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August 9, 2024

## Summary of Consolidated Financial Results For the First Quarter of the Year Ending March 31, 2025 (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: Mitsuo Aoki, Chairperson and President  
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 Scheduled date for commencement of dividend payments: —  
 Supplementary information for the financial statements to be prepared: None  
 Meeting to explain the 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 31, 2025 (from April 1, 2024 to June 30, 2024)

#### (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	%
1st Quarter of the Year Ending March 31, 2025	16,104	8.4	886	45.1	1,139	66.6	811	122.6
1st Quarter of the Year Ended March 31, 2024	14,861	11.3	611	(26.7)	683	(13.5)	364	(62.2)

Note: Comprehensive income  
 First Quarter of the Year ending March 31, 2025: ¥835 million [(14.6)%]  
 First Quarter of the Year ended March 31, 2024: ¥978 million [3.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
1st Quarter of the Year Ending March 31, 2025	23.29	23.08
1st Quarter of the Year Ended March 31, 2024	10.52	10.42

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	86,750	37,527	41.5
As of March 31, 2024	89,244	37,593	39.8

Reference: Shareholders' Equity  
 As of June 30, 2024: ¥35,962 million  
 As of March 31, 2024: ¥35,559 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, 2024	—	10.00	—	10.00	20.00
Year Ending March 31, 2025	—				
Year Ending March 31, 2025 (Estimate)		10.00	—	10.00	20.00

Note: Changes from the latest forecasts released: None

## 3. Forecast for the Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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
First half	31,600	6.4	1,000	6.8	1,200	15.5	820	72.9	23.54
Full Year	64,000	5.3	1,500	(7.9)	1,650	(2.2)	1,000	25.6	28.73

Note: Changes from the latest forecasts released: Yes

\* Notes

(1) Significant changes in the scope of consolidation during the period: None

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 31, 2025	38,165,340 shares
Year Ended March 31, 2024	38,165,340 shares

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

1st Quarter of the Year Ending March 31, 2025	3,373,892 shares
Year Ended March 31, 2024	3,294,292 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 31, 2025	34,854,934 shares
1st Quarter of the Year Ended March 31, 2024	34,668,797 shares

\* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

\* 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.

Accompanying Materials — Contents

1. Qualitative Information on Quarterly Financial Performance .....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Position .....	2
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements .....	3
2. Quarterly Consolidated Financial Statements and Primary Notes .....	4
(1) Quarterly Consolidated Balance Sheet.....	4
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income.....	6
Quarterly Consolidated Statement of Income .....	6
For the Three-month Period .....	6
Quarterly Consolidated Statement of Comprehensive Income .....	7
For the Three-month Period .....	7
(3) Notes to Quarterly Financial Statements.....	8
(Notes to going concern assumptions).....	8
(Notes in the event of significant changes in shareholders' equity) .....	8
(Notes to segment information, etc.).....	8
(Notes on the statements of cash flows).....	8

## 1. Qualitative Information on Quarterly Financial Performance

### (1) Explanation of Operating Results

During the three months ended June 30, 2024, the Japanese economy continued on a moderate recovery trend, supported by improvements in the employment and income environment and demand from travelers to Japan. However, the outlook remained uncertain due to factors such as prolonged conflicts in Ukraine and the Middle East leading to soaring energy and raw material prices, rapid fluctuations in the foreign exchange market, and economic slowdown in China among other factors.

In the Household Products Business, the industry LEC Group belongs to, the business environment remained severe as consumers' budget-mindedness intensified. This was due to factors such as the prolonged negative real wage situation where wage increases failed to keep pace with rising prices, despite gradual improvements in the employment and income environment.

In this environment, the LEC Group focused on developing various character goods of choice tailored to the tastes of consumers and products that meet the needs of budget-conscious consumers. The Group also aimed to expand its business through active promotional activities, including new product announcements. Additionally, as procurement costs remained high due to the depreciation of the yen and rising raw material prices, and various expenses including transportation costs continued to rise, we continued to focus on improving productivity by updating products and revamping production process, striving to reduce costs.

As a result of the above, net sales during the three months ended June 30, 2024, amounted to 16,104 million yen (up 8.4% year on year), due to increased sales of new character-related goods and other products. Despite increases in various costs including those related to the weak yen, raw materials, and import expenses, operating profit was 886 million yen (up 45.1% year on year) and ordinary profit was 1,139 million yen (up 66.6% year on year) due to improved profit margins resulting from the effect of increased revenue. Profit attributable to owners of parent was 811 million yen (up 122.6% year on year), partly due to a decrease in tax expenses resulting from a reduction in the valuation allowance following the decision to dissolve a consolidated subsidiary.

Results by product category are as follows.

(Millions of yen)

Product Category	Previous period Apr. 1, 2023 - Jun. 30, 2023	Current period Apr. 1, 2024 - Jun. 30, 2024	Year-over-year
Household products	6,355	6,752	6.2%
Cleaning/Sanitary consumables	5,317	6,064	14.1%
Others	3,188	3,287	3.1%
Total	14,861	16,104	8.4%

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 June 30, 2024, total assets decreased 2,494 million yen from the end of the previous fiscal year to 86,750 million yen.

Current assets decreased 4,085 million yen from the end of the previous fiscal year to 53,370 million yen, mainly due to a decrease of 4,155 million yen in cash and deposits.

Non-current assets increased 1,590 million yen from the end of the previous fiscal year to 33,379 million yen, mainly due to a 2,759 million yen increase in intangible assets, and decreases of 669 million yen in property, plant and equipment and 498 million yen in investments and other assets.

Liabilities decreased 2,427 million yen from the end of the previous fiscal year to 49,222 million yen.

Current liabilities decreased 2,620 million yen from the end of the previous fiscal year to 9,491 million yen. This was mainly due to decreases of 1,403 million yen in current portion of long-term borrowings, 436 million yen in income taxes payable, and 400 million yen in short-term borrowings.

Non-current liabilities increased 192 million yen from the end of the previous fiscal year to 39,731 million yen, mainly due to a 369 million yen increase in long-term borrowings.

Net assets decreased 66 million yen from the end of the previous fiscal year to 37,527 million yen, mainly due to a 462 million yen increase in retained earnings and a 436 million yen decrease in non-controlling interests.

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

There have been revisions made to the consolidated performance forecasts for the first half and the full year ending March 31, 2025, which were announced on May 10, 2024, based on the results for the three months ended June 30, 2024.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	FY3/24 As of Mar. 31, 2024	First quarter of FY3/25 As of Jun. 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	33,001	28,845
Notes and accounts receivable - trade	10,686	11,318
Securities	470	770
Merchandise and finished goods	9,457	8,778
Work in process	619	652
Raw materials and supplies	2,317	2,176
Other	907	828
Allowance for doubtful accounts	(4)	(0)
<b>Total current assets</b>	<b>57,455</b>	<b>53,370</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,831	7,721
Machinery, equipment and vehicles, net	5,752	5,572
Other, net	9,712	9,334
<b>Total property, plant and equipment</b>	<b>23,296</b>	<b>22,627</b>
Intangible assets		
Goodwill	4	2,802
Other	461	422
<b>Total intangible assets</b>	<b>465</b>	<b>3,224</b>
Investments and other assets		
Investment securities	6,645	6,151
Other	1,380	1,376
Allowance for doubtful accounts	(0)	(0)
<b>Total investments and other assets</b>	<b>8,026</b>	<b>7,527</b>
<b>Total non-current assets</b>	<b>31,788</b>	<b>33,379</b>
<b>Total assets</b>	<b>89,244</b>	<b>86,750</b>

(Millions of yen)

	FY3/24 As of Mar. 31, 2024	First quarter of FY3/25 As of Jun. 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,242	2,342
Short-term borrowings	400	—
Current portion of long-term borrowings	5,303	3,900
Income taxes payable	790	353
Provision for product warranties	34	8
Provision for bonuses	404	213
Provision for loss on disaster	35	35
Other	2,901	2,637
<b>Total current liabilities</b>	<b>12,111</b>	<b>9,491</b>
Non-current liabilities		
Long-term borrowings	37,030	37,400
Provision for share awards	269	267
Retirement benefit liability	312	302
Asset retirement obligations	27	27
Other	1,898	1,733
<b>Total non-current liabilities</b>	<b>39,539</b>	<b>39,731</b>
<b>Total liabilities</b>	<b>51,650</b>	<b>49,222</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,491	5,491
Capital surplus	7,236	7,213
Retained earnings	21,655	22,118
Treasury shares	(1,967)	(2,027)
<b>Total shareholders' equity</b>	<b>32,415</b>	<b>32,795</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,425	2,296
Deferred gains or losses on hedges	2	5
Foreign currency translation adjustment	759	906
Remeasurements of defined benefit plans	(43)	(42)
<b>Total accumulated other comprehensive income</b>	<b>3,143</b>	<b>3,167</b>
Share acquisition rights	206	173
Non-controlling interests	1,828	1,391
<b>Total net assets</b>	<b>37,593</b>	<b>37,527</b>
<b>Total liabilities and net assets</b>	<b>89,244</b>	<b>86,750</b>



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

(Millions of yen)

	First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)	First three months of FY3/25 (Apr. 1, 2024 – Jun. 30, 2024)
Net sales	14,861	16,104
Cost of sales	10,765	11,809
Gross profit	4,095	4,295
Selling, general and administrative expenses	3,483	3,409
Operating profit	611	886
Non-operating income		
Interest income	3	9
Dividend income	48	61
Foreign exchange gains	—	96
Subsidy income	35	—
Other	47	145
Total non-operating income	134	312
Non-operating expenses		
Interest expenses	44	56
Share of loss of entities accounted for using equity method	15	—
Foreign exchange losses	1	—
Other	0	2
Total non-operating expenses	62	59
Ordinary profit	683	1,139
Extraordinary losses		
Loss on retirement of non-current assets	0	—
Loss on sale of shares of subsidiaries and associates	—	145
Total extraordinary losses	0	145
Profit before income taxes	683	994
Income taxes - current	203	310
Income taxes - deferred	73	(127)
Total income taxes	277	182
Profit	406	811
Profit attributable to non-controlling interests	41	(0)
Profit attributable to owners of parent	364	811

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

(Millions of yen)

	First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)	First three months of FY3/25 (Apr. 1, 2024 – Jun. 30, 2024)
Profit	406	811
Other comprehensive income		
Valuation difference on available-for-sale securities	186	(128)
Deferred gains or losses on hedges	359	3
Foreign currency translation adjustment	25	147
Remeasurements of defined benefit plans, net of tax	1	1
Total other comprehensive income	572	23
Comprehensive income	978	835
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	934	835
Comprehensive income attributable to non-controlling interests	43	0

**(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.

(Notes to segment information, etc.)

The Group is mainly engaged in the planning, manufacture, and sale of Household products. Accordingly, the segment information is omitted because the Group has a single segment, the "Household products and Apparel Business."

(Notes on the statements of cash flows)

The Company has not prepared quarterly consolidated statements of cash flows for the first three months of the fiscal year ending March 31, 2025. However, depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the first three-month period are as follows:

	(Millions of yen)	
	First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)	First three months of FY3/25 (Apr. 1, 2024 – Jun. 30, 2024)
Depreciation	928	756
Amortization of goodwill	37	2