

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.

February 13, 2024

## Consolidated Financial Results for the Fiscal Year Ended December 31, 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 of annual general meeting of shareholders: March 26, 2024  
 Scheduled date to commence dividend payments: March 27, 2024  
 Scheduled date to file annual securities report: March 27, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of 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 fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2023	17,443	28.0	1,086	19.8	1,015	-3.4	660	-11.1
December 31, 2022	13,622	13.2	906	41.9	1,050	53.1	743	63.5

Note: Comprehensive income For the fiscal year ended December 31, 2023: 679 million yen [-4.8%]  
 For the fiscal year ended December 31, 2022: 714 million yen [88.2%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
December 31, 2023	58.89	58.32	17.5	8.8	6.2
December 31, 2022	66.47	65.79	22.0	10.6	6.7

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended December 31, 2023: - million yen  
 For the fiscal year ended December 31, 2022: - million yen

#### (2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
December 31, 2023	11,831	4,014	33.3	351.00
December 31, 2022	11,252	3,685	32.0	322.14

Reference: Equity  
 As of December 31, 2023: 3,939 million yen  
 As of December 31, 2022: 3,603 million yen

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
December 31, 2023	1,586	-658	-669	3,451
December 31, 2022	1,125	84	453	3,107

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended December 31, 2022	-	0.00	-	18.00	18.00	203	27.4	6.0
Fiscal year ended December 31, 2023	-	15.00	-	15.00	30.00	340	51.5	8.9
Fiscal year ending December 31, 2024 (Forecast)	-	5.00	-	6.00	11.00		52.2	

Note 1: At a meeting of the Board of Directors held on February 13, 2024, the Company resolved to conduct a 3-for-1 stock split of common shares, with an effective date of March 1, 2024. Dividend per share for the fiscal year ending December 31, 2024 (Forecast) is an amount reflecting this stock split. Excluding the effect of the stock split, the annual dividend per share for the fiscal year ending December 31, 2024 (forecast) would be 33 yen (15 yen for the interim dividend and 18 yen for the year-end dividend).

Note 2: Dividends for the fiscal years ended December 31, 2022 and 2023 are the amounts before the stock split.

Note 3: For details of the above stock split, please refer to the "Notice of Stock Split and Partial Amendment to Articles of Incorporation in Connection with the Stock Split and Introduction of Shareholder Benefit Program" announced today.

### 3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	18,800	7.8	1,130	4.0	1,130	11.3	717	8.7	21.09

Note: Basic earnings per share for the fiscal year ending December 31, 2024 (Forecast) is the amount after taking into account the stock split described in "2. Cash dividends." Excluding the effect of the stock split, basic earnings per share for the fiscal year ending December 31, 2024 (Forecast) would be 63.27 yen.

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2023	11,720,791 shares
As of December 31, 2022	11,687,541 shares

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

As of December 31, 2023	498,060 shares
As of December 31, 2022	500,889 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2023	11,214,865 shares
Fiscal year ended December 31, 2022	11,182,246 shares

\* Financial results reports are exempt from audit 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 Monday, February 26, 2024. The materials distributed at this briefing will be posted on the Company's website.

### 3. Consolidated Financial Statements and Major Notes

#### Consolidated balance sheets

(Thousand yen)

	FY 2022 (As of December 31, 2022)	FY 2023 (As of December 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	2,989,746	3,357,510
Notes and accounts receivable - trade	2,286,253	1,839,421
Electronically recorded monetary claims	74,499	179,083
Investment securities	117,554	94,291
Inventories	3,103,744	2,848,004
Advance payments - trade	860,344	1,244,474
Accounts receivable - other	423,669	303,555
Other	121,582	168,357
Allowance for doubtful accounts	-1,681	-5,296
Total current assets	9,975,712	10,029,402
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	79,116	138,349
Accumulated depreciation	-34,341	-39,473
Buildings and structures, net	44,774	98,875
Automotive equipment	7,881	7,111
Accumulated depreciation	-3,545	-3,416
Vehicles, net	4,336	3,695
Tools, furniture and fixtures	1,023,560	1,157,883
Accumulated depreciation	-860,008	-914,903
Tools, furniture and fixtures, net	163,552	242,980
Leased assets	44,318	52,776
Accumulated depreciation	-9,378	-21,952
Leased assets, net	34,940	30,823
Land	639	639
Total property, plant and equipment	248,243	377,014
Intangible assets		
Goodwill	191,968	161,089
Software	54,271	12,428
Software in progress	10,728	88,585
Other	1,209	1,209
Total intangible assets	258,177	263,313
Investments and other assets		
Investment securities	343,148	467,798
Long-term guarantee deposits	132,424	189,479
Long-term deposits	-	169,200
Deferred tax assets	155,101	185,622
Insurance funds	102,633	104,238
Other	36,696	45,361
Total investments and other assets	770,004	1,161,701
Total noncurrent assets	1,276,426	1,802,029
Total assets	11,252,138	11,831,431

(Thousand yen)

	FY 2022 (As of December 31, 2022)	FY 2023 (As of December 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	1,885,629	1,512,510
Short-term debt	37,924	-
Current portion of long-term loans payable	250,000	273,598
Lease liabilities	10,224	13,035
Accounts payable	158,267	167,358
Accrued expenses	224,958	260,312
Income taxes payable	337,627	200,231
Accrued consumption taxes	148,497	276,355
Provision for bonuses	5,275	449
Provision for bonuses for directors (and other officers)	16,100	15,820
Advances received	3,137,701	4,018,084
Other provisions	2,103	1,807
Other	152,693	113,579
Total current liabilities	6,367,003	6,853,144
Noncurrent liabilities		
Long-term debt	804,500	544,101
Retirement benefit liability	245,560	260,168
Provision for share-based remuneration	55,113	73,821
Long-term accounts payable - other	67,568	66,598
Lease liabilities	27,374	19,222
Total noncurrent liabilities	1,200,117	963,911
Total liabilities	7,567,120	7,817,056
<b>Net assets</b>		
Shareholders' equity		
Capital stock	517,345	525,563
Capital surplus	289,697	297,245
Retained earnings	3,229,170	3,520,077
Treasury shares	-384,091	-381,733
Total shareholders' equity	3,652,120	3,961,152
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-30,158	-26,157
Deferred gains or losses on hedges	-12,354	-866
Foreign currency translation adjustment	-5,884	5,052
Total accumulated other comprehensive income	-48,398	-21,971
Share subscription rights	62,918	64,192
Non-controlling interests	18,377	11,000
Total net assets	3,685,017	4,014,375
Total liabilities and net assets	11,252,138	11,831,431

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

(Thousand yen)

	FY 2022 (January 1, 2022- December 31, 2022)	FY 2023 (January 1, 2023- December 31, 2023)
Net sales	13,622,780	17,443,211
Cost of sales	10,063,642	13,319,617
Gross profit	3,559,137	4,123,594
Selling, general and administrative expenses	2,652,865	3,037,522
Operating profit	906,271	1,086,072
Non-operating income		
Interest income and dividends	306	513
Foreign exchange gain	197,363	-
Surrender value of insurance	1,911	7,448
Subsidy income	2,788	9,762
Other	1,599	4,210
Total non-operating income	203,969	21,935
Non-operating expenses		
Interest expenses	7,168	15,035
Loss on sale of securities	50,520	-
Guarantee commission	411	413
Foreign exchange loss	-	38,000
Loss on valuation of derivatives	-	38,400
Stock issuance cost	240	167
Other	1,283	690
Total non-operating expenses	59,623	92,707
Ordinary profit	1,050,617	1,015,300
Extraordinary income		
Gains on sales of investment securities	188,853	-
Total extraordinary income	188,853	-
Extraordinary loss		
Investment securities	74,449	-
Total extraordinary loss	74,449	-
Profit before income taxes	1,165,021	1,015,300
Income taxes	448,176	402,522
Income taxes-deferred	-24,953	-35,010
Total income tax	423,222	367,512
Profit	741,799	647,788
Loss attributable to non-controlling interests	-1,524	-12,721
Profit attributable to owners of parent	743,323	660,510

## Consolidated Statement of Comprehensive Income

(Thousand yen)

	FY 2022 (January 1, 2022- December 31, 2022)	FY 2023 (January 1, 2023- December 31, 2023)
Profit	741,799	647,788
Other comprehensive income		
Valuation difference on available-for-sale securities	-7,606	4,000
Deferred gains or losses on hedges	-14,028	11,488
Foreign currency translation adjustment	-6,012	16,283
Total other comprehensive income	-27,647	31,772
Comprehensive income	714,151	679,561
Breakdown		
Comprehensive income attributable to owners of parent	715,803	686,937
Comprehensive income attributable to owners of non-controlling shareholders	-1,651	-7,376

## (3) Consolidated statement of changes in equity

FY 2022 (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
Profit 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
Profit 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



FY 2023 (from January 1, 2023, to December 31, 2023)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	517,345	289,697	3,229,170	-384,091	3,652,120
Changes during period					
Issuance of new shares	8,218	8,218			16,436
Dividends of surplus			-369,603		-369,603
Profit attributable to owners of parent			660,510		660,510
Disposal of treasury shares		-669		2,438	1,768
Purchase of treasury shares				-79	-79
Net changes during period other than shareholders' equity					
Total changes during period	8,218	7,548	290,907	2,358	309,032
Balance at end of current period	525,563	297,245	3,520,077	-381,733	3,961,152

	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	-30,158	-12,354	-5,884	-48,398	62,918	18,377	3,685,017
Changes during period							
Issuance of new shares							16,436
Dividends of surplus							-369,603
Profit attributable to owners of parent							660,510
Disposal of treasury shares							1,768
Purchase of treasury shares							-79
Net changes during period other than shareholders' equity	4,000	11,488	10,937	26,426	1,274	-7,376	20,324
Total changes during period	4,000	11,488	10,937	26,426	1,274	-7,376	329,357
Balance at end of current period	-26,157	-866	5,052	-21,971	64,192	11,000	4,014,375

## (4) Consolidated statement of cash flows

(Thousand yen)

	FY 2022 (January 1, 2022- December 31, 2022)	FY 2023 (January 1, 2023- December 31, 2023)
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,165,021	1,015,300
Depreciation	124,979	151,545
Amortization of goodwill	23,669	43,218
Share-based compensation expenses	8,740	14,889
Increase (decrease) in provision for share awards	19,437	18,707
Increase (decrease) in allowance for doubtful accounts	219	3,564
Increase (decrease) in provision for bonuses for directors (and other officers)	13,325	-280
Increase (decrease) in net defined benefit liability	22,846	14,608
Interest and dividend income	-306	-513
Interest expenses	7,168	15,035
Loss (gain) on sales of investment securities	-138,333	-
Loss (gain) on valuation of investment securities	74,449	-
Foreign exchange losses (gains)	-93,874	-99,368
Decrease (increase) in notes and accounts receivable - trade	-235,369	346,944
Decrease (increase) in accounts receivable	224,227	127,802
Decrease (increase) in inventories	-721,179	256,228
Decrease (increase) in advance payments	-286,798	-383,642
Increase (decrease) in notes and accounts payable-trade	255,908	-375,531
Increase (decrease) in advances received	651,473	879,100
Other	223,310	110,699
Subtotal	1,338,915	2,138,308
Interest and dividend income received	306	513
Interest expenses paid	-6,846	-15,335
Income taxes paid	-207,205	-537,427
Cash flows from operating activities	1,125,169	1,586,059
<b>Cash flows from investing activities</b>		
Purchase of investment securities	-580	-120,873
Proceeds from sales of investment securities	379,438	-
Purchase of property, plant and equipment	-80,535	-227,228
Proceeds from sales of property, plant and equipment	443	-
Purchase of intangible assets	-13,262	-77,969
Collection of loans receivable	72	-
Purchase of subsidiary share capital associated with a change in the scope of consolidation	-195,467	-
Payments for lease and guarantee deposits	-8,017	-69,661
Proceeds from collection of lease and guarantee deposits	2,090	5,946
Payments into long-term deposits	-	-169,200
Cash flows from investing activities	84,180	-658,985
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	-461,277	-40,319
Proceeds from long-term borrowings	1,205,200	-
Repayment of long-term loans payable	-149,330	-250,000
Proceeds from issuance of shares	4,640	2,822
Proceeds from share issuance to non-controlling shareholders	20,029	-
Purchase of treasury shares	-	-79
Proceeds from sale of treasury shares	400	1,768
Proceeds from withdrawal of money held in trust for purchase of treasury shares	14,225	-
Repayments of finance lease liabilities	-	-13,690

(Thousand yen)

	FY 2022 (January 1, 2022- December 31, 2022)	FY 2023 (January 1, 2023- December 31, 2023)
Dividends paid	-180,005	-369,603
Cash flows from financing activities	453,882	-669,102
Effect of exchange rate change on cash and cash equivalents	92,171	86,530
Net increase (decrease) in cash and cash equivalents	1,755,403	344,501
Cash and cash equivalents at the start of the period	1,351,896	3,107,300
Cash and cash equivalents at the end of the period	3,107,300	3,451,801