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February 9, 2024

## Summary of Consolidated Financial Results For the Third Quarter of the Year Ending March 31, 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>  
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Scheduled date for filing quarterly securities report: February 13, 2024  
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 31, 2024 (from April 1, 2023 to December 31, 2023)

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

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3rd Quarter of the Year Ending March 31, 2024	46,394	10.6	1,996	57.5	2,093	52.7	1,024	(17.9)
3rd Quarter of the Year Ended March 31, 2023	41,933	6.8	1,267	(63.6)	1,370	(61.7)	1,247	(39.7)

Note: Comprehensive income      Third Quarter of the Year ending March 31, 2024: ¥1,592 million      [10.9%]  
Third Quarter of the Year ended March 31, 2023: ¥1,436 million      [(30.8)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
3rd Quarter of the Year Ending March 31, 2024	29.46	29.18
3rd Quarter of the Year Ended March 31, 2023	36.07	35.73

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	88,536	37,321	39.9
As of March 31, 2023	84,316	36,279	40.8

Reference: Shareholders' Equity

As of December 31, 2023:

¥35,315 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	1,500	64.6	1,600	47.8	800	(15.1)	22.99

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)

3rd 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

3rd 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)

3rd Quarter of the Year Ending March 31, 2024	34,765,897 shares
3rd Quarter of the Year Ended March 31, 2023	34,565,002 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 nine months ended December 31, 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 the prolonged invasion of Ukraine, the deterioration of the situation in the Middle East region, sustained high prices for energy and raw materials, 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 initiatives such as the development of character goods of choice that are tailored to the tastes of consumers and the stable supply of products that respond to consumers' desire to save money, 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 higher procurement costs due to the depreciation of the yen and soaring raw material prices, as well as gradually rising domestic transportation costs.

As a result of the above, net sales during the nine months ended December 31, 2023 amounted to 46,394 million yen, (up 10.6% year on year) due to increased sales of new products and other factors. Operating profit was 1,996 million yen (up 57.5% year on year) and ordinary profit was 2,093 million yen (up 52.7% year on year) due to the effect of increased revenue and cost reduction, etc., despite increases in various costs including raw materials and import expenses. Profit attributable to owners of parent was 1,024 million yen (down 17.9% year on year).

Results by product category are as follows.

(Millions of yen)

Product Category	Previous period Apr.1, 2022-Dec.31, 2022	Current period Apr.1, 2023-Dec.31, 2023	Year-over-year
Household products	18,036	18,961	5.1%
Cleaning/Sanitary consumables	16,796	18,778	11.8%
Others	7,100	8,655	21.9%
Total	41,933	46,394	10.6%

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, etc.

### (2) Explanation of Financial Position

As of December 31, 2023, total assets increased 4,219 million yen from the end of the previous fiscal year to 88,536 million yen.

Current assets increased 4,280 million yen from the end of the previous fiscal year to 56,466 million yen, mainly due to increases of 4,638 million yen in cash and deposits and 2,265 million yen in notes and accounts receivable – trade, and a decrease of 1,802 million yen in securities.

Non-current assets decreased 60 million yen from the end of the previous fiscal year to 32,070 million yen, mainly due to a 1,176 million yen increase in investments and other assets, and a 1,039 million yen decrease in property, plant and equipment.

Liabilities increased 3,177 million yen from the end of the previous fiscal year to 51,215 million yen.

Current liabilities decreased 759 million yen from the end of the previous fiscal year to 10,720 million yen. This was mainly due to a 690 million yen increase in income taxes payable and a 1,350 million yen decrease in the current portion of long-term borrowings.

Non-current liabilities increased 3,936 million yen from the end of the previous fiscal year to 40,495 million yen, mainly due to a 4,043 million yen increase in long-term borrowings.

Net assets increased 1,041 million yen from the end of the previous fiscal year to 37,321 million yen. This was mainly due to a 490 million yen increase in valuation difference on available-for-sale securities and a 310 million yen increase in retained earnings.

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

There have been revisions made to the consolidated performance forecast for the full year ending March 31, 2024, which was announced on August 10, 2023, based on the results for the first nine months of the current fiscal year.

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

(Millions of yen)

	FY3/23 (As of Mar. 31, 2023)	Third quarter of FY3/24 (As of Dec. 31, 2023)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	26,510	31,149
Notes and accounts receivable - trade	9,713	11,979
Securities	1,802	—
Merchandise and finished goods	9,162	9,473
Work in process	657	569
Raw materials and supplies	2,665	2,285
Other	1,680	1,012
Allowance for doubtful accounts	(6)	(3)
<b>Total current assets</b>	<b>52,185</b>	<b>56,466</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	8,083	7,861
Machinery, equipment and vehicles, net	7,151	6,080
Other, net	9,687	9,941
<b>Total property, plant and equipment</b>	<b>24,922</b>	<b>23,883</b>
<b>Intangible assets</b>		
Goodwill	117	6
Other	566	478
<b>Total intangible assets</b>	<b>683</b>	<b>485</b>
<b>Investments and other assets</b>		
Investment securities	5,031	6,278
Other	1,493	1,423
Allowance for doubtful accounts	(0)	(0)
<b>Total investments and other assets</b>	<b>6,524</b>	<b>7,701</b>
<b>Total non-current assets</b>	<b>32,130</b>	<b>32,070</b>
<b>Total assets</b>	<b>84,316</b>	<b>88,536</b>

(Millions of yen)

	FY3/23 (As of Mar. 31, 2023)	Third quarter of FY3/24 (As of Dec. 31, 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	2,288	2,452
Short-term borrowings	200	400
Current portion of long-term borrowings	5,398	4,048
Income taxes payable	150	840
Provision for product warranties	8	7
Provision for bonuses	386	191
Provision for loss on disaster	35	35
Other	3,012	2,743
<b>Total current liabilities</b>	<b>11,479</b>	<b>10,720</b>
<b>Non-current liabilities</b>		
Long-term borrowings	34,055	38,099
Provision for share awards	273	270
Retirement benefit liability	361	312
Asset retirement obligations	27	27
Other	1,839	1,784
<b>Total non-current liabilities</b>	<b>36,558</b>	<b>40,495</b>
<b>Total liabilities</b>	<b>48,037</b>	<b>51,215</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	5,491	5,491
Capital surplus	7,211	7,236
Retained earnings	21,573	21,883
Treasury shares	(2,107)	(1,968)
<b>Total shareholders' equity</b>	<b>32,169</b>	<b>32,643</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,372	1,863
Deferred gains or losses on hedges	252	2
Foreign currency translation adjustment	681	846
Remeasurements of defined benefit plans	(43)	(39)
<b>Total accumulated other comprehensive income</b>	<b>2,263</b>	<b>2,672</b>
Share acquisition rights	206	206
Non-controlling interests	1,640	1,799
<b>Total net assets</b>	<b>36,279</b>	<b>37,321</b>
<b>Total liabilities and net assets</b>	<b>84,316</b>	<b>88,536</b>



**(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 months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)	First nine months of FY3/24 (Apr. 1, 2023 – Dec. 31, 2023)
Net sales	41,933	46,394
Cost of sales	30,442	33,340
Gross profit	11,491	13,054
Selling, general and administrative expenses	10,223	11,058
Operating profit	1,267	1,996
Non-operating income		
Interest income	12	35
Dividend income	89	98
Foreign exchange gains	52	—
Subsidy income	0	66
Other	115	94
Total non-operating income	270	295
Non-operating expenses		
Interest expenses	104	147
Share of loss of entities accounted for using equity method	56	29
Foreign exchange losses	—	0
Other	5	20
Total non-operating expenses	167	198
Ordinary profit	1,370	2,093
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	3	16
Total extraordinary losses	3	16
Profit before income taxes	2,181	2,076
Income taxes - current	230	887
Income taxes - deferred	588	5
Total income taxes	819	892
Profit	1,361	1,184
Profit attributable to non-controlling interests	114	159
Profit attributable to owners of parent	1,247	1,024

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

	(Millions of yen)	
	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)	First nine months of FY3/24 (Apr. 1, 2023 – Dec. 31, 2023)
Profit	1,361	1,184
Other comprehensive income		
Valuation difference on available-for-sale securities	202	490
Deferred gains or losses on hedges	(186)	(250)
Foreign currency translation adjustment	54	164
Remeasurements of defined benefit plans, net of tax	3	4
Total other comprehensive income	74	408
Comprehensive income	1,436	1,592
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,323	1,432
Comprehensive income attributable to non-controlling interests	112	159

**(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.