

Summary of Financial Statements for the Second Quarter of the Year Ending December 31, 2022 (J-GAAP) (Consolidated)

August 9, 2022

Company **Segue Group Co., Ltd.**
 Stock Code 3968 URL: <https://segue-g.jp/>
 Representative Yasuyuki Aisu, President and CEO
 Contact Yasuhiro Fukuda, CFO
 Expected date of filing of quarterly report: August 12, 2022
 Expected starting date of dividend payment: -
 Preparation of quarterly supplementary financial document: Yes
 Quarterly results briefing: Yes (for institutional investors and analysts)

Stock Exchange: Tokyo Stock Exchange

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(Rounded down to million yen)

1. Consolidated business results for the six months ended June 2022 (January 1, 2022 through June 30, 2022)

(1) Consolidated results of operations (Percentages indicate year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q2 FY 2022	6,003	2.0	330	32.2	458	57.7	416	129.3
Q2 FY 2021	5,885	17.1	249	-21.4	290	-13.0	181	-22.9

(Note) Comprehensive income

Q2 FY 2022: 405 million yen (150.5%)

Q2 FY 2021: 161 million yen (-23.7%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Q2 FY 2022	37.29		36.89	
Q2 FY 2021	15.83		15.59	

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Q2 FY 2022	10,127	3,355	32.5
FY 2021	8,625	3,199	36.5

(Reference) Shareholders' equity:

Q2 FY 2022: 3,292 million yen

FY 2021: 3,144 million yen

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2021	-	0.00	-	16.00	16.00
FY 2022	-	0.00	-	16.00	16.00
FY 2022 (forecast)	-	-	-	16.00	16.00

(Note) Revisions to dividend forecast for the current quarter: None

3. Forecast of consolidated business results for the fiscal year ending December 2022 (January 1, 2022 through December 31, 2022)

(Percentages indicate year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	13,300	10.5	760	19.0	804	17.3	656	44.4	58.75

(Note) Revisions to business forecast for the current quarter: Yes

***Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None

(2) Application of accounting procedures specific to preparation of the consolidated quarterly financial statements: None

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

① Changes in accounting policies associated with revision of accounting standards: : Yes

② Changes in accounting policies other than ① : None

③ Changes in accounting estimates : None

④ Restatement : None

(4) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included)

Q2 FY 2022 11,687,541 shares

FY 2021 11,640,235 shares

② Treasury stock at the end of period

Q2 FY 2022 500,889 shares

FY 2021 389,889 shares

③ Average number of stock during period (quarterly cumulative period)

Q2 FY 2022 11,177,841 shares

Q2 FY 2021 11,479,112 shares

***Quarterly financial summary is not subject to auditing procedures by certified public accountants or auditing firms.**

***Explanation regarding appropriate use of business forecasts and other special instructions**

Forecasts regarding future performance in this material are based on information currently available to the company and certain assumptions that the company deems to be reasonable at the time this report was prepared. The Company does not promise about the achievements. Actual results may differ significantly from the forecasts due to various factors.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheets

(Thousand yen)

	FY 2021 (December 31, 2021)	Q2 FY 2022 (June 30, 2022)
Assets		
Current assets		
Cash and deposits	1,351,896	2,981,991
Notes and accounts receivable - trade	1,885,831	1,314,313
Electronically recorded monetary claims	192,585	170,956
Inventories	2,376,649	2,522,527
Advance payments - trade	568,623	786,143
Accounts receivable - other	650,197	975,452
Other	211,462	115,219
Allowance for doubtful accounts	-672	-1,146
Total current assets	7,236,574	8,865,458
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	72,295	76,395
Accumulated depreciation	-30,226	-32,215
Buildings and structures, net	42,068	44,179
Automotive equipment	3,076	3,076
Accumulated depreciation	-2,799	-2,865
Vehicles, net	276	211
Tools, furniture and fixtures	929,541	959,580
Accumulated depreciation	-763,037	-797,299
Tools, furniture and fixtures, net	166,503	162,280
Land	639	639
Total property, plant and equipment	209,488	207,310
Intangible assets		
Goodwill	68,543	56,708
Software	96,256	75,870
Software in progress	-	2,705
Other	1,209	1,209
Total intangible assets	166,009	136,493
Investments and other assets		
Investment securities	665,372	516,044
Long-term guarantee deposits	116,129	119,702
Deferred tax assets	119,841	168,835
Insurance funds	90,791	92,289
Other	21,092	21,111
Total investments and other assets	1,013,227	917,983
Total noncurrent assets	1,388,725	1,261,788
Total assets	8,625,300	10,127,247

(Thousand yen)

	FY 2021 (December 31, 2021)	Q2 FY 2022 (June 30, 2022)
Liabilities		
Current liabilities		
Accounts payable-trade	1,605,773	1,452,336
Short-term debt	500,000	-
Current portion of long-term loans payable	1,830	250,520
Accounts payable	89,648	79,717
Accrued expenses	196,954	302,709
Income taxes payable	107,196	287,090
Accrued consumption taxes	58,967	69,255
Provision for bonuses	2,897	9,137
Provision for bonuses for directors (and other officers)	2,775	-
Advances received	2,472,648	3,044,120
Other	62,434	153,060
Total current liabilities	5,101,125	5,647,947
Noncurrent liabilities		
Long-term debt	-	777,500
Retirement benefit liability	222,713	236,270
Provision for share-based remuneration	35,676	43,026
Long-term accounts payable - other	66,598	66,598
Total noncurrent liabilities	324,988	1,123,395
Total liabilities	5,426,113	6,771,343
Net assets		
Shareholders' equity		
Capital stock	514,766	517,345
Capital surplus	287,266	289,697
Retained earnings	2,665,851	2,902,771
Treasury shares	-302,514	-384,091
Total shareholders' equity	3,165,371	3,325,722
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-22,551	-38,137
Deferred gains or losses on hedges	1,673	5,401
Total accumulated other comprehensive income	-20,877	-32,736
Share subscription rights	54,693	62,918
Total net assets	3,199,186	3,355,904
Total liabilities and net assets	8,625,300	10,127,247

(2) Quarterly Consolidated Statements of Income and Statements of Comprehensive Income

Quarterly Consolidated Statement of Income

Second Quarter

(Thousand yen)

	Q2 FY 2021 (January 1, 2021- June 30, 2021)	Q2 FY 2022 (January 1, 2022- June 30, 2022)
Net sales	5,885,431	6,003,481
Cost of sales	4,408,183	4,366,909
Gross profit	1,477,247	1,636,572
Selling, general and administrative expenses	1,227,364	1,306,307
Operating income	249,883	330,264
Non-operating income		
Interest income and dividends	8	5
Foreign exchange gain	33,560	154,361
Surrender value of insurance	1,518	1,387
Subsidy income	1,983	2,256
Compensation income	9,595	-
Other	1,293	315
Total non-operating income	47,960	158,325
Non-operating expenses		
Interest expenses	108	4,076
Loss on sales of investment securities	-	24,580
Guarantee commission	120	195
Stock issuance cost	180	240
Expenses for customer compensation, etc.	6,436	-
Other	24	531
Total non-operating expenses	6,869	29,623
Ordinary income	290,974	458,966
Extraordinary income		
Gains on sales of investment securities	-	174,104
Total extraordinary income	-	174,104
Profit before income taxes	290,974	633,071
Income taxes	138,620	272,949
Income taxes-deferred	-29,465	-56,803
Total income tax	109,154	216,145
Net income	181,819	416,925
Net income attributable to owners of non-controlling shareholders	-	-
Net income attributable to owners of parent	181,819	416,925

Quarterly Consolidated Statement of Comprehensive Income

Second Quarter

(Thousand yen)

	Q2 FY 2021 (January 1, 2021- June 30, 2021)	Q2 FY 2022 (January 1, 2022- June 30, 2022)
Net income	181,819	416,925
Other comprehensive income		
Valuation difference on available-for-sale securities	-21,637	-15,586
Deferred gains or losses on hedges	1,552	3,728
Total other comprehensive income	-20,085	-11,858
Comprehensive income	161,734	405,067
Breakdown		
Comprehensive income attributable to owners of parent	161,734	405,067
Comprehensive income attributable to owners of non-controlling shareholders	-	-