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August 10, 2023

## Summary of Consolidated Financial Results For the First Quarter of the Year Ending March, 2024 (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: August 10, 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 First Quarter of the Year Ending March, 2024 (from April 01, 2023 to June 30, 2023)

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

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

	Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1st Quarter of the Year Ending March, 2024	14,861	11.3	611	(26.7)	683	(13.5)	364	(62.2)
1st Quarter of the Year Ended March, 2023	13,353	0.7	833	(36.2)	790	(42.8)	964	29.9

Note: Comprehensive income First Quarter of the Year ending March, 2024: ¥978 million [3.9%]  
First Quarter of the Year ended March, 2023: ¥942 million [4.3%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
1st Quarter of the Year Ending March, 2024	10.52	10.42
1st Quarter of the Year Ended March, 2023	27.96	27.69

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
1st Quarter of the Year Ending March, 2024	85,508	36,905	40.9
Year Ended March, 2023	84,316	36,279	40.8

Reference: Shareholders' Equity

First Quarter of the Year Ending March, 2024:

¥35,014 million

Year Ended March, 2023

¥34,432 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, 2023	—	10.00	—	10.00	20.00
Year Ending March, 2024	—				
Year Ending March, 2024 (Estimate)		10.00	—	10.00	20.00

Note: Changes from the latest forecasts released: None

## 3. Forecast for the Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2nd Quarter of the Year Ending March, 2024 (Cumulative)	29,300	9.2	900	(35.1)	950	(26.9)	530	(58.9)	15.28
Full Year	60,000	8.2	1,200	31.7	1,200	10.9	700	(25.7)	20.19

Note: Changes from the latest forecasts released: Yes

**\* Notes**

(1) Changes in significant subsidiaries during the period:None

(Changes in specified subsidiaries resulting in changes in the scope of consolidation)

NEW : 0

Excluded : 0

(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) Restatement: None

(4) Number of issued shares (common shares)

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

1st Quarter of the Year Ending March, 2024	38,165,340 shares
Year Ended March, 2023	38,165,340 shares

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

1st Quarter of the Year Ending March, 2024	3,486,692 shares
Year Ended March, 2023	3,497,492 shares

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

1st Quarter of the Year Ending March, 2024	34,668,797 shares
1st Quarter of the Year Ended March, 2023	34,478,893 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 Forecast and Other Forward-looking Statements" 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 the first quarter of the fiscal year ending March 31, 2024, the Japanese economy has been on a recovery trend due to the removal of restrictions on movement and the normalization of economic activities due to the transition of the classification of the COVID-19 to Category 5 under the Infectious Diseases Act. On the other hand, future prospects remain uncertain due to factors such as increase in energy and raw material prices due to the prolonged invasion of Ukraine 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 real wages have declined by rising prices.

In this environment, the LEC Group focused on the development of new products and expanded its business by holding a new product presentation. We worked to strengthen to reduce 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 the first quarter of the fiscal year ending March 31, 2024 amounted to 14,861 million yen, (up 11.3% year on year) due to increased sales of new products etc. Operating income was 611 million yen (down 26.7% year on year), and ordinary income was 683 million yen (down 13.5% year on year) due to the depreciation of the yen and increases in various costs including raw materials and import expenses. Net income attributable to owners of parent was 364 million yen (down 62.2% year on year).

Results by product category are as follows.

(Millions of yen)

Product Category	Previous period	Current period	Year-over-year
	Apr.01, 2022-Jun.30,2022	Apr.01, 2023-Jun.30,2023	
Household products	5,700	6,355	11.5%
Cleaning·Sanitary consumables	4,822	5,317	10.3%
Others	2,830	3,188	12.6%
Total	13,353	14,861	11.3%

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 June 30, 2023, total assets increased 1,191 million yen from the end of the previous fiscal year to 85,508 million yen.

Current assets increased 1,133 million yen to 53,319 million yen. This was mainly due to an increase 557 million yen in cash and deposits, 502 million yen in notes and accounts receivable – trade.

Non-current assets increased 57 million yen to 32,188 million yen mainly due to 435 million yen increase in investments and other assets, and 304 million yen decrease in property, plant and equipment.

Liabilities increased 565 million yen from the end of the previous fiscal year to 48,603 million yen.

Current liabilities increased 1,163 million yen to 12,642 million yen. This was mainly due to an increase 1,000 million yen in short-term borrowings.

Non-current liabilities decreased 597 million yen from the end of the previous fiscal year to 35,960 million yen mainly due to a decrease 787 million yen in long-term borrowings.

Net assets increased 625 million yen from the end of the previous fiscal year to 36,905 million yen. This was mainly due to an increase 569 million yen in accumulated other comprehensive income.

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

With regard to the earnings forecast for the fiscal year ending March 31, 2024, second quarters of the current fiscal year earnings forecast announced on May 12, 2023 has been revised based on the results for the first quarters of the current fiscal year.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheet

	(Millions of yen)	
	FY3/23	First quarter of FY3/24
	(As of Mar. 31, 2023)	(As of Jun. 30, 2023)
Assets		
Current assets		
Cash and deposits	26,510	27,068
Notes and accounts receivable - trade	9,713	10,216
Securities	1,802	1,501
Merchandise and finished goods	9,162	9,238
Work in process	657	553
Raw materials and supplies	2,665	2,656
Other	1,680	2,088
Allowance for doubtful accounts	(6)	(4)
Total current assets	52,185	53,319
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,083	7,947
Machinery, equipment and vehicles, net	7,151	6,779
Other, net	9,687	9,891
Total property, plant and equipment	24,922	24,618
Intangible assets		
Goodwill	117	80
Other	566	530
Total intangible assets	683	610
Investments and other assets		
Investment securities	5,031	5,564
Other	1,493	1,395
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	6,524	6,960
Total non-current assets	32,130	32,188
Total assets	84,316	85,508

	(Millions of yen)	
	FY3/23 (As of Mar. 31, 2023)	First quarter of FY3/24 (As of Jun. 30, 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable – trade	2,288	2,523
Short-term borrowings	200	1,200
Current portion of long-term borrowings	5,398	5,648
Income taxes payable	150	234
Provision for product warranties	8	6
Provision for bonuses	386	211
Provision for loss on disaster	35	35
Other	3,012	2,782
<b>Total current liabilities</b>	<b>11,479</b>	<b>12,642</b>
<b>Non-current liabilities</b>		
Long-term borrowings	34,055	33,268
Provision for share awards	273	270
Retirement benefit liability	361	350
Asset retirement obligations	27	27
Other	1,839	2,043
<b>Total non-current liabilities</b>	<b>36,558</b>	<b>35,960</b>
<b>Total liabilities</b>	<b>48,037</b>	<b>48,603</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	5,491	5,491
Capital surplus	7,211	7,211
Retained earnings	21,573	21,582
Treasury shares	(2,107)	(2,103)
<b>Total shareholders' equity</b>	<b>32,169</b>	<b>32,181</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,372	1,559
Deferred gains or losses on hedges	252	609
Foreign currency translation adjustment	681	706
Remeasurements of defined benefit plans	(43)	(42)
<b>Total accumulated other comprehensive income</b>	<b>2,263</b>	<b>2,833</b>
Share acquisition rights	206	206
Non-controlling interests	1,640	1,684
<b>Total net assets</b>	<b>36,279</b>	<b>36,905</b>
<b>Total liabilities and net assets</b>	<b>84,316</b>	<b>85,508</b>

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

## Quarterly Consolidated Statements of Income

For the Three-month Period

(Millions of yen)

	First three-months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)	First three-months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)
Sales	13,353	14,861
Cost of sales	9,238	10,765
Gross profit	4,114	4,095
Selling, general and administrative expenses	3,281	3,483
Operating income	833	611
Non-operating income		
Interest income	2	3
Dividend income	42	48
Subsidy income	0	35
Other	27	47
Total non-operating income	72	134
Non-operating expenses		
Interest expenses	26	44
Share of loss of entities accounted for using equity method	18	15
Foreign exchange losses	67	1
Other	2	0
Total non-operating expenses	115	62
Ordinary income	790	683
Extraordinary income		
Subsidy income	333	-
Gain on liquidation of subsidiaries and associates	97	-
Gain on reversal of foreign currency translation adjustment	249	-
Total extraordinary income	680	-
Extraordinary losses		
Loss on retirement of non-current assets	1	0
Total extraordinary losses	1	0
Net income before income taxes	1,468	683
Income taxes-current	70	203
Income taxes-deferred	393	73
Total income taxes	464	277
Net income	1,004	406
Net income attributable to non-controlling interests	40	41
Net income attributable to owners of parent	964	364



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

	(Millions of yen)	
	First three-months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)	First three-months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)
Net income	1,004	406
Other comprehensive income		
Valuation difference on available-for-sale securities	(87)	186
Deferred gains or losses on hedges	100	359
Foreign currency translation adjustment	(76)	25
Remeasurements of defined benefit plans, net of tax	1	1
Total other comprehensive income	(62)	572
Comprehensive income	942	978
(Breakdown)		
Comprehensive income attributable to owners of parent	901	934
Comprehensive income attributable to non-controlling interests	41	43

**(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.