

*February 13, 2023***Notice of Differences between Forecasts and Results**

Segue Group Co., Ltd. announces the following differences in the results announced today compared with the business forecasts for the fiscal year ending December 2022 (January 1, 2022 to December 31, 2022) announced on August 9, 2022.

1. Differences between forecast and results for the fiscal year ending December 2022  
(January 1, 2022 to December 31, 2022)

	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
Previous forecasts (A)	13,300	760	804	656	58.75
Actual results (B)	13,622	906	1,050	743	66.47
Change (B-A)	322	146	246	86	-
Percentage change (%)	2.4	19.2	30.6	13.2	-
(Reference) Previous results (FY12/21)	12,038	638	686	454	39.62
(Reference) YoY change (%)	13.2	41.9	53.1	63.5	-

2. Reasons for the differences

In the fiscal year ending December 2022, the overall performance increased year-on-year, despite the fact that the impact of delivery delays due to the semiconductor shortage continued throughout the year, particularly affecting the core products Juniper and Ruckus in the Value Added Distributor business (a business that acts as agents for manufacturers, mainly overseas, selling their products and providing technical support.). In addition, sales of security products such as alternative products and Rapid7 grew, and sales of in-house developed products progressed as planned. In response to the growth of these products, sales of support services were also strong, and net sales reached the initial forecast.

The gross profit margin of the Value Added Distribution Business declined due to the impact of the sharp yen's depreciation up to the end of October. However, the overall gross profit margin was largely in line with forecasts and improved compared with the previous fiscal year, owing to the growth in the In-house Development Business. Operating income also exceeded the initial forecast. This was because personnel expenses and general administrative expenses were lower than the initial forecast, although M&A expenses associated with the acquisition of ISS Resolution Limited in Thailand were recorded in general administrative expenses.

Ordinary income was significantly higher than previously forecast, as the previous forecast included only the realized part of a 154 million yen foreign exchange gain in the first half, but the subsequent depreciation of the yen resulted in a 197 million yen foreign exchange

gain for the full year.

Net income attributable to owners of the parent exceeded the previous forecast despite the recording of a loss on the valuation of investment securities in the fourth quarter.