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May 14, 2024

Consolidated Financial Results for the Three Months Ended March 31, 2024 (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: May 14, 2024
 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 three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)

(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	%
Three months ended								
March 31, 2024	4,953	8.6	430	3.0	813	97.4	539	94.2
March 31, 2023	4,561	36.7	418	85.8	411	49.7	277	53.4

Note: Comprehensive income For the three months ended March 31, 2024: 585 million yen [103.6%]
 For the three months ended March 31, 2023: 287 million yen [93.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
March 31, 2024	16.16	16.03
March 31, 2023	8.26	8.18

Note: On March 1, 2024, the Company conducted a 3-for-1 stock split of common shares. "Basic earnings per share" and "diluted earnings per share" have been calculated as if this stock split had conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
As of			
March 31, 2024	10,849	3,391	30.4
December 31, 2023	11,831	4,014	33.3

Reference: Equity
 As of March 31, 2024: 3,297 million yen
 As of December 31, 2023: 3,939 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, 2023	-	15.00	-	15.00	30.00
Fiscal year ending December 31, 2024	-				
Fiscal year ending December 31, 2024 (Forecast)		5.00	-	6.00	11.00

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

Note: On March 1, 2024, the Company conducted a 3-for-1 stock split of common shares. Dividend per share for the fiscal year ended December 31, 2023 is the actual dividend amounts before conducting the stock split.

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	960	-11.6	1,330	31.0	773	17.2	22.73

Note: Revisions to the forecast of cash dividends 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: None
 - (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 March 31, 2024	34,036,293 shares
As of December 31, 2023	35,162,373 shares

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

As of March 31, 2024	2,168,130 shares
As of December 31, 2023	1,494,180 shares

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

Three months ended March 31, 2024	33,368,188 shares
Three months ended March 31, 2023	33,624,081 shares

Note: On March 1, 2024, the Company conducted a 3-for-1 stock split of common shares. "Number of issued shares at the end of the period," "number of treasury shares at the end of the period" and "average number of shares outstanding during the period" are calculated as if this stock split had conducted at the beginning of the previous fiscal year.

* 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 2023	Q1 FY 2024
	(As of December 31, 2023)	(As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	3,357,510	2,936,850
Notes and accounts receivable - trade	1,839,421	2,818,188
Electronically recorded monetary claims	179,083	179,027
Investment securities	94,291	97,486
Inventories	2,848,004	1,645,534
Advance payments - trade	1,244,474	1,184,251
Accounts receivable - other	303,555	377,864
Other	168,357	161,335
Allowance for doubtful accounts	-5,296	-5,336
Total current assets	10,029,402	9,395,203
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	138,349	145,046
Accumulated depreciation	-39,473	-41,226
Buildings and structures, net	98,875	103,819
Automotive equipment	7,111	7,163
Accumulated depreciation	-3,416	-3,694
Vehicles, net	3,695	3,468
Tools, furniture and fixtures	1,157,883	1,179,550
Accumulated depreciation	-914,903	-939,078
Tools, furniture and fixtures, net	242,980	240,472
Leased assets	52,776	53,159
Accumulated depreciation	-21,952	-25,250
Leased assets, net	30,823	27,909
Land	639	639
Total property, plant and equipment	377,014	376,310
Intangible assets		
Goodwill	161,089	152,437
Software	12,428	89,737
Software in progress	88,585	6,214
Other	1,209	1,209
Total intangible assets	263,313	249,599
Investments and other assets		
Investment securities	467,798	307,188
Long-term guarantee deposits	189,479	178,919
Long-term deposits	169,200	-
Deferred tax assets	185,622	197,528
Insurance funds	104,238	102,463
Other	45,361	41,876
Total investments and other assets	1,161,701	827,976
Total noncurrent assets	1,802,029	1,453,886
Total assets	11,831,431	10,849,090

(Thousand yen)

	FY 2023 (As of December 31, 2023)	Q1 FY 2024 (As of March 31, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	1,512,510	1,005,721
Short-term debt	-	23,770
Current portion of long-term loans payable	273,598	250,000
Lease liabilities	13,035	13,327
Accounts payable	167,358	122,382
Accrued expenses	260,312	261,505
Income taxes payable	200,231	291,334
Accrued consumption taxes	276,355	272,976
Provision for bonuses	449	108,994
Provision for bonuses for directors (and other officers)	15,820	15,820
Advances received	4,018,084	4,135,724
Other provisions	1,807	1,967
Other	113,579	69,856
Total current liabilities	6,853,144	6,573,381
Noncurrent liabilities		
Long-term debt	544,101	457,629
Retirement benefit liability	260,168	270,418
Provision for share-based remuneration	73,821	73,821
Long-term accounts payable - other	66,598	66,598
Lease liabilities	19,222	15,955
Total noncurrent liabilities	963,911	884,424
Total liabilities	7,817,056	7,457,805
Net assets		
Shareholders' equity		
Capital stock	525,563	525,563
Capital surplus	297,245	12,483
Retained earnings	3,520,077	3,891,269
Treasury shares	-381,733	-1,149,207
Total shareholders' equity	3,961,152	3,280,109
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-26,157	11,264
Deferred gains or losses on hedges	-866	224
Foreign currency translation adjustment	5,052	5,997
Total accumulated other comprehensive income	-21,971	17,486
Share subscription rights	64,192	76,521
Non-controlling interests	11,000	17,167
Total net assets	4,014,375	3,391,284
Total liabilities and net assets	11,831,431	10,849,090

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

Quarterly Consolidated Statement of Income

First Quarter

(Thousand yen)

	Q1 FY 2023 (January 1, 2023- March 31, 2023)	Q1 FY 2024 (January 1, 2024- March 31, 2024)
Net sales	4,561,368	4,953,519
Cost of sales	3,470,462	3,740,078
Gross profit	1,090,906	1,213,440
Selling, general and administrative expenses	672,848	782,869
Operating profit	418,058	430,571
Non-operating income		
Interest income and dividends	29	73
Foreign exchange gain	-	5,233
Surrender value of insurance	5,722	2,430
Subsidy income	521	5,325
Gain on cancellation of derivatives	-	404,160
Other	670	763
Total non-operating income	6,943	417,986
Non-operating expenses		
Interest expenses	3,680	2,825
Guarantee commission	98	97
Foreign exchange loss	8,488	-
Loss on sale of securities	-	29,330
Stock issuance cost	167	-
Other	600	3,217
Total non-operating expenses	13,035	35,471
Ordinary profit	411,966	813,087
Profit before income taxes	411,966	813,087
Income taxes	151,640	282,453
Income taxes-deferred	-8,324	-14,574
Total income tax	143,316	267,879
Profit	268,650	545,207
Loss attributable to non-controlling interests	-9,185	5,674
Profit attributable to owners of parent	277,835	539,533

Quarterly Consolidated Statement of Comprehensive Income

First Quarter

(Thousand yen)

	Q1 FY 2023 (January 1, 2023- March 31, 2023)	Q1 FY 2024 (January 1, 2024- March 31, 2024)
Profit	268,650	545,207
Other comprehensive income		
Valuation difference on available-for-sale securities	4,695	37,422
Deferred gains or losses on hedges	8,654	1,090
Foreign currency translation adjustment	5,433	1,436
Total other comprehensive income	18,783	39,949
Comprehensive income	287,433	585,157
Breakdown		
Comprehensive income attributable to owners of parent	297,649	578,991
Comprehensive income attributable to owners of non-controlling shareholders	-10,215	6,166