

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

August 9, 2023

Consolidated Financial Results for the Six Months Ended June 30, 2023 (Under Japanese GAAP)

Company name: Segue Group Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 3968
 URL: <https://segue-g.jp/>
 Representative: Yasuyuki Aisu, President and CEO
 Inquiries: Yasuhiro Fukuda, CFO
 Telephone: +81-3-6228-3822
 Scheduled date to file quarterly securities report: August 10, 2023
 Scheduled date to commence dividend payments: September 14, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
June 30, 2023	9,058	50.9	627	90.0	603	31.4	407	-2.2
June 30, 2022	6,003	2.0	330	32.2	458	57.7	416	129.3

Note: Comprehensive income For the six months ended June 30, 2023: 422 million yen [104.3%]
 For the six months ended June 30, 2022: 405 million yen [150.5%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
June 30, 2023	36.37	36.03
June 30, 2022	37.29	36.89

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
As of			
June 30, 2023	11,709	3,924	32.9
December 31, 2022	11,252	3,685	32.0

Reference: Equity
 As of June 30, 2023: 3,853 million yen
 As of December 31, 2022: 3,603 million yen

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2022	-	0.00	-	18.00	18.00
Fiscal year ending December 31, 2023	-	15.00			
Fiscal year ending December 31, 2023 (Forecast)			-	15.00	30.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings 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

Note: Revisions to the forecast of financial results most recently announced: None

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (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 to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: 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 shares)

As of June 30, 2023	11,715,191 shares
As of December 31, 2022	11,687,541 shares

- (ii) Number of treasury shares at the end of the period

As of June 30, 2023	498,960 shares
As of December 31, 2022	500,889 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2023	11,211,958 shares
Six months ended June 30, 2022	11,177,841 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements 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. Therefore, the Company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

The Company plans to hold a financial results briefing for institutional investors and analysts on Friday, August 25, 2023. Materials distributed at this briefing will be posted on the Company's website promptly after the meeting.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheets

(Thousand yen)

	FY 2022 (As of December 31, 2022)	Q2 FY 2023 (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	2,989,746	2,431,510
Notes and accounts receivable - trade	2,286,253	2,897,503
Electronically recorded monetary claims	74,499	37,246
Investment securities	117,554	126,551
Inventories	3,103,744	2,942,257
Advance payments - trade	860,344	1,250,145
Accounts receivable - other	423,669	398,084
Other	121,582	138,164
Allowance for doubtful accounts	-1,681	-133
Total current assets	9,975,712	10,221,329
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	79,116	79,116
Accumulated depreciation	-34,341	-36,345
Buildings and structures, net	44,774	42,771
Automotive equipment	7,881	8,346
Accumulated depreciation	-3,545	-4,195
Vehicles, net	4,336	4,150
Tools, furniture and fixtures	1,023,560	1,064,967
Accumulated depreciation	-860,008	-868,719
Tools, furniture and fixtures, net	163,552	196,247
Leased assets	44,318	50,618
Accumulated depreciation	-9,378	-15,608
Leased assets, net	34,940	35,009
Land	639	639
Total property, plant and equipment	248,243	278,818
Intangible assets		
Goodwill	191,968	180,738
Software	54,271	32,921
Software in progress	10,728	40,289
Other	1,209	1,209
Total intangible assets	258,177	255,158
Investments and other assets		
Investment securities	343,148	452,345
Long-term guarantee deposits	132,424	183,322
Deferred tax assets	155,101	174,924
Insurance funds	102,633	98,717
Other	36,696	44,730
Total investments and other assets	770,004	954,040
Total noncurrent assets	1,276,426	1,488,018
Total assets	11,252,138	11,709,348

(Thousand yen)

	FY 2022 (As of December 31, 2022)	Q2 FY 2023 (As of June 30, 2023)
Liabilities		
Current liabilities		
Accounts payable-trade	1,885,629	885,863
Short-term debt	37,924	540,618
Current portion of long-term loans payable	250,000	250,000
Lease liabilities	10,224	12,469
Accounts payable	158,267	93,183
Accrued expenses	224,958	381,447
Income taxes payable	337,627	257,381
Accrued consumption taxes	148,497	146,613
Provision for bonuses	5,275	8,819
Provision for bonuses for directors (and other officers)	16,100	-
Advances received	3,137,701	3,941,107
Other provisions	2,103	1,986
Other	152,693	158,486
Total current liabilities	6,367,003	6,677,978
Noncurrent liabilities		
Long-term debt	804,500	690,300
Retirement benefit liability	245,560	263,336
Provision for share-based remuneration	55,113	61,671
Long-term accounts payable - other	67,568	66,598
Lease liabilities	27,374	25,462
Total noncurrent liabilities	1,200,117	1,107,367
Total liabilities	7,567,120	7,785,346
Net assets		
Shareholders' equity		
Capital stock	517,345	524,863
Capital surplus	289,697	297,254
Retained earnings	3,229,170	3,435,667
Treasury shares	-384,091	-382,603
Total shareholders' equity	3,652,120	3,875,181
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-30,158	-24,874
Deferred gains or losses on hedges	-12,354	311
Foreign currency translation adjustment	-5,884	2,882
Total accumulated other comprehensive income	-48,398	-21,680
Share subscription rights	62,918	64,192
Non-controlling interests	18,377	6,308
Total net assets	3,685,017	3,924,001
Total liabilities and net assets	11,252,138	11,709,348

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

Quarterly Consolidated Statement of Income

Second Quarter

(Thousand yen)

	Q2 FY 2022 (January 1, 2022- June 30, 2022)	Q2 FY 2023 (January 1, 2023- June 30, 2023)
Net sales	6,003,481	9,058,162
Cost of sales	4,366,909	6,974,272
Gross profit	1,636,572	2,083,890
Selling, general and administrative expenses	1,306,307	1,456,372
Operating income	330,264	627,518
Non-operating income		
Interest income and dividends	5	81
Foreign exchange gain	154,361	-
Surrender value of insurance	1,387	5,742
Subsidy income	2,256	948
Other	315	1,663
Total non-operating income	158,325	8,436
Non-operating expenses		
Interest expenses	4,076	8,327
Loss on sales of investment securities	24,580	-
Guarantee commission	195	196
Foreign exchange loss	-	24,053
Stock issuance cost	240	167
Other	531	97
Total non-operating expenses	29,623	32,842
Ordinary income	458,966	603,111
Extraordinary income		
Gains on sales of investment securities	174,104	-
Total extraordinary income	174,104	-
Profit before income taxes	633,071	603,111
Income taxes	272,949	237,076
Income taxes-deferred	-56,803	-25,398
Total income tax	216,145	211,678
Net income	416,925	391,433
Net income attributable to owners of non-controlling shareholders	-	-16,423
Net income attributable to owners of parent	416,925	407,857

Quarterly Consolidated Statement of Comprehensive Income

Second Quarter

(Thousand yen)

	Q2 FY 2022 (January 1, 2022- June 30, 2022)	Q2 FY 2023 (January 1, 2023- June 30, 2023)
Net income	416,925	391,433
Other comprehensive income		
Valuation difference on available-for-sale securities	-15,586	5,283
Deferred gains or losses on hedges	3,728	12,666
Foreign currency translation adjustment	-	13,121
Total other comprehensive income	-11,858	31,072
Comprehensive income	405,067	422,505
Breakdown		
Comprehensive income attributable to owners of parent	405,067	434,574
Comprehensive income attributable to owners of non-controlling shareholders	-	-12,068