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November 13, 2023

Consolidated Financial Results for the Nine Months Ended September 30, 2023 (Under Japanese GAAP)

Company name: Segue Group Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 3968
 URL: <https://segue-g.jp/>
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 Scheduled date to file quarterly securities report: November 13, 2023
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the nine months ended September 30, 2023 (from January 1, 2023 to September 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	%
Nine months ended September 30, 2023	13,410	46.3	929	62.6	899	26.3	596	2.0
September 30, 2022	9,169	9.2	571	101.7	711	118.2	584	164.1

Note: Comprehensive income For the nine months ended September 30, 2023: 614 million yen [3.4%]
 For the nine months ended September 30, 2022: 594 million yen [219.6%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2023	53.16	52.65
September 30, 2022	52.26	51.72

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Million yen	Million yen	%
September 30, 2023	11,375	3,947	34.1
December 31, 2022	11,252	3,685	32.0

Reference: Equity
 As of September 30, 2023: 3,876 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	17,300	27.0	1,000	10.3	1,000	-4.8	679	-8.6	60.05

Note: Revisions to the forecast of financial results most recently announced: Yes

*** 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 September 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 September 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)

Nine months ended September 30, 2023	11,213,532 shares
Nine months ended September 30, 2022	11,180,778 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.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheets

(Thousand yen)

	FY 2022 (As of December 31, 2022)	Q3 FY 2023 (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	2,989,746	3,073,617
Notes and accounts receivable - trade	2,286,253	2,115,010
Electronically recorded monetary claims	74,499	49,765
Investment securities	117,554	148,102
Inventories	3,103,744	2,828,034
Advance payments - trade	860,344	1,191,945
Accounts receivable - other	423,669	259,854
Other	121,582	150,577
Allowance for doubtful accounts	-1,681	-58
Total current assets	9,975,712	9,816,849
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	79,116	107,166
Accumulated depreciation	-34,341	-37,215
Buildings and structures, net	44,774	69,951
Automotive equipment	7,881	7,042
Accumulated depreciation	-3,545	-3,131
Vehicles, net	4,336	3,911
Tools, furniture and fixtures	1,023,560	1,096,985
Accumulated depreciation	-860,008	-890,513
Tools, furniture and fixtures, net	163,552	206,472
Leased assets	44,318	51,543
Accumulated depreciation	-9,378	-18,700
Leased assets, net	34,940	32,843
Land	639	639
Construction in progress	-	22,800
Total property, plant and equipment	248,243	336,617
Intangible assets		
Goodwill	191,968	170,599
Software	54,271	22,486
Software in progress	10,728	63,197
Other	1,209	1,209
Total intangible assets	258,177	257,493
Investments and other assets		
Investment securities	343,148	460,710
Long-term guarantee deposits	132,424	189,579
Deferred tax assets	155,101	165,038
Insurance funds	102,633	103,126
Other	36,696	45,957
Total investments and other assets	770,004	964,412
Total noncurrent assets	1,276,426	1,558,522
Total assets	11,252,138	11,375,372

(Thousand yen)

	FY 2022 (As of December 31, 2022)	Q3 FY 2023 (As of September 30, 2023)
Liabilities		
Current liabilities		
Accounts payable-trade	1,885,629	1,370,210
Short-term debt	37,924	40,818
Current portion of long-term loans payable	250,000	261,685
Lease liabilities	10,224	12,718
Accounts payable	158,267	147,575
Accrued expenses	224,958	237,460
Income taxes payable	337,627	126,162
Accrued consumption taxes	148,497	220,150
Provision for bonuses	5,275	126,722
Provision for bonuses for directors (and other officers)	16,100	-
Advances received	3,137,701	3,817,068
Other provisions	2,103	1,923
Other	152,693	66,953
Total current liabilities	6,367,003	6,429,448
Noncurrent liabilities		
Long-term debt	804,500	591,914
Retirement benefit liability	245,560	258,036
Provision for share-based remuneration	55,113	59,568
Long-term accounts payable - other	67,568	66,598
Lease liabilities	27,374	22,336
Total noncurrent liabilities	1,200,117	998,454
Total liabilities	7,567,120	7,427,903
Net assets		
Shareholders' equity		
Capital stock	517,345	524,863
Capital surplus	289,697	297,329
Retained earnings	3,229,170	3,455,748
Treasury shares	-384,091	-382,682
Total shareholders' equity	3,652,120	3,895,259
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-30,158	-24,039
Deferred gains or losses on hedges	-12,354	1,375
Foreign currency translation adjustment	-5,884	3,548
Total accumulated other comprehensive income	-48,398	-19,115
Share subscription rights	62,918	64,192
Non-controlling interests	18,377	7,132
Total net assets	3,685,017	3,947,469
Total liabilities and net assets	11,252,138	11,375,372

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

Quarterly Consolidated Statement of Income

Third Quarter

(Thousand yen)

	Q3 FY 2022 (January 1, 2022- September 30, 2022)	Q3 FY 2023 (January 1, 2023- September 30, 2023)
Net sales	9,169,475	13,410,656
Cost of sales	6,662,942	10,288,189
Gross profit	2,506,532	3,122,466
Selling, general and administrative expenses	1,934,858	2,192,878
Operating income	571,673	929,588
Non-operating income		
Interest income and dividends	155	290
Foreign exchange gain	166,297	-
Surrender value of insurance	1,421	6,422
Subsidy income	2,256	1,545
Other	1,347	3,248
Total non-operating income	171,478	11,507
Non-operating expenses		
Interest expenses	5,519	12,021
Loss on sale of securities	24,580	-
Guarantee commission	292	294
Foreign exchange loss	-	29,284
Stock issuance cost	240	167
Other	538	104
Total non-operating expenses	31,170	41,871
Ordinary income	711,981	899,223
Extraordinary income		
Gains on sales of investment securities	174,104	-
Total extraordinary income	174,104	-
Profit before income taxes	886,086	899,223
Income taxes	335,998	335,399
Income taxes-deferred	-34,289	-16,461
Total income tax	301,708	318,938
Net income	584,377	580,285
Net loss attributable to owners of non-controlling shareholders	-	-15,896
Net income attributable to owners of parent	584,377	596,181

Quarterly Consolidated Statement of Comprehensive Income
Third Quarter

(Thousand yen)

	Q3 FY 2022 (January 1, 2022- September 30, 2022)	Q3 FY 2023 (January 1, 2023- September 30, 2023)
Net income	584,377	580,285
Other comprehensive income		
Valuation difference on available-for-sale securities	-11,307	6,118
Deferred gains or losses on hedges	20,989	13,730
Foreign currency translation adjustment	-	14,084
Total other comprehensive income	9,681	33,934
Comprehensive income	594,058	614,219
Breakdown		
Comprehensive income attributable to owners of parent	594,058	625,464
Comprehensive income attributable to owners of non-controlling shareholders	-	-11,244