

Summary of Business Results for the Year Ended December 31, 2022 (J-GAAP) (Consolidated)

February 13, 2023

Company **Segue Group Co., Ltd.**
 Stock Code 3968 URL: <https://segue-g.jp/>
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Stock Exchange: Tokyo Stock Exchange

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Expected date of annual shareholders' meeting: March 28, 2023

Expected starting date of dividend payment: March 29, 2023

Expected date of filing of annual securities report: March 29, 2023

Preparation of supplementary financial document: Yes

Results briefing: Yes (for institutional investors and analysts)

(Rounded down to million yen)

1. Consolidated business results for the fiscal year ended December 2022 (January 1, 2022 through December 31, 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	%
FY 2022	13,622	13.2	906	41.9	1,050	53.1	743	63.5
FY 2021	12,038	9.5	638	-24.3	686	-21.5	454	-28.3

(Note) Comprehensive income:

FY 2022: 714 million yen (88.2%)

FY 2021: 379 million yen (-34.8%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY 2022	66.47	65.79	22.0	10.6	6.7
FY 2021	39.62	39.07	14.5	8.7	5.3

(Reference) Investment earnings/loss on equity-method:

FY 2022: -million yen

FY 2021: -million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2022	11,252	3,685	32.0	322.14
FY 2021	8,625	3,199	36.5	279.50

(Reference) Shareholders' equity:

FY 2022: 3,603 million yen

FY 2021: 3,144 million yen

(3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
FY 2022	1,125	84	453	3,107
FY 2021	-151	-254	17	1,351

2. Dividends

	Annual dividend					Total dividends paid (total)	Payout ratio (consolidated)	Ratio of dividend paid to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Yen	%	Yen
FY 2021	-	0.00	-	16.00	16.00	182	40.0	5.8
FY 2022	-	0.00	-	18.00	18.00	203	27.4	6.0
FY 2023 (forecast)	-	15.00	-	15.00	30.00		50.0	

3. Forecast of consolidated business results for the year ending December 2023

(January 1, 2023 through December 31, 2023)

(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	15,700	15.2	1,000	10.3	1,000	-4.8	679	-8.6	60.05

*Notes

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

(2) 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 : Yes
- ④ Restatement : None

(3) Shares outstanding (common stock)

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

FY 2022	11,687,541 shares
FY 2021	11,640,235 shares

② Treasury stock at the end of period:

FY 2022	500,889 shares
FY 2021	389,889 shares

③ Average number of stock during period (cumulative period)

FY 2022	11,182,246 shares
FY 2021	11,475,283 shares

***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 achievement. Actual results may differ significantly from the forecasts due to various factors.
- The Company plans to hold a results briefing for institutional investors and analysts on Monday, February 27, 2023. The materials distributed at the results meeting are scheduled to be posted on the Company's website promptly after the meeting.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheets

(Thousand yen)

	FY 2021 (As of December 31, 2021)	FY 2022 (As of December 31, 2022)
Assets		
Current assets		
Cash and deposits	1,351,896	2,989,746
Notes and accounts receivable - trade	1,885,831	2,286,253
Electronically recorded monetary claims	192,585	74,499
Investment securities	-	117,554
Inventories	2,376,649	3,103,744
Advance payments - trade	568,623	860,344
Accounts receivable - other	650,197	423,669
Other	211,462	121,582
Allowance for doubtful accounts	-672	-1,681
Total current assets	7,236,574	9,975,712
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	72,295	79,116
Accumulated depreciation	-30,226	-34,341
Buildings and structures, net	42,068	44,774
Automotive equipment	3,076	7,881
Accumulated depreciation	-2,799	-3,545
Vehicles, net	276	4,336
Tools, furniture and fixtures	929,541	1,023,560
Accumulated depreciation	-763,037	-860,008
Tools, furniture and fixtures, net	166,503	163,552
Leased assets	-	44,318
Accumulated depreciation	-	-9,378
Leased assets, net	-	34,940
Land	639	639
Total property, plant and equipment	209,488	248,243
Intangible assets		
Goodwill	68,543	191,968
Software	96,256	54,271
Software in progress	-	10,728
Other	1,209	1,209
Total intangible assets	166,009	258,177
Investments and other assets		
Investment securities	665,372	343,148
Long-term guarantee deposits	116,129	132,424
Deferred tax assets	119,841	155,101
Insurance funds	90,791	102,633
Other	21,092	36,696
Total investments and other assets	1,013,227	770,004
Total noncurrent assets	1,388,725	1,276,426
Total assets	8,625,300	11,252,138

(Thousand yen)

	FY 2021 (As of December 31, 2021)	FY 2022 (As of December 31, 2022)
Liabilities		
Current liabilities		
Accounts payable-trade	1,605,773	1,885,629
Short-term debt	500,000	37,924
Current portion of long-term loans payable	1,830	250,000
Lease obligations	-	10,224
Accounts payable	89,648	158,267
Accrued expenses	196,954	224,958
Income taxes payable	107,196	337,627
Accrued consumption taxes	58,967	148,497
Provision for bonuses	2,897	5,275
Provision for bonuses for directors (and other officers)	2,775	16,100
Advances received	2,472,648	3,137,701
Other provisions	-	2,103
Other	62,434	152,693
Total current liabilities	5,101,125	6,367,003
Noncurrent liabilities		
Long-term debt	-	804,500
Retirement benefit liability	222,713	245,560
Provision for share-based remuneration	35,676	55,113
Long-term accounts payable - other	66,598	67,568
Lease obligations	-	27,374
Total noncurrent liabilities	324,988	1,200,117
Total liabilities	5,426,113	7,567,120
Net assets		
Shareholders' equity		
Capital stock	514,766	517,345
Capital surplus	287,266	289,697
Retained earnings	2,665,851	3,229,170
Treasury shares	-302,514	-384,091
Total shareholders' equity	3,165,371	3,652,120
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-22,551	-30,158
Deferred gains or losses on hedges	1,673	-12,354
Foreign currency translation adjustment	-	-5,884
Total accumulated other comprehensive income	-20,877	-48,398
Share subscription rights	54,693	62,918
Non-controlling interests	-	18,377
Total net assets	3,199,186	3,685,017
Total liabilities and net assets	8,625,300	11,252,138

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

Consolidated Statement of Income

(Thousand yen)

	FY 2021 (January 1, 2021- December 31, 2021)	FY 2022 (January 1, 2022- December 31, 2022)
Net sales	12,038,775	13,622,780
Cost of sales	8,947,162	10,063,642
Gross profit	3,091,612	3,559,137
Selling, general and administrative expenses	2,452,900	2,652,865
Operating income	638,711	906,271
Non-operating income		
Interest income and dividends	2,077	306
Foreign exchange gain	29,529	197,363
Surrender value of insurance	5,246	1,911
Subsidy income	3,513	2,788
Compensation income	9,595	-
Other	4,713	1,599
Total non-operating income	54,675	203,969
Non-operating expenses		
Interest expenses	228	7,168
Loss on sale of securities	-	50,520
Guarantee commission	277	411
Stock issuance cost	270	240
Expenses for customer compensation, etc.	6,436	-
Other	84	1,283
Total non-operating expenses	7,297	59,623
Ordinary income	686,090	1,050,617
Extraordinary income		
Gains on sales of investment securities	56,447	188,853
Total extraordinary income	56,447	188,853
Extraordinary loss		
Investment securities	32,350	74,449
Total extraordinary loss	32,350	74,449
Profit before income taxes	710,186	1,165,021
Income taxes	250,133	448,176
Income taxes-deferred	5,295	-24,953
Total income tax	255,429	423,222
Net income	454,757	741,799
Profit (loss) attributable to non-controlling interests	-	-1,524
Net income attributable to owners of parent	454,757	743,323

Consolidated Statement of Comprehensive Income

(Thousand yen)

	FY 2021 (January 1, 2021- December 31, 2021)	FY 2022 (January 1, 2022- December 31, 2022)
Net income	454,757	741,799
Other comprehensive income		
Valuation difference on available-for-sale securities	-77,719	-7,606
Deferred gains or losses on hedges	2,478	-14,028
Foreign currency translation adjustment	-	-6,012
Total other comprehensive income	-75,240	-27,647
Comprehensive income	379,516	714,151
Breakdown		
Comprehensive income attributable to owners of parent	379,516	715,803
Comprehensive income attributable to owners of non-controlling shareholders	-	-1,651

(3) Consolidated statement of changes in equity

FY 2021 (January 1, 2021 to December 31, 2021)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	510,772	283,272	2,393,965	-100,252	3,087,757
Changes during period					
Issuance of new shares	3,994	3,994			7,988
Dividends of surplus			-182,871		-182,871
Net income attributable to owners of parent			454,757		454,757
Disposal of treasury shares					-
Purchase of treasury shares				-202,261	-202,261
Net changes during period other than shareholders' equity					
Total changes during period	3,994	3,994	271,886	-202,261	77,613
Balance at end of current period	514,766	287,266	2,665,851	-302,514	3,165,371

	Accumulated other comprehensive income				Share subscription rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	55,168	-805	-	54,362	30,567	-	3,172,688
Changes during period							
Issuance of new shares							7,988
Dividends of surplus							-182,871
Net income attributable to owners of parent							454,757
Disposal of treasury shares							-
Purchase of treasury shares							-202,261
Net changes during period other than shareholders' equity	-77,719	2,478	-	-75,240	24,125	-	-51,114
Total changes during period	-77,719	2,478	-	-75,240	24,125	-	26,498
Balance at end of current period	-22,551	1,673	-	-20,877	54,693	-	3,199,186

FY 2022 (from January 1, 2022 to December 31, 2022)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	514,766	287,266	2,665,851	-302,514	3,165,371
Changes during period					
Issuance of new shares	2,578	2,578			5,156
Dividends of surplus			-180,005		-180,005
Net income attributable to owners of parent			743,323		743,323
Disposal of treasury shares		-148		783	635
Purchase of treasury shares				-82,361	-82,361
Net changes during period other than shareholders' equity					
Total changes during period	2,578	2,430	563,318	-81,577	486,749
Balance at end of current period	517,345	289,697	3,229,170	-384,091	3,652,120

	Accumulated other comprehensive income				Share subscription rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	-22,551	1,673	-	-20,877	54,693	-	3,199,186
Changes during period							
Issuance of new shares							5,156
Dividends of surplus							-180,005
Net income attributable to owners of parent							743,323
Disposal of treasury shares							635
Purchase of treasury shares							-82,361
Net changes during period other than shareholders' equity	-7,606	-14,028	-5,884	-27,520	8,224	18,377	-918
Total changes during period	-7,606	-14,028	-5,884	-27,520	8,224	18,377	485,830
Balance at end of current period	-30,158	-12,354	-5,884	-48,398	62,918	18,377	3,685,017

(4) Consolidated statement of cash flows

(Thousand yen)

	FY 2021 (January 1, 2021- December 31, 2021)	FY 2022 (January 1, 2022- December 31, 2022)
Cash flows from operating activities		
Profit before income taxes	710,186	1,165,021
Depreciation	143,472	124,979
Amortization of goodwill	23,669	23,669
Share-based compensation expenses	24,125	8,740
Increase (decrease) in provision for share awards	20,123	19,437
Increase (decrease) in allowance for doubtful accounts	-1,539	219
Increase (decrease) in provision for bonuses for directors (and other officers)	2,775	13,325
Increase (decrease) in net defined benefit liability	21,292	22,846
Interest and dividend income	-2,077	-306
Interest expenses	228	7,168
Loss (gain) on sales of investment securities	-56,447	-138,333
Loss (gain) on valuation of investment securities	32,350	74,449
Foreign exchange losses (gains)	-14,430	-93,874
Decrease (increase) in notes and accounts receivable - trade	97,818	-235,369
Decrease (increase) in accounts receivable - other	-149,072	224,227
Decrease (increase) in inventories	-1,554,898	-721,179
Decrease (increase) in advance payments	-19,294	-286,798
Increase (decrease) in notes and accounts payable-trade	801,013	255,908
Increase (decrease) in advances received	289,024	651,473
Other	-42,120	223,310
Subtotal	326,201	1,338,915
Interest and dividend income received	2,077	306
Interest expenses paid	-228	-6,846
Income taxes paid	-479,162	-207,205
Cash flows from operating activities	-151,112	1,125,169
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	2,888	-
Purchase of investment securities	-194,323	-580
Proceeds from sales of investment securities	61,135	379,438
Purchase of property, plant and equipment	-110,796	-80,535
Proceeds from sales of property, plant and equipment	-	443
Purchase of intangible assets	-13,613	-13,262
Payments of loans receivable	-150	-
Collection of loans receivable	367	72
Purchase of subsidiary share capital associated with a change in the scope of consolidation	-	-195,467
Payments for lease and guarantee deposits	-11,022	-8,017
Proceeds from collection of lease and guarantee deposits	10,592	2,090
Cash flows from investing activities	-254,921	84,180
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	500,000	-461,277
Proceeds from long-term borrowings	-	1,205,200
Repayment of long-term loans payable	-8,028	-149,330
Proceeds from issuance of shares	7,988	4,640
Proceeds from share issuance to non-controlling shareholders	-	20,029
Purchase of treasury shares	-202,261	-
Proceeds from sale of treasury shares	-	400
Payments for establishment of money held in trust for purchase of treasury stock	-97,716	-
Proceeds from refund of money held in trust for acquisition of treasury stock	-	14,225
Dividends paid	-182,871	-180,005
Cash flows from financing activities	17,111	453,882
Effect of exchange rate change on cash and cash equivalents	14,430	92,171

	(Thousand yen)	
	FY 2021 (January 1, 2021- December 31, 2021)	FY 2022 (January 1, 2022- December 31, 2022)
Net increase (decrease) in cash and cash equivalents	-374,491	1,755,403
Cash and cash equivalents at the start of the period	1,726,388	1,351,896
Cash and cash equivalents at the end of the period	1,351,896	3,107,300