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February 10, 2023

## Summary of Consolidated Financial Results For the Third Quarter of the Year Ending March 2023 (Under Japanese GAAP)

Company name: LEC, Inc.  
 Stock exchange listing: Tokyo Stock Exchange, Prime Market  
 Stock code: 7874  
 URL: <https://www.lecinc.co.jp/en>  
 Representative: Takaki Nagamori, President  
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 Scheduled date for filing quarterly securities report: February 13, 2023  
 Scheduled date for Commencement of dividend payments: —  
 Supplementary information for the quarterly financial statements to be prepared: None  
 Meeting to explain the quarterly financial statements to be held: None

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

### 1. Consolidated Financial Results for the Third Quarter of the Year Ending March 2023

(April 01, 2022 - December 31, 2022)

#### (1) Consolidated Results of Operations (cumulative)

(Percentage figures denote change from the same period in the previous year)

	Sales		Operating Income		Ordinary Income		Net income attributable to owners of parent	
	Yen in million	%	Yen in million	%	Yen in million	%	Yen in million	%
3rd Quarter of the Year Ending March, 2023	41,933	6.8	1,267	(63.6)	1,370	(61.7)	1,247	(39.7)
3rd Quarter of the Year Ended March, 2022	39,255	2.0	3,483	(28.9)	3,574	(28.9)	2,067	(37.3)

Note: Comprehensive income    Third Quarter of the Year ending March 2023:    ¥1,436 million    [(30.8)%]  
 Third Quarter of the Year ended March 2022:    ¥2,077 million    [(42.1)%]

	Net income per share	Diluted net income per share
	Yen	Yen
3rd Quarter of the Year Ending March, 2023	36.07	35.73
3rd Quarter of the Year Ended March, 2022	60.18	59.57

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Yen in millions	Yen in millions	%
3rd Quarter of the Year Ending March 2023	86,850	36,508	39.9
Year Ended March 2022	74,602	35,753	45.5

Reference: Shareholders' Equity

Third Quarter of the Year Ending March 2023:

¥34,619 million

Year Ended March 2022

¥33,977 million

## 2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year Ended March 2022	—	17.00	—	13.00	30.00
Year Ending March 2023	—	10.00	—		
Year Ending March 2023 (Estimate)			—	10.00	20.00

Note: Changes from the latest forecasts released: None

## 3. Forecast for the Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(Percentage figures denote change from the same period in the previous year)

	Sales		Operating Income		Ordinary Income		Net income attributable to owners of parent		Net income per share
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen
Full Year	55,000	7.0	1,300	(59.5)	1,400	(57.7)	1,250	(45.2)	36.13

Note: Changes from the latest forecasts released: Yes

**\* Notes**

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

NEW : 0 Excluded : 1 (LEC Home Products Co.,Ltd)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements:  
None

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

(i) Changes in accounting policies due to revisions of accounting standards and other regulations: None

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury stock)

3rd Quarter of the Year Ending March 2023	38,165,340 shares
Year Ended March 2022	38,165,340 shares

(ii) Number of treasury stock at the end of the period

3rd Quarter of the Year Ending March 2023	3,501,447 shares
Year Ended March 2022	3,686,447 shares

(iii) Average number of issued shares during the period (cumulative from the beginning of the fiscal year)

3rd Quarter of the Year Ending March 2023	34,565,002 shares
3rd Quarter of the Year Ended March 2022	34,358,312 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Explanation of the appropriate use of business forecasts and other remarks

Business forecasts contained in this report are based on information available to the Company and on a certain assumption the Company considers reasonable on the date of this report's announcement, and it does not constitute the Company's intention to promise the accomplishment of the forecasts. Due to unforeseen circumstances, however, actual results may differ significantly from such forecasts due to various risks and uncertainties. For more information regarding assumptions made when formulating earnings projections and matters to note when using these projections, please see "(3)Explanation of Consolidated Earnings Forecasts and Other Projections" on page two of the accompanying materials.

In addition, the Company has introduced ESOP, and the Company shares owned by ESOP are included in treasury stock.

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## 1. Qualitative Information on Quarterly Financial Performance

### (1) Explanation of Operating Results

During 3Q of the fiscal year ending March 31, 2023, although there was a sudden spread of the COVID-19 caused by the omicron variant, the Japanese economy continued to recover as the government lifted its restrictions on movement. On the other hand, future prospects remain uncertain due to factors such as supply chain disruptions caused by the lockdown in China, increase in energy and raw material prices and the yen's depreciation, fluctuations in the financial and capital markets amid tightening monetary policy amid global inflationary pressure.

In the Household Products Business, the Lec Group belonging to, the business environment remained severe as consumers became more budget-minded due to the sharp depreciation of the yen and the rise in prices of energy and raw materials.

In this environment, the LEC Group focused on new product development and expanded its business by holding a new product presentation. We worked to strengthen our price competitiveness by renewing our products and reducing costs to cope with rising procurement costs due to the depreciation of the yen and soaring raw material prices, as well as rising transportation costs.

As a result of the above, net sales for 3Q of the fiscal year ending March 31, 2023 amounted to 41,933 million yen, (up 6.8% year on year). Operating income was 1,267 million yen (down 63.6% year on year) due to the depreciation of the yen and increases in various costs including raw materials and import expenses, and ordinary income was 1,370 million yen (down 61.7% year on year). Net income attributable to owners of parent was 1,247 million yen (down 39.7% year on year) due to subsidy income.

Results by product category are as follows.

(Millions of yen)

Product Category	Previous period Sep.30, 2021-Dec.31,2021	Current period Sep.30, 2022-Dec.31,2022	Year-over-year
Household products	16,934	18,013	6.4%
Cleaning·Sanitary consumables	15,369	16,798	9.3%
Others	6,951	7,120	2.4%
Total	39,255	41,933	6.8%

Notes: Representative products of each product category are as follows

Household products···Plastic products, Chemical synthetic products, Metal products, Textile products, etc.

Cleaning·Sanitary consumables···Paper·Water·Urethane cleaning consumables, Nonwoven fabric sanitary consumables, Detergents, etc.

Others···Anti-insect, Anti-virus products, Cosmetics, Home appliances, Food, etc.

### (2) Explanation of Financial Position

As of December 31, 2022, total assets increased 12,248 million yen from the end of the previous fiscal year to 86,850 million yen.

Current assets increased 12,782 million yen to 54,487 million yen. This was mainly due to an increase 7,303 million yen in cash and deposits, 2,707 million yen in notes and accounts receivable - trade, and 1,803 million yen in securities.

Non-current assets decreased 534 million yen to 32,363 million yen mainly due to 210 million yen decrease in investments and other assets, and 204 million yen decrease in intangible assets.

Liabilities increased 11,493 million yen from the end of the previous fiscal year to 50,342 million yen.

Current liabilities increased 2,069 million yen to 14,129 million yen. This was mainly due to an increase 1,000 million yen in short-term borrowings, and 768 million yen increase in current portion of long-term loans payable.

Non-current liabilities increased 9,423 million yen from the end of the previous fiscal year to 36,212 million yen mainly due to an increase 8,388 million yen in long-term borrowings.

Net assets increased 754 million yen from the end of the previous fiscal year to 36,508 million yen. This was mainly due to an increase 432 million yen in retained earnings.

### (3) Explanation of Consolidated Forecast and Other Forward-looking Statements

With regard to the earnings forecast for the fiscal year ending March 31, 2023, the full-year earnings forecast announced on August 5, 2022 has been revised based on the results for the third quarters of the current fiscal year.

**2. Quarterly Consolidated Financial Statements and Primary Notes****(1) Quarterly Consolidated Balance Sheet**

	(Millions of yen)	
	FY3/22	3Q of FY3/23
	(As of Mar. 31, 2022)	(As of Dec. 31, 2022)
Assets		
Current assets		
Cash and deposits	21,210	28,514
Notes and accounts receivable - trade	8,055	10,762
Securities	-	1,803
Merchandise and finished goods	7,582	8,918
Work in process	592	607
Raw materials and supplies	2,299	2,619
Other	2,004	1,270
Allowance for doubtful accounts	(40)	(8)
Total current assets	41,704	54,487
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,416	8,094
Machinery, equipment and vehicles, net	8,912	7,590
Other, net	8,350	9,875
Total property, plant and equipment	25,679	25,559
Intangible assets		
Goodwill	265	154
Other	688	595
Total intangible assets	953	749
Investments and other assets		
Investment securities	4,188	4,433
Other	2,081	1,622
Allowance for doubtful accounts	(6)	(0)
Total investments and other assets	6,264	6,054
Total non-current assets	32,897	32,363
Total assets	74,602	86,850

	(Millions of yen)	
	FY3/22	3Q of FY3/23
	(As of Mar. 31, 2022)	(As of Dec. 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	2,477	2,692
Short-term borrowings	200	1,200
Current portion of long-term borrowings	6,376	7,144
Income taxes payable	362	99
Provision for bonuses	387	188
Provision for disaster losses	35	35
Other	2,221	2,769
Total current liabilities	12,060	14,129
Non-current liabilities		
Long-term borrowings	25,204	33,592
Reserve for stock benefits	274	274
Retirement benefit liability	386	356
Asset retirement obligations	27	27
Other	895	1,960
Total non-current liabilities	26,788	36,212
Total liabilities	38,848	50,342
Net assets		
Shareholders' equity		
Share capital	5,491	5,491
Capital surplus	7,232	7,233
Retained earnings	21,445	21,878
Treasury shares	(2,240)	(2,108)
Total shareholders' equity	31,929	32,494
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,077	1,279
Deferred gains or losses on hedges	222	37
Foreign currency translation adjustment	784	838
Remeasurements of defined benefit plans	(35)	(31)
Total accumulated other comprehensive income	2,048	2,124
Subscription rights to shares	206	206
Non-controlling interests	1,570	1,682
Total net assets	35,753	36,508
Total liabilities and net assets	74,602	86,850

**(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**

## Quarterly Consolidated Statements of Income

For the Nine-month Period

(Millions of yen)

	First nine-month of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)	First nine-month of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)
Sales	39,255	41,933
Cost of sales	25,765	30,442
Gross profit	13,490	11,491
Selling, general and administrative expenses	10,006	10,223
Operating income	3,483	1,267
Non-operating income		
Interest income	15	12
Dividend income	65	89
Foreign exchange gains	-	52
Other	134	116
Total non-operating income	215	270
Non-operating expenses		
Interest expenses	67	104
Share of loss of entities accounted for using equity method	27	56
Foreign exchange losses	8	-
Other	20	5
Total non-operating expenses	124	167
Ordinary income	3,574	1,370
Extraordinary income		
Subsidy income	-	564
Gain on reversal of foreign currency translation adjustment	-	249
Total extraordinary income	-	813
Extraordinary losses		
Loss on retirement of non-current assets	4	3
Total extraordinary losses	4	3
Net income before income taxes	3,570	2,181
Income taxes-current	1,255	230
Income taxes – deferred	148	588
Total income taxes	1,404	819
Net income	2,166	1,361
Net income attributable to non-controlling interests	98	114
Net income attributable to owners of parent	2,067	1,247



Quarterly Consolidated Statement of Comprehensive Income  
For the Nine-month Period

(Millions of yen)

	First nine-month of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)	First nine-month of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)
Net income	2,166	1,361
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(258)	202
Deferred gains or losses on hedges	(68)	(186)
Foreign currency translation adjustment	231	54
Remeasurements of defined benefit plans, net of tax	6	3
Total other comprehensive income	(88)	74
<b>Comprehensive income</b>	<b>2,077</b>	<b>1,436</b>
(Breakdown)		
Comprehensive income attributable to owners of parent	1,979	1,323
Comprehensive income attributable to non-controlling interests	97	112

**(3) Notes to Quarterly Financial Statements**

**(Notes to going concern assumptions)**

None to be reported.

**(Notes in the event of significant changes in shareholders' equity)**

None to be reported.