (Forecast)			-	53.00	53.00

(Note) Revision to the forecast for dividends announced most recently: None

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending June 30, 2025 :

Commemorative dividend - yen  
Special dividend - yen

## 3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2025(July 1, 2024 to June 30, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	24,500	19.1	7,000	14.7	6,950	14.4	4,800	8.6	175.90

(Note) Revision to the financial results forecast announced most recently: None

\* Notes:

(1) Adoption of accounting treatment specific to the preparation of semi-annual non-consolidated financial statements: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2024: 28,280,840 shares  
June 30, 2024: 28,280,840 shares

2) Number of treasury shares at the end of the period:

December 31, 2024: 989,578 shares  
June 30, 2024: 989,024 shares

3) Average number of shares outstanding during the period:

Six months ended December 31, 2024: 27,291,535 shares  
Six months ended December 31, 2023: 27,283,523 shares

\* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

\* Proper use of earnings forecasts, and other special matters

## **Financial Results for the 1<sup>st</sup> Half of the Fiscal Year Ending June 2025**

### **Economic Overview**

During this 1<sup>st</sup> half of the fiscal year (from July 1, 2024, to December 31, 2024), the Japanese economy showed positive factors such as improvements in employment and income conditions and an increase in inbound demand. However, uncertainties persist due to factors like rising energy and raw material prices driven by continued yen depreciation, U.S. policy developments, and the situation in the Middle East.

### **Company Performance and Strategy**

In this environment, we believe that maintaining and enhancing the quality of KeePer coatings provided to our users is paramount. This approach not only aims to improve our immediate performance but also solidifies the KeePer brand for future growth.

### **Results for the 1<sup>st</sup> Half of the Fiscal Year Ending June 2025**

For the cumulative period of the second quarter, net sales were 12.256 billion yen (up 14.5% year-on-year), operating income was 4.031 billion yen (up 21.4%), ordinary income was 4.015 billion yen (up 20.8%), and net income was 2.747 billion yen (up 21.4%). The performance by business segment is as follows:

#### **(KeePer LABO Operation Segment)**

Net sales from KeePer LABO operations were 6.615 billion yen (up 12.8% year-on-year), and segment profit was 1.681 billion yen (up 22.4%), achieving record-high profits. The demand for KeePer services continued to rise, with December, the peak season for coatings and car washes, seeing sales of 1.623 billion yen across all 127 directly operated KeePer LABO stores, excluding Singapore Store, a 13.4% increase from the previous year. This

equated to an average of 12.78 million yen per store per month, setting a new record.

Given the ongoing expansion in demand for KeePer LABO, we have been actively expanding our directly operated stores. However, the pace of new store development has not kept up with demand, posing a risk of significant missed opportunities. Consequently, we decided to actively develop high-quality franchise stores by collaborating with trusted KeePer partner companies. Starting with our business alliance with Idemitsu Kosan Co., Ltd. in August 2024, we began recruiting franchise partners in November 2024. Since then, we have received numerous inquiries from various companies. KeePer LABO is fundamentally a service-oriented business, which differs significantly from product-based businesses like gas stations and car dealerships. Therefore, we ensure that applicant companies fully understand these differences before proceeding with franchise development.

## New Store Development

### Opened Stores:

Store Name	Location	Opening Date	Cumulative LABO Stores (Directly Operated)
Singapore	Singapore	August 1, 2024	134 (121)
Kobe Okaba	Kobe, Hyogo	Aug 28, 2024	135 (122)
Sakai Otori	Sakai Nishi, Osaka	Aug 31, 2024	136 (123)
Hiroshima Kannnon	Hiroshima, Hiroshima	Sep 20, 2024	137 (124)
Shinagawa	Shinagawa,	Sep 28, 2024	138 (125)

	Tokyo		
Kurokawa	Nagoya, Aichi	Oct 9, 2024	139 (126)
Kobe Tarumi (FC)	Kobe, Hyogo	Nov 8, 2024	140
Kanazawa Kanaizumi	Kanazawa, Ishikawa	Nov 14, 2024	141 (127)
Toyota Tsuchihashi	Toyota, Aichi	Nov 27, 2024	142 (128)
Nonami (FC)	Nagoya, Aichi	Dec 18, 2024	143

As of the end of December 2024, KeePer LABO had 128 directly operated stores, including Singapore Store, and 15 franchise stores, totaling 143 stores.

#### Upcoming Store Openings:

Store Name (Tentative)	Location	Planned Opening Date	<b>Cumulative LABO Stores (Directly Operated)</b>
Nagasaki Togitsu (FC)	Nishisonogi, Nagasaki	Feb 1, 2025	144
Totsuka Harajuku	Yokohama, Kanagawa	Feb 19, 2025	145 (129)
Yokohama Azamino (FC)	Yokohama, Kanagawa	Feb 26, 2025	146
Utsunomiya Tsuruta	Utsunomiya, Tochigi	Mar 16, 2025	147
Sendai Miyagino	Sendai, Miyagi	Mar 2025	148 (130)
Aomori (FC)	Aomori, Aomori	Apr 2025	149

Fujisawa Shonandai (FC)	Fujisawa, Kanagawa	Apr 2025	150
Sano	Sano, Tochigi	Apr 2025	151 (131)
Inazawa	Inazawa, Aichi	Apr 2025	152 (132)
Ashiya	Ashiya, Hyogo	Apr 2025	153 (133)
Fujieda	Fujieda, Shizuoka	May 2025	154 (134)
Kyoto Ukyo	Ukyo, Kyoto	May 2025	155 (135)
Yamato (FC)	Yamato, Kanagawa	May 2025	156
Morioka (FC)	Morioka, Iwate	May 2025	157
Natori	Natori, Miyagi	June 2025	158 (136)
Tokyo North	Kita, Tokyo	June 2025	159 (137)
Kokubunji (FC)	Kokubunji, Tokyo	June 2025	160
Okazaki Harisaki	Okazaki, Aichi	June 2025	161 (138)
Matsumoto	Matsumoto, Nagano	June 2025	162 (139)
Sapporo West	Sapporo, Hokkaido	June 2025	163 (140)
Tsukuba (FC)	Tsukuba, Ibaraki	June 2025	164

We plan to open 31 new stores, including both directly operated and franchise stores, during this fiscal year. As of the end of June 2025, we expect to have 140 directly operated stores and 24 franchise stores, totaling 164 KeePer LABO locations.

## Coating Application Volume

The number of EX KeePer applications, popular on social media, reached 7,234 units (up 16.8% year-on-year), maintaining strong performance. The Diamond KeePer series recorded 27,799 units (up 2.0% year-on-year), affected by a decline in new car sales.

The Fresh KeePer and Crystal KeePer, both with similar durability periods, recorded 48,727 units (up 7.3% year-on-year). Additionally, maintenance applications for various KeePer coatings increased significantly by 15.5% year-on-year, reflecting growing demand to "keep current cars beautiful for longer" as vehicle ages rise.

As a result, the total number of visitors in Q2 was 387,180 (up 7.3% year-on-year), with an average spending of 17,130 yen (up 3.8% year-on-year).

## (KeePer Products and Related Segment)

Net sales for KeePer products and related Segment reached 5.483 billion yen (up 14.2% year-on-year), and segment profit was 2.357 billion yen (up 23.0%), achieving increased sales and profits.

	FY06/24		FY06/25		
	1H	% total	1H	% total	YoY
Products	4,840		5,483		+13.3%
After-market	3,496	72.2%	3,559	64.9%	+1.8%
New Car	1,151	23.8%	1,521	27.7%	+32.1%
Overseas	31	0.7%	51	0.9%	+61.6%
Non-car	162	3.4%	353	6.4%	+117.3%

## **Aftermarket Trends**

In the "aftermarket" centered around gas stations, growth was modest at 1.8% year-on-year. While many stores showed significant growth, especially with Fresh KeePer, some faced challenges in providing coating and car wash services due to staffing shortages, leading to restrictions on daily applications. Despite these challenges, customer demand to "keep cars beautiful for longer" remains high. To meet this demand, more automotive sales companies are incorporating coating maintenance and high-value car washes as part of their after-sales services, leading to a steady expansion in KeePer's corporate clients.

## **Growth in the New Car Market**

The "new car market," centered around new car dealers, grew significantly by 32.1% year-on-year, with the product-related business's sales composition rising from 23.8% to 27.7%. The coating attachment rate at new car delivery is steadily increasing across the board, with more stores offering reapplications three and five years post-purchase, as well as maintenance services. Supporting this trend, KeePer coatings have been adopted for used and previously sold cars as follows:

- March 2024: "Fresh KeePer" launched by Honda Access Co., Ltd.
- September 2024: "Diamond KeePer" launched by Suzuki Motor Corporation
- November 2024: "SUBARU Fresh KeePer" launched by Subaru Accessories Co., Ltd.

As this is KeePer's area of expertise, we will continue to provide customers with a car life that keeps their vehicles beautiful for an extended period, beyond just coating applications.



## **Expansion of Non-Automotive Services**

"Non-automotive services" also saw substantial growth, increasing by 117.3% year-on-year. KDDI Corporation, which operates the au brand, has made significant purchases of "Mobile KeePer" coatings for mobile devices, recognizing the compatibility between mobile devices and KeePer. We have high expectations for further business expansion.

## **Progress in Overseas Business**

The "overseas business" grew steadily by 61.6% year-on-year. On August 1, 2024, "KeePer LABO" made its first overseas expansion with the opening of its inaugural store in Singapore. Furthermore, the expansion of "KeePer PROSHOP" continues in Hong Kong, Taiwan, and South Korea, strengthening our global business foundation.

## Semi-annual Non-consolidated Financial Statements

## Semi-annual Non-consolidated Balance Sheets

(Thousands of yen)

	As of June 30, 2024	As of December 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	5,137,452	4,419,723
Notes receivable - trade	193,628	193,242
Accounts receivable - trade	1,637,166	2,620,730
Merchandise	1,120,808	1,186,054
Supplies	123,979	145,839
Prepaid expenses	254,301	145,308
Other	121,977	208,587
Allowance for doubtful accounts	(180)	(309)
Total current assets	8,589,133	8,919,176
Non-current assets		
Property, plant and equipment		
Buildings, net	5,573,389	6,194,235
Structures, net	319,749	325,736
Machinery and equipment, net	44,351	40,417
Vehicles, net	39,933	45,863
Tools, furniture and fixtures, net	233,398	250,196
Land	2,016,836	2,016,836
Leased assets	295,013	313,909
Construction in progress	78,793	134,443
Total property, plant and equipment	8,601,463	9,321,638
Intangible assets		
Software	66,133	112,269
Other	77,067	47,236
Total intangible assets	143,201	159,506
Investments and other assets		
Investment securities	22,237	21,980
Shares of subsidiaries and associates	70,339	70,339
Long-term prepaid expenses	44,430	43,545
Leasehold and guarantee deposits	599,705	625,361
Construction assistance fund receivables	295,013	313,909
Insurance funds	11,460	11,460
Deferred tax assets	445,076	486,024
Other	462,469	733,549
Total investments and other assets	1,950,732	2,306,171
Total non-current assets	10,695,397	11,787,315
Total assets	19,284,531	20,706,492

(Thousands of yen)

	As of June 30, 2024	As of December 31, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	729,482	451,674
Current portion of long-term borrowings	48,000	48,000
Accounts payable - other	682,512	447,346
Income taxes payable	1,008,874	1,397,400
Accrued expenses	355,059	365,388
Lease liabilities	22,242	25,294
Provision for bonuses	70,479	73,411
Contract liabilities	277,011	328,198
Other	161,438	194,997
Total current liabilities	3,355,100	3,331,711
Non-current liabilities		
Long-term borrowings	64,000	40,000
Provision for retirement benefits	493,793	535,375
Provision for retirement benefits for directors (and other officers)	288,243	288,465
Lease liabilities	272,770	288,615
Asset retirement obligations	339,767	369,518
Other	4,043	11,387
Total non-current liabilities	1,462,617	1,533,362
<b>Total liabilities</b>	<b>4,817,718</b>	<b>4,865,074</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,347,557	1,347,557
Capital surplus	1,049,019	1,049,019
Retained earnings	14,231,454	15,606,638
Treasury shares	(2,164,590)	(2,164,825)
Total shareholders' equity	14,463,440	15,838,389
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,371	3,028
Total valuation and translation adjustments	3,371	3,028
<b>Total net assets</b>	<b>14,466,812</b>	<b>15,841,418</b>
<b>Total liabilities and net assets</b>	<b>19,284,531</b>	<b>20,706,492</b>

## Semi-annual Non-consolidated Statements of Income

(Thousands of yen)

	For the six months ended December 31, 2023	For the six months ended December 31, 2024
Net sales	10,702,438	12,098,531
Cost of sales	4,870,706	5,484,832
Gross profit	5,831,731	6,613,699
Selling, general and administrative expenses	2,511,343	2,581,971
Operating profit	3,320,387	4,031,727
Non-operating income		
Interest income	1,101	1,831
Dividend income	228	245
Foreign exchange gains	-	18,482
Commission income	3,340	1,209
Other	1,068	3,428
Total non-operating income	5,738	25,197
Non-operating expenses		
Interest expenses	183	1,198
Foreign exchange losses	1,506	-
Extra retirement payments	-	33,600
Other	37	9,415
Total non-operating expenses	1,727	44,213
Ordinary profit	3,324,398	4,012,711
Extraordinary income		
Gain on sale of non-current assets	1,148	2,004
Total extraordinary income	1,148	2,004
Extraordinary losses		
Loss on sale and retirement of non-current assets	6,302	103
Total extraordinary losses	6,302	103
Profit before income taxes	3,319,244	4,014,612
Income taxes - current	1,088,430	1,308,221
Income taxes - deferred	(32,257)	(40,798)
Total income taxes	1,056,172	1,267,422
Profit	2,263,071	2,747,190

## Semi-annual Non-consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended December 31, 2023	For the six months ended December 31, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,319,244	4,014,612
Depreciation	199,952	263,239
Increase (decrease) in allowance for doubtful accounts	103	128
Increase (decrease) in provision for retirement benefits	37,108	41,582
Increase (decrease) in provision for retirement benefits for directors (and other officers)	8,234	222
Interest and dividend income	(1,329)	(2,076)
Foreign exchange losses (gains)	182	385
Interest expenses	183	1,198
Loss (gain) on sale and retirement of non-current assets	5,154	(1,901)
Decrease (increase) in trade receivables	(940,844)	(983,177)
Decrease (increase) in inventories	476,168	(87,106)
Increase (decrease) in trade payables	(187,043)	(277,807)
Decrease (increase) in prepaid expenses	134,348	108,993
Increase (decrease) in accounts payable - other	122,339	(61,908)
Increase (decrease) in accrued expenses	116,608	10,328
Increase (decrease) in contract liabilities	46,148	51,187
Other, net	83,183	(105,515)
Subtotal	3,419,744	2,972,386
Interest and dividends received	1,329	1,001
Interest paid	(183)	(123)
Income taxes paid	(866,754)	(868,013)
Net cash provided by (used in) operating activities	2,554,135	2,105,250
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(947,425)	(1,086,280)
Proceeds from sale of property, plant and equipment	4,112	3,182
Purchase of intangible assets	(26,487)	(31,983)
Loan advances	(70,510)	(271,091)
Proceeds from collection of loans receivable	60	-
Payments of leasehold and guarantee deposits	(18,655)	(26,719)
Proceeds from refund of leasehold and guarantee deposits	584	1,063
Payments of construction assistance fund receivables	-	(33,330)
Other, net	9,456	18,806
Net cash provided by (used in) investing activities	(1,048,865)	(1,426,352)
<b>Cash flows from financing activities</b>		
Repayments of long-term borrowings	(24,000)	(24,000)
Purchase of treasury shares	(988)	(235)
Dividends paid	(1,173,047)	(1,372,005)
Net cash provided by (used in) financing activities	(1,198,036)	(1,396,241)
Effect of exchange rate change on cash and cash equivalents	(182)	(385)
Net increase (decrease) in cash and cash equivalents	307,051	(717,728)
Cash and cash equivalents at beginning of period	3,573,825	5,137,452
Cash and cash equivalents at end of period	3,880,876	4,419,723