

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	87,454	37,211	40.3
As of March 31, 2023	84,316	36,279	40.8

Reference: Shareholders' Equity

As of September 30, 2023:

¥35,260 million

As of March 31, 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 31, 2023	—	10.00	—	10.00	20.00
Year Ending March 31, 2024	—	10.00			
Year Ending March 31, 2024 (Estimate)			—	10.00	20.00

Note: Changes from the latest forecasts released: None

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

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
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: None

*** 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)

2nd Quarter of the Year Ending March 31, 2024	38,165,340 shares
Year Ended March 31, 2023	38,165,340 shares

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

2nd Quarter of the Year Ending March 31, 2024	3,296,692 shares
Year Ended March 31, 2023	3,497,492 shares

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

2nd Quarter of the Year Ending March 31, 2024	34,714,241 shares
2nd Quarter of the Year Ended March 31, 2023	34,515,286 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. 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 three 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 six months ended September 30, 2023, the Japanese economy has been on a moderate recovery trend due to progress in the normalization of economic activities following the removal of restrictions on movement caused by the COVID-19 pandemic. On the other hand, future prospects remain uncertain due to factors such as sustained high prices for energy and raw material caused by the prolonged invasion of Ukraine and the acceleration of the yen's depreciation associated with tightening monetary policy amid global inflationary pressure.

In the Household Products Business, the industry LEC Group belongs to, the business environment remained severe as consumers became more budget-minded due to real wages remaining in negative territory as a result of rising prices, despite improvement in the employment environment.

In this environment, the LEC Group focused on the development of character goods and daily necessities of choice that are tailored to the tastes of consumers, and expanded its business by holding promotional events including new product announcements. We also made company-wide efforts to reduce costs by updating products and revamping operational processes 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 during the six months ended September 30, 2023 amounted to 29,688 million yen, (up 10.7% year on year) due to increased sales of new products and other factors. Operating profit was 936 million yen (down 32.5% year on year) and ordinary profit was 1,038 million yen (down 20.0% year on year) due to the depreciation of the yen and increases in various costs including raw materials and import expenses. Profit attributable to owners of parent was 474 million yen (down 63.3% year on year).

Results by product category are as follows.

(Millions of yen)

Product Category	Previous period Apr.1, 2022-Sep.30, 2022	Current period Apr.1, 2023-Sep.30, 2023	Year-over-year
Household products	11,358	12,488	9.9%
Cleaning/Sanitary consumables	10,377	11,199	7.9%
Others	5,083	6,000	18.0%
Total	26,819	29,688	10.7%

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/virus products, Cosmetics, Home appliances, Food, Hobby and luxury grocery items, etc.

(2) Explanation of Financial Position

1) Assets, Liabilities and Net Assets

As of September 30, 2023, total assets increased 3,137 million yen from the end of the previous fiscal year to 87,454 million yen.

Current assets increased 2,845 million yen to 55,031 million yen, mainly due to increases of 4,013 million yen in cash and deposits and 1,156 million yen in notes and accounts receivable – trade, and a decrease of 1,301 million yen in securities.

Non-current assets increased 291 million yen to 32,422 million yen, mainly due to an 839 million yen increase in investments and other assets, and a 420 million yen decrease in property, plant and equipment.

Liabilities increased 2,205 million yen from the end of the previous fiscal year to 50,242 million yen.

Current liabilities decreased 2,989 million yen to 8,489 million yen. This was mainly due to a 3,000 million yen decrease in the current portion of long-term borrowings.

Non-current liabilities increased 5,194 million yen from the end of the previous fiscal year to 41,752 million yen, mainly due to a 5,225 million yen increase in long-term borrowings.

Net assets increased 931 million yen from the end of the previous fiscal year to 37,211 million yen. This was mainly due to a 546 million yen increase in accumulated other comprehensive income.

2) Cash Flows

As of September 30, 2023, cash and cash equivalents (hereinafter “cash”) increased 4,011 million yen from the end of the previous fiscal year to 18,417 million yen.

The details of cash flows from each activity and the major components of changes are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 2,898 million yen (compared with 3,136 million yen provided in the same period of the previous fiscal year). The main increasing factors were 1,987 million yen in depreciation and 1,038 million yen in profit before income taxes, while the major decreasing factor was a 1,141 million yen increase in trade receivables.

(Cash flows from investing activities)

Net cash used in investing activities was 964 million yen (compared with 1,348 million yen used in the same period of the previous fiscal year). The main increasing factor was 1,300 million in proceeds from sale and redemption of securities, while the major decreasing factor was 1,785 million yen for purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash provided by financing activities was 2,013 million yen (compared with 3,671 million yen provided in the same period of the previous fiscal year). This was mainly due to a net increase of 2,225 million yen in long-term borrowings.

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

No revisions have been made to the consolidated performance forecast for the full year ending March 31, 2024, which was announced on August 10, 2023.

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

	(Millions of yen)	
	FY3/23	Second quarter of FY3/24
	(As of Mar. 31, 2023)	(As of Sep. 30, 2023)
Assets		
Current assets		
Cash and deposits	26,510	30,524
Notes and accounts receivable - trade	9,713	10,870
Securities	1,802	500
Merchandise and finished goods	9,162	8,883
Work in process	657	526
Raw materials and supplies	2,665	2,382
Other	1,680	1,346
Allowance for doubtful accounts	(6)	(3)
Total current assets	52,185	55,031
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,083	7,998
Machinery, equipment and vehicles, net	7,151	6,424
Other, net	9,687	10,079
Total property, plant and equipment	24,922	24,502
Intangible assets		
Goodwill	117	43
Other	566	512
Total intangible assets	683	555
Investments and other assets		
Investment securities	5,031	5,969
Other	1,493	1,395
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	6,524	7,364
Total non-current assets	32,130	32,422
Total assets	84,316	87,454

	(Millions of yen)	
	FY3/23	Second quarter of FY3/24
	(As of Mar. 31, 2023)	(As of Sep. 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,288	2,068
Short-term borrowings	200	400
Current portion of long-term borrowings	5,398	2,398
Income taxes payable	150	581
Provision for product warranties	8	5
Provision for bonuses	386	398
Provision for loss on disaster	35	35
Other	3,012	2,601
Total current liabilities	11,479	8,489
Non-current liabilities		
Long-term borrowings	34,055	39,281
Provision for share awards	273	270
Retirement benefit liability	361	338
Asset retirement obligations	27	27
Other	1,839	1,835
Total non-current liabilities	36,558	41,752
Total liabilities	48,037	50,242
Net assets		
Shareholders' equity		
Share capital	5,491	5,491
Capital surplus	7,211	7,236
Retained earnings	21,573	21,691
Treasury shares	(2,107)	(1,968)
Total shareholders' equity	32,169	32,450
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,372	1,757
Deferred gains or losses on hedges	252	329
Foreign currency translation adjustment	681	764
Remeasurements of defined benefit plans	(43)	(40)
Total accumulated other comprehensive income	2,263	2,810
Share acquisition rights	206	206
Non-controlling interests	1,640	1,744
Total net assets	36,279	37,211
Total liabilities and net assets	84,316	87,454

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Quarterly Consolidated Statements of Income
For the Six-month Period

(Millions of yen)

	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)
Net sales	26,819	29,688
Cost of sales	18,782	21,576
Gross profit	8,037	8,111
Selling, general and administrative expenses	6,651	7,175
Operating profit	1,385	936
Non-operating income		
Interest income	5	29
Dividend income	42	48
Foreign exchange gains	-	38
Subsidy income	0	35
Reversal of allowance for doubtful accounts	29	-
Other	38	73
Total non-operating income	117	224
Non-operating expenses		
Interest expenses	60	90
Share of loss of entities accounted for using equity method	37	26
Foreign exchange losses	102	-
Other	4	4
Total non-operating expenses	204	121
Ordinary profit	1,298	1,038
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	2	0
Total extraordinary losses	2	0
Profit before income taxes	2,109	1,038
Income taxes - current	186	508
Income taxes - deferred	561	(45)
Total income taxes	747	462
Profit	1,362	575
Profit attributable to non-controlling interests	71	101
Profit attributable to owners of parent	1,290	474

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

	(Millions of yen)	
	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)
Profit	1,362	575
Other comprehensive income		
Valuation difference on available-for-sale securities	42	384
Deferred gains or losses on hedges	(223)	78
Foreign currency translation adjustment	65	82
Remeasurements of defined benefit plans, net of tax	2	2
Total other comprehensive income	(113)	548
Comprehensive income	1,249	1,124
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,179	1,020
Comprehensive income attributable to non-controlling interests	69	103

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)
Cash flows from operating activities		
Profit before income taxes	2,109	1,038
Depreciation	2,107	1,987
Amortization of goodwill	74	74
Share-based payment expenses	77	69
Increase (decrease) in allowance for doubtful accounts	(30)	(3)
Increase (decrease) in provision for bonuses	(2)	12
Increase (decrease) in provision for product warranties	-	(2)
Increase (decrease) in retirement benefit liability	(18)	(23)
Increase (decrease) in provision for share awards	-	(3)
Interest and dividend income	(48)	(77)
Interest expenses	60	90
Foreign exchange losses (gains)	(50)	(30)
Gain on reversal of foreign currency translation adjustment	(249)	-
Subsidy income	(564)	-
Decrease (increase) in trade receivables	(656)	(1,141)
Decrease (increase) in inventories	(368)	736
Decrease (increase) in other current assets	(11)	134
Increase (decrease) in trade payables	(58)	(236)
Increase (decrease) in other current liabilities	153	(83)
Other, net	69	34
Subtotal	2,592	2,577
Interest and dividends received	54	84
Interest paid	(61)	(95)
Income taxes paid	(285)	(90)
Income taxes refund	-	364
Proceeds from corporate attracting subsidy	241	-
Subsidies received	564	-
Other, net	31	58
Net cash provided by (used in) operating activities	3,136	2,898
Cash flows from investing activities		
Payments into time deposits	(4,212)	(874)
Proceeds from withdrawal of time deposits	6,212	889
Purchase of property, plant and equipment	(1,528)	(1,785)
Purchase of intangible assets	(21)	(19)
Proceeds from sale and redemption of securities	-	1,300
Purchase of short-term and long-term investment securities	(1,812)	(473)
Other, net	14	(0)
Net cash provided by (used in) investing activities	(1,348)	(964)

(Millions of yen)

	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)
Cash flows from financing activities		
Proceeds from short-term borrowings	2,400	1,600
Repayments of short-term borrowings	(1,400)	(1,400)
Proceeds from long-term borrowings	5,750	7,800
Repayments of long-term borrowings	(2,561)	(5,574)
Repayments of finance lease liabilities	(58)	(56)
Dividends paid	(458)	(355)
Net cash provided by (used in) financing activities	3,671	2,013
Effect of exchange rate change on cash and cash equivalents	207	63
Net increase (decrease) in cash and cash equivalents	5,668	4,011
Cash and cash equivalents at beginning of period	11,483	14,405
Cash and cash equivalents at end of period	17,151	18,417

(4) 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.