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February 13, 2025

Consolidated Financial Results for the Fiscal Year Ended December 31, 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
 Inquiries: Yasuhiro Fukuda, CFO
 Telephone: +81-3-6228-3822
 Scheduled date of annual general meeting of shareholders: March 26, 2025
 Scheduled date to commence dividend payments: March 27, 2025
 Scheduled date to file annual securities report: March 27, 2025
 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, 2024 (from January 1, 2024 to December 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2024	18,717	7.3	720	-33.7	1,060	4.4	507	-23.1
December 31, 2023	17,443	28.0	1,086	19.8	1,015	-3.4	660	-11.1

Note: Comprehensive income For the fiscal year ended December 31, 2024: ¥660 million [-2.8%]
 For the fiscal year ended December 31, 2023: ¥679 million [-4.8%]

	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
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2024	15.73	15.58	14.7	8.3	3.8
December 31, 2023	19.63	19.44	17.5	8.8	6.2

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended December 31, 2024: ¥ - million

For the fiscal year ended December 31, 2023: ¥ - million

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	Net assets per share
As of	Million yen	Million yen	%	Yen
December 31, 2024	13,633	3,193	21.9	94.22
December 31, 2023	11,831	4,014	33.3	117.00

Reference: Equity

As of December 31, 2024: ¥2,981 million

As of December 31, 2023: ¥3,939 million

Note: On March 1, 2024, the Company conducted a 3-for-1 stock split of common shares. “Net assets per share” has been calculated as if this stock split had been conducted at the beginning of the previous fiscal year.

(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, 2024	1,755	-991	-335	4,066
December 31, 2023	1,586	-658	-669	3,451

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, 2023	-	15.00	-	15.00	30.00	340	51.5	8.9
Fiscal year ended December 31, 2024	-	5.00	-	6.00	11.00	363	69.8	7.2
Fiscal year ending December 31, 2025 (Forecast)	-	6.00	-	7.00	13.00		59.7	

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, 2025 (from January 1, 2025 to December 31, 2025)

(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	22,500	20.2	1,260	75.0	1,260	18.9	701	38.3	22.15

*** 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: 1 company (J's TelecomSystem Co., Ltd. (Currently NJ Technology Corporation))

(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: None

(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, 2024	32,560,086 shares
As of December 31, 2023	35,162,373 shares

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

As of December 31, 2024	913,600 shares
As of December 31, 2023	1,494,180 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2024	32,278,739 shares
Fiscal year ended December 31, 2023	33,644,595 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 (including treasury shares)," "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.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* 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 Wednesday, February 19, 2025. The materials distributed at this briefing will be posted on the Company's website.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheets

(Thousand yen)

	FY 2023 (As of December 31, 2023)	FY 2024 (As of December 31, 2024)
Assets		
Current assets		
Cash and deposits	3,357,510	3,909,297
Notes and accounts receivable - trade	1,839,421	2,830,423
Electronically recorded monetary claims	179,083	264,387
Investment securities	94,291	157,067
Inventories	2,848,004	1,687,584
Advance payments - trade	1,244,474	1,371,193
Accounts receivable - other	303,555	295,441
Other	168,357	288,341
Allowance for doubtful accounts	-5,296	-7,827
Total current assets	10,029,402	10,795,910
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	138,349	164,191
Accumulated depreciation	-39,473	-59,557
Buildings and structures, net	98,875	104,634
Automotive equipment	7,111	7,990
Accumulated depreciation	-3,416	-4,972
Vehicles, net	3,695	3,017
Tools, furniture and fixtures	1,157,883	1,216,503
Accumulated depreciation	-914,903	-971,608
Tools, furniture and fixtures, net	242,980	244,894
Leased assets	52,776	73,447
Accumulated depreciation	-21,952	-49,324
Leased assets, net	30,823	24,123
Land	639	639
Total property, plant and equipment	377,014	377,309
Intangible assets		
Goodwill	161,089	1,467,136
Software	12,428	68,210
Software in progress	88,585	38,401
Other	1,209	1,314
Total intangible assets	263,313	1,575,062
Investments and other assets		
Investment securities	467,798	235,409
Long-term guarantee deposits	189,479	180,745
Long-term deposits	169,200	-
Deferred tax assets	185,622	198,180
Insurance funds	104,238	87,638
Other	45,361	182,853
Total investments and other assets	1,161,701	884,827
Total noncurrent assets	1,802,029	2,837,199
Total assets	11,831,431	13,633,110

(Thousand yen)

	FY 2023 (As of December 31, 2023)	FY 2024 (As of December 31, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	1,512,510	1,410,538
Short-term debt	-	80,887
Current portion of long-term loans payable	273,598	551,512
Lease liabilities	13,035	19,766
Accounts payable	167,358	179,256
Accrued expenses	260,312	405,127
Income taxes payable	200,231	350,459
Accrued consumption taxes	276,355	308,286
Provision for bonuses	449	26,455
Provision for bonuses for directors (and other officers)	15,820	10,540
Advances received	4,018,084	4,873,561
Other provisions	1,807	2,056
Other	113,579	94,457
Total current liabilities	6,853,144	8,312,907
Noncurrent liabilities		
Long-term debt	544,101	1,652,657
Retirement benefit liability	260,168	360,050
Provision for share-based remuneration	73,821	43,765
Long-term accounts payable - other	66,598	64,648
Lease liabilities	19,222	6,052
Total noncurrent liabilities	963,911	2,127,173
Total liabilities	7,817,056	10,440,081
Net assets		
Shareholders' equity		
Capital stock	525,563	533,369
Capital surplus	297,245	-
Retained earnings	3,520,077	2,832,614
Treasury shares	-381,733	-467,366
Total shareholders' equity	3,961,152	2,898,617
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-26,157	438
Deferred gains or losses on hedges	-866	1,522
Foreign currency translation adjustment	5,052	81,235
Total accumulated other comprehensive income	-21,971	83,197
Share subscription rights	64,192	60,932
Non-controlling interests	11,000	150,280
Total net assets	4,014,375	3,193,028
Total liabilities and net assets	11,831,431	13,633,110

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

Consolidated Statement of Income

(Thousand yen)

	FY 2023 (January 1, 2023- December 31, 2023)	FY 2024 (January 1, 2024- December 31, 2024)
Net sales	17,443,211	18,717,665
Cost of sales	13,319,617	14,125,210
Gross profit	4,123,594	4,592,455
Selling, general and administrative expenses	3,037,522	3,872,241
Operating profit	1,086,072	720,213
Non-operating income		
Interest income and dividends	513	3,857
Surrender value of insurance	7,448	13,008
Subsidy income	9,762	15,524
Gain on cancellation of derivatives	-	404,160
Other	4,210	13,408
Total non-operating income	21,935	449,958
Non-operating expenses		
Interest expenses	15,035	24,054
Loss on sale of securities	-	29,330
Guarantee commission	413	411
Foreign exchange loss	38,000	50,021
Loss on valuation of derivatives	38,400	-
Stock issuance cost	167	-
Other	690	5,975
Total non-operating expenses	92,707	109,794
Ordinary profit	1,015,300	1,060,377
Extraordinary income		
Gains on sales of investment securities	-	34,022
Gain on sale of shares of subsidiaries	-	234,492
Total extraordinary income	-	268,514
Extraordinary losses		
Loss on valuation of investment securities	-	195,913
Total extraordinary losses	-	195,913
Profit before income taxes	1,015,300	1,132,978
Income taxes	402,522	581,574
Income taxes-deferred	-35,010	16,896
Total income tax	367,512	598,470
Profit	647,788	534,508
Profit (loss) attributable to non-controlling interests	-12,721	26,817
Profit attributable to owners of parent	660,510	507,691

Consolidated Statement of Comprehensive Income

(Thousand yen)

	FY 2023 (January 1, 2023- December 31, 2023)	FY 2024 (January 1, 2024- December 31, 2024)
Profit	647,788	534,508
Other comprehensive income		
Valuation difference on available-for-sale securities	4,000	26,596
Deferred gains or losses on hedges	11,488	2,388
Foreign currency translation adjustment	16,283	97,294
Total other comprehensive income	31,772	126,280
Comprehensive income	679,561	660,788
Breakdown		
Comprehensive income attributable to owners of parent	686,937	612,859
Comprehensive income attributable to owners of non-controlling shareholders	-7,376	47,928

(3) Consolidated statement of changes in equity

FY 2023 (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
Purchase of treasury shares				-79	-79
Disposal of treasury shares		-669		2,438	1,768
Cancellation of treasury shares					-
Changes in equity resulting from capital transfers					-
Change in scope of consolidation					-
Transfer from retained earnings to capital surplus					-
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
Purchase of treasury shares							-79
Disposal of treasury shares							1,768
Cancellation of treasury shares							-
Changes in equity resulting from capital transfers							-
Change in scope of consolidation							-
Transfer from retained earnings to capital surplus							-
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

FY 2024 (from January 1, 2024, to December 31, 2024)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	525,563	297,245	3,520,077	-381,733	3,961,152
Changes during period					
Issuance of new shares	7,806	7,806			15,612
Dividends of surplus			-328,217		-328,217
Profit attributable to owners of parent			507,691		507,691
Purchase of treasury shares				-1,279,402	-1,279,402
Disposal of treasury shares		380		30,103	30,484
Cancellation of treasury shares		-1,163,665		1,163,665	-
Changes in equity resulting from capital transfers		-15,000			-15,000
Change in scope of consolidation			6,296		6,296
Transfer from retained earnings to capital surplus		873,233	-873,233		-
Net changes during period other than shareholders' equity					
Total changes during period	7,806	-297,245	-687,462	-85,633	-1,062,535
Balance at end of current period	533,369	-	2,832,614	-467,366	2,898,617

	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	-26,157	-866	5,052	-21,971	64,192	11,000	4,014,375
Changes during period							
Issuance of new shares							15,612
Dividends of surplus							-328,217
Profit attributable to owners of parent							507,691
Purchase of treasury shares							-1,279,402
Disposal of treasury shares							30,484
Cancellation of treasury shares							-
Changes in equity resulting from capital transfers							-15,000
Change in scope of consolidation							6,296
Transfer from retained earnings to capital surplus							-
Net changes during period other than shareholders' equity	26,596	2,388	76,183	105,168	-3,259	139,280	241,189
Total changes during period	26,596	2,388	76,183	105,168	-3,259	139,280	-821,346
Balance at end of current period	438	1,522	81,235	83,197	60,932	150,280	3,193,028

(4) Consolidated statement of cash flows

(Thousand yen)

	FY 2023 (January 1, 2023- December 31, 2023)	FY 2024 (January 1, 2024- December 31, 2024)
Cash flows from operating activities		
Profit before income taxes	1,015,300	1,132,978
Depreciation	151,545	177,189
Amortization of goodwill	43,218	129,303
Share-based compensation expenses	14,889	12,352
Increase (decrease) in provision for share awards	18,707	-21,330
Increase (decrease) in allowance for doubtful accounts	3,564	-5,338
Increase (decrease) in provision for bonuses for directors (and other officers)	-280	-5,280
Increase (decrease) in net defined benefit liability	14,608	32,906
Interest and dividend income	-513	-3,857
Interest expenses	15,035	24,054
Loss (gain) on sales of investment securities	-	-6,927
Loss (gain) on sale of shares of subsidiaries	-	-234,492
Loss (gain) on valuation of investment securities	-	195,913
Foreign exchange losses (gains)	-99,368	-109,678
Decrease (increase) in notes and accounts receivable - trade	346,944	-833,672
Decrease (increase) in accounts receivable - other	127,802	-97,662
Decrease (increase) in inventories	256,228	1,192,056
Decrease (increase) in advance payments	-383,642	-122,994
Increase (decrease) in notes and accounts payable-trade	-375,531	-156,509
Increase (decrease) in advances received	879,100	776,934
Other	110,699	-6,488
Subtotal	2,138,308	2,069,457
Interest and dividend income received	513	3,857
Interest expenses paid	-15,335	-24,086
Income taxes paid	-537,427	-293,965
Cash flows from operating activities	1,586,059	1,755,263
Cash flows from investing activities		
Purchase of investment securities	-120,873	-51,000
Proceeds from sales of investment securities	-	223,270
Purchase of shares of subsidiaries	-	-15,000
Purchase of property, plant and equipment	-227,228	-118,573
Purchase of intangible assets	-77,969	-44,388
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-1,406,473
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	245,854
Payments for lease and guarantee deposits	-69,661	-5,872
Proceeds from collection of lease and guarantee deposits	5,946	11,698
Payments into long-term deposits	-169,200	-
Proceeds from collection of long-term deposits	-	169,200
Cash flows from investing activities	-658,985	-991,284
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-40,319	-22,143
Proceeds from long-term borrowings	-	1,724,239
Repayment of long-term loans payable	-250,000	-374,570
Proceeds from issuance of shares	2,822	-
Purchase of treasury shares	-79	-1,279,402
Proceeds from sale of treasury shares	1,768	30,484
Repayments of finance lease liabilities	-13,690	-16,838

(Thousand yen)

	FY 2023 (January 1, 2023- December 31, 2023)	FY 2024 (January 1, 2024- December 31, 2024)
Dividends paid	-369,603	-328,217
Dividends paid to non-controlling interests	-	-68,590
Cash flows from financing activities	-669,102	-335,038
Effect of exchange rate change on cash and cash equivalents	86,530	185,623
Net increase (decrease) in cash and cash equivalents	344,501	614,564
Cash and cash equivalents at the start of the period	3,107,300	3,451,801
Cash and cash equivalents at the end of the period	3,451,801	4,066,365