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November 13, 2024

Consolidated Financial Results for the Nine Months Ended September 30, 2024 (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
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of 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, 2024 (from January 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2024	13,917	3.8	635	-31.6	1,030	14.6	614	3.1
September 30, 2023	13,410	46.3	929	62.6	899	26.3	596	2.0

Note: Comprehensive income For the nine months ended September 30, 2024: 688 million yen [12.0%]
For the nine months ended September 30, 2023: 614 million yen [3.4%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2024	18.96	18.78
September 30, 2023	17.72	17.55

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 been conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Million yen	Million yen	%
September 30, 2024	13,459	3,542	24.4
December 31, 2023	11,831	4,014	33.3

Reference: Equity
As of September 30, 2024: 3,288 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	-	5.00	-		
Fiscal year ending December 31, 2024 (Forecast)				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 financial results most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes
Newly included: 2 companies (First One Systems Co., Ltd., Techno Creation Inc.)
Excluded: - company

(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 September 30, 2024	34,060,116 shares
As of December 31, 2023	35,162,373 shares

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

As of September 30, 2024	2,083,130 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)

Nine months ended September 30, 2024	32,417,363 shares
Nine months ended September 30, 2023	33,640,596 shares

Note: On March 1, 2024, the Company conducted a 3-for-1 stock split of common shares. "Total 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 been conducted at the beginning of the previous fiscal year.

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: Yes (voluntary)

* 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 (As of December 31, 2023)	Q3 FY 2024 (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	3,357,510	2,949,868
Notes and accounts receivable - trade	1,839,421	3,244,777
Electronically recorded monetary claims	179,083	53,782
Investment securities	94,291	148,523
Inventories	2,848,004	2,119,884
Advance payments - trade	1,244,474	1,350,654
Accounts receivable - other	303,555	258,280
Other	168,357	233,290
Allowance for doubtful accounts	−5,296	−11,042
Total current assets	10,029,402	10,348,018
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	138,349	162,113
Accumulated depreciation	−39,473	−47,003
Buildings and structures, net	98,875	115,110
Automotive equipment	7,111	11,253
Accumulated depreciation	−3,416	−4,455
Vehicles, net	3,695	6,797
Tools, furniture and fixtures	1,157,883	1,199,952
Accumulated depreciation	−914,903	−970,245
Tools, furniture and fixtures, net	242,980	229,706
Leased assets	52,776	69,807
Accumulated depreciation	−21,952	−42,271
Leased assets, net	30,823	27,535
Land	639	639
Total property, plant and equipment	377,014	379,789
Intangible assets		
Goodwill	161,089	1,467,990
Software	12,428	76,123
Software in progress	88,585	23,201
Other	1,209	19,417
Total intangible assets	263,313	1,586,733
Investments and other assets		
Investment securities	467,798	388,389
Long-term guarantee deposits	189,479	178,365
Long-term deposits	169,200	-
Deferred tax assets	185,622	233,094
Insurance funds	104,238	121,921
Other	45,361	222,697
Total investments and other assets	1,161,701	1,144,468
Total noncurrent assets	1,802,029	3,110,991
Total assets	11,831,431	13,459,009

(Thousand yen)

	FY 2023 (As of December 31, 2023)	Q3 FY 2024 (As of September 30, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	1,512,510	1,624,763
Short-term debt	-	113,885
Current portion of long-term loans payable	273,598	425,198
Lease liabilities	13,035	19,874
Accounts payable	167,358	165,819
Accrued expenses	260,312	382,703
Income taxes payable	200,231	241,461
Accrued consumption taxes	276,355	247,845
Provision for bonuses	449	147,581
Provision for bonuses for directors (and other officers)	15,820	-
Advances received	4,018,084	4,627,745
Other provisions	1,807	2,322
Other	113,579	44,446
Total current liabilities	6,853,144	8,043,648
Noncurrent liabilities		
Long-term debt	544,101	1,383,708
Retirement benefit liability	260,168	360,054
Provision for share-based remuneration	73,821	54,513
Long-term accounts payable - other	66,598	64,648
Lease liabilities	19,222	9,528
Total noncurrent liabilities	963,911	1,872,453
Total liabilities	7,817,056	9,916,102
Net assets		
Shareholders' equity		
Capital stock	525,563	533,369
Capital surplus	297,245	20,494
Retained earnings	3,520,077	3,832,789
Treasury shares	−381,733	−1,126,996
Total shareholders' equity	3,961,152	3,259,657
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	−26,157	4,062
Deferred gains or losses on hedges	−866	-
Foreign currency translation adjustment	5,052	24,868
Total accumulated other comprehensive income	−21,971	28,931
Share subscription rights	64,192	60,932
Non-controlling interests	11,000	193,386
Total net assets	4,014,375	3,542,907
Total liabilities and net assets	11,831,431	13,459,009

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

Quarterly Consolidated Statement of Income

Third Quarter

(Thousand yen)

	Q3 FY 2023 (January 1, 2023- September 30, 2023)	Q3 FY 2024 (January 1, 2024- September 30, 2024)
Net sales	13,410,656	13,917,493
Cost of sales	10,288,189	10,529,443
Gross profit	3,122,466	3,388,050
Selling, general and administrative expenses	2,192,878	2,752,233
Operating profit	929,588	635,816
Non-operating income		
Interest income and dividends	290	1,759
Foreign exchange gain	-	7,928
Surrender value of insurance	6,422	12,444
Subsidy income	1,545	10,611
Gain on cancellation of derivatives	-	404,160
Other	3,248	6,714
Total non-operating income	11,507	443,617
Non-operating expenses		
Interest expenses	12,021	15,465
Guarantee commission	294	291
Foreign exchange loss	29,284	-
Loss on sale of securities	-	29,330
Stock issuance cost	167	-
Other	104	4,165
Total non-operating expenses	41,871	49,253
Ordinary profit	899,223	1,030,180
Extraordinary income		
Gains on sales of investment securities	-	25,389
Total extraordinary income	-	25,389
Profit before income taxes	899,223	1,055,570
Income taxes	335,399	435,736
Income taxes-deferred	−16,461	−10,043
Total income tax	318,938	425,693
Profit	580,285	629,876
Profit (loss) attributable to non-controlling interests	−15,896	15,030
Profit attributable to owners of parent	596,181	614,845

Quarterly Consolidated Statement of Comprehensive Income

Third Quarter

(Thousand yen)

	Q3 FY 2023 (January 1, 2023- September 30, 2023)	Q3 FY 2024 (January 1, 2024- September 30, 2024)
Profit	580,285	629,876
Other comprehensive income		
Valuation difference on available-for-sale securities	6,118	30,220
Deferred gains or losses on hedges	13,730	866
Foreign currency translation adjustment	14,084	27,228
Total other comprehensive income	33,934	58,315
Comprehensive income	614,219	688,191
Breakdown		
Comprehensive income attributable to owners of parent	625,464	665,747
Comprehensive income attributable to owners of non-controlling shareholders	−11,244	22,443