

## Summary of Financial Statements for the Year Ended December 31, 2016 (J-GAAP) (Consolidated)

February 13, 2017

Company Name: Segue Group Co., Ltd.

Stock Exchange: Tokyo Stock Exchange

Code Number: 3968

URL: <http://segue-g.jp/>

Representative: Yasuyuki Aisu, President and CEO

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Scheduled date of annual general meeting of shareholders: March 29, 2017

Scheduled date of dividend payment: Scheduled date of filing securities report: March

Explanatory documents supplement to the abridged financial statements: Yes

Briefing for summary of financial results : Yes (for institutional investors and analysts)

### 1. Results for the Year Ended December 31, 2016 (from January 1, 2016, to December 31, 2016)

#### (1) Consolidated Results of Operations

(Percentages indicate year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
FY 2016	6,881	11.5	218	69.6	286	99.9	162	64.5
FY 2015	6,172	5.3	128	0.0	143	-3.9	98	92.5

Note: Comprehensive income (million yen) FY 2016: 140 (423.2%) FY 2015: 26 (-39.3%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY 2016	137.24	136.44	12.4	8.2	3.2
FY 2015	87.07	-	9.6	4.4	2.1

Reference: Investment gains or losses using the equity method (million yen) FY 2016: - FY 2015: -

Notes: 1. Concerning diluted net income per share for the previous fiscal year, there was a remaining balance in subscription rights to shares but the Company's shares were not listed and the average share price during the period could not be obtained. As a result, these shares are not included.

2. Because the Company's shares were listed on the JASDAQ (standard) on December 21, 2016, the diluted net income per share for the current fiscal year has been calculated by using the average share price from the date of listing to the end of the fiscal year as the average share price.

3. On September 21, 2016, the Company executed a common stock split at the ratio of 100 shares to 1. Net income per share and diluted net income per share are calculated under the assumption that the stock split took effect at the start of the previous fiscal year.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	Yen
FY 2016	3,708	1,546	41.7	1,121.81
FY 2015	3,310	1,075	32.5	921.33

Reference: Shareholders' equity (million yen) FY 2016: 1,546 FY 2015: 1,075

Notes: On September 21, 2016, the Company executed a common stock split at the ratio of 100 shares to 1. Net assets per share is calculated under the assumption that the stock split took effect at the start 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 fiscal year
	million yen	million yen	million yen	million yen
FY 2016	158	-44	162	1,121
FY 2015	12	-66	-105	845

### 2. Dividends

	Annual dividends					Total dividends paid (total)	Payout ratio (consolidated)	Ratio of dividend paid to net assets (consolidated)
	End of Q1	End of Q2	End of Q3	End of	Total			
	Yen	Yen	Yen	Yen	Yen	million yen	%	%
FY 2015	-	0.00	-	0.00	0.00	-	-	-
FY 2016	-	0.00	-	0.00	0.00	-	-	-
FY 2017 (forecast)	-	0.00	-	0.00	0.00	-	-	-

3. Forecast for the Year Ending December 31, 2017 (from January 1, 2017, to December 31, 2017)

(Percentages indicate year-over-year changes)

Full year	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	Yen
	7,593	10.4	303	39.0	359	25.7	251	54.6	90.96

Note: A stock split at the ratio of two shares to one is planned with a target effective date of April 1, 2017. For this reason, net income per share in the consolidated earnings forecast is calculated based on the number of issued shares after the split.

\* Explanatory notes

(1) Changes in major subsidiaries during the fiscal year

(changes in specified subsidiaries in conjunction with change in the scope of consolidation): None

(2) Change of accounting policies; change or restatement of accounting estimates

- (i) Change of accounting policies caused by revision of accounting standards : Yes
- (ii) Change of accounting policies other than stated in (i) : None
- (iii) Change of accounting estimates : None
- (iv) Restatement : None

(3) Issued shares (common stock)

(i) Number of issued shares at end of period (including treasury shares)

FY 2016	1,378,700 shares	FY 2015	1,167,000 shares
FY 2016	- shares	FY 2015	- shares
FY 2016	1,184,641 shares	FY 2015	1,134,900 shares

(ii) Number of Treasury shares at end of period

(iii) Average number of shares outstanding during the period

Notes: On September 21, 2016, the Company executed a common stock split at the ratio of 100 shares to 1. The number of shares is calculated under the assumption that the stock split took effect at the start of the previous fiscal year.

\* This summary of financial statements is not covered by the audit procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this summary of financial statements, the audit procedures for the consolidated financial statements in accordance with the Act had not been completed.

\* Explanation and other explanatory notes pertaining to the appropriate use of financial forecasts

- These materials contain forward-looking statements including forecasts of the Company's business performance, which are based on certain assumptions made in accordance with information currently available and judged to be reasonable and are not intended as a guarantee that the Company will achieve these targets. In addition, actual results may differ materially from these forecasts as a result of various factors, including actual business performance. For explanatory notes on the assumptions for these forecasts and the use of the financial forecasts, please refer to "1. Analysis regarding business results and financial position (1) Analysis regarding results of operations" on page 2 of the attached materials.
- The Company plans to hold a results briefing for institutional investors and analysts on February 24, 2017. The materials distributed at the results meeting are scheduled to be posted on the Company's website promptly after the meeting.

## 1. Analysis regarding business results and financial position

### (1) Analysis regarding business results

#### (i) Business results for the period

During the current fiscal year, the Japanese economy showed a mild recovery resulting from the effects of government economic policy, a showing of improved corporate earnings, and an improving employment picture.

On the other hand, the world economy continued its uncertain outlook with unstable foreign exchange rates and stock prices amidst the background of a growth slowdown in China and other emerging markets, the exit of the UK from the European Union, and the policy actions of the new administration in the US.

In the fields in which the Segue Group does business, while the application and use of IT is indispensable to improving profitability at a wide variety of business sites, attention is intensifying towards IoT and AI and the continued growth in the desire to invest in IT in general is not abating. Amidst this situation, the proportion of investment going towards security measures is increasing as a result of such factors as security measures taken in response to an increase in cyberattacks and the start of the My Number national identity card system.

Under these circumstances, the Segue Group is actively involved in sales to major corporations of products and services, as well as solutions assembled from these building blocks. In so doing, the Group has increased sales of projects that combine IT infrastructure products with verification systems as well as large-scale IT projects.

In harmony with the "model for enhancing the resilience of local government information systems," presented by the Ministry of Internal Affairs and Communications, we started sales of SCVX, Segue-developed software that realizes the segregation of internal and external (e.g. Internet) networks. These sales have been brisk.

As a result of the above, net sales in the Solutions Products Business during the current fiscal year increased by 614,478 thousand yen (22.1%) year-over-year to 3,391,929 thousand yen, and in the Solutions Services Business they increased by 94,214 thousand yen (2.8%) to 3,489,436 thousand yen. Consolidated sales thus grew by 708,692 thousand yen (11.5%) overall to 6,881,366 thousand yen.

In profits, operating income was up 89,556 thousand yen (69.6%) to 218,243 thousand yen, while ordinary income increased by 143,015 thousand yen (99.9%) to 286,189 thousand yen and profit attributable to owners of parent increased by 63,758 thousand yen (64.5%) to 162,574 thousand yen.

#### (ii) Outlook for the next period

We expect the mild recovery to continue in Japan, despite the risk that the domestic economy will underperform the world economy in 2017.

In the fields in which the Segue Group does business, we are projecting continued growth in the desire to invest in IT in general. Amidst this environment, the Group is driving sales of SCVX, Segue-developed software, while continuing to expand its handling of security products and services. It also intends to expand business through initiatives such as cross-selling of new and existing products. Our consolidated earnings outlook therefore calls for net sales of 7,593,921 thousand yen, operating income of 303,373 thousand yen, ordinary income of 359,865 thousand yen, and profit attributable to owners of parent of 251,276 thousand yen.

### (2) Analysis regarding financial position

#### (i) Assets, liabilities, and net assets

Total assets for the fiscal year came to 3,708,377 thousand yen, an increase of 397,472 thousand yen from the previous fiscal year.

Current assets were 3,293,838 thousand yen, an increase of 470,416 thousand yen from the previous fiscal year. Non-current assets were 414,539 thousand yen, a decrease of 72,943 thousand yen from the previous fiscal year.

The main factor behind the rise in current assets was an increase in cash and deposits. The main factor behind the fall in non-current assets was a decrease in investment securities.

Total liabilities for the fiscal year came to 2,161,732 thousand yen, a decrease of 73,984 thousand yen from the previous fiscal year. Current liabilities were 1,916,263 thousand yen, an increase of 48,606 thousand yen from the previous fiscal year. Non-current liabilities were 245,468 thousand yen, a decrease of 122,591 thousand yen from the previous fiscal year.

The main factor behind the rise in current liabilities was an increase in advances received. The main factors behind the fall in non-current liabilities were decreases in bonds payable and long-term loans payable.

Total assets at the end of the fiscal year came to 1,546,645 thousand yen, an increase of 471,457 thousand yen from the previous fiscal year. The main factors behind this result were increases in capital stock and capital surplus.

(ii) Cash flows

For the current fiscal year, cash and cash equivalents came to 1,121,451 thousand yen an increase year-over-year of 275,993 thousand yen (32.6%).

For the respective cash flow categories, the primary factors were as follows.

[Cash flows from operating activities]

Cash flows from operating activities increased by 146,461 thousand yen to a net inflow of 158,610 thousand yen.

The main components on the inflow side were profit before income taxes of 268,178 thousand yen, depreciation of 53,698 thousand yen, increase in advances received of 149,976 thousand yen, and a decrease in inventories of 218,196 thousand yen. On the outflow side, the decrease in accounts payable was 261,947 thousand yen and the increase in accounts receivable was 197,945 thousand yen.

[Cash flows from investing activities]

Cash flows from investing activities fell by 22,063 thousand yen to a net outflow of 44,147 thousand yen.

A major component was purchase of property, plant and equipment of 39,046 thousand yen.

[Cash flows from financing activities]

Cash flows from financing activities decreased by 268,446 thousand yen to a net inflow of 162,599 thousand yen.

A major component was proceeds from issuance of shares of 330,941 thousand yen.

Reference: Trends in cash flow indicators

	Fiscal year ended December 31, 2014	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
Equity ratio (%)	30.5	32.5	41.7
Equity ratio based on market value (%)	-	-	3.0
Ratio of interest-bearing debt to cash flow liabilities (multiple of 1.0)	1.5	29.0	1.2
Interest coverage ratio (multiple of 1.0)	47.8	2.3	45.8

Equity ratio: Shareholders' equity / Total assets

Equity ratio based on market value: Market value of stocks / Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest paid

Note 1: All calculations use financial values that are stated on a consolidated basis.

Note 2: The FY 2014 and FY 2015 equity ratios based on market value are not stated because the Company's shares were not listed.

Note 3: The total market value of the Company's shares are calculated based on issued shares exclusive of treasury shares.

Note 4: Cash flow uses the value of operating cash flow.

Note 5: Interest bearing debt covers all liabilities, presented in the consolidated balance sheet for which interest is paid.

## 2. Corporate policy

### (1) Basic policy of the Company's business

The mission of the Segue Group is to “Contribute to a productive society through the creation of value and continuing to grow along with its customers by drawing fully on IT technology.” By drawing fully on experience and a range of technologies cultivated up to now, the Group offers total IT solutions of value which support the success of all customers' businesses and works hard to raise corporate value.

### (2) Targets and management indicators

The Group sees gross margin on sales as an important business indicator. Group businesses are divided into a Solutions Products Business concentrating on the sales of products and a Solutions Products Business concentrating on providing a variety of services including design & construction, and maintenance.

Through Group strengths in technology value added, we intend to realize a large increase in gross margin and net sales from the synergistic effects of the two businesses such as providing services together with the sales of products, and selling new products after providing service. We also intend to raise the proportion of high-margin sales and thereby achieve a large boost to gross margin on sales. In the Solutions Products Business, we will do this through continued R&D on our products and the handling of new security products. In the Solution Services Business, we will do this through enhancing operations management and the handling of remote monitoring services as well by providing greater convenience to customers.

### (3) Medium- to long-term management strategy

In order to maintain and improve its advantages in technology value added, the Group will continue to secure technology staff and their training and enhance these efforts. We will handle new security products as well as products developed within the Group and add solutions assembled from these. At the same time, we will grow sales by increasing the customer appeal of our offerings. We will also engage in initiatives that foster business efficiency and rapid decision-making through such actions as the review of information systems such as the system upgrade of the core systems of our key subsidiary, J's Communication Co., Ltd.

### (4) Issues for the company to address

In the fields where the Segue Group conducts its business, the rising number of cyberattacks being reported in the newspapers and other media and the continuation of security measures at companies and organizations is taking on greater importance. Cyberattacks are becoming more sophisticated and ingenious each year, as new ones are always being created. Recently, there has been an increase in ransomware and in targeted attacks that accompany the spread of IoT. Under these circumstances, we see the problems described below as ones the Group must recognize and address.

#### (i) Boosting profitability

The Group runs an IT solutions business and within this business enjoys strengths in the security field. While the critical nature of security measures is being called out, we will grab hold of the latest technological trends, centered on the international area, and capture customers' needs. We will move aggressively to handle new commercial products in order to create solutions that ensure security in combination with the new commercial products and products we handle. We will also move ahead on the development of new security products and services that are adapted to today's needs along with building an organizational framework for boosting sales.

As a result of the above, we will be achieving greater sales and higher profit margins.

#### (ii) Enhancing internal controls

Towards the establishment of a framework in which the Company and its Group subsidiaries can be expanded efficiently, we see thorough compliance and strengthening of internal controls as crucial challenges.

In our plans to continually expand the value of the corporation, we have been adjusting our corporate structure. But we now find it necessary to supplement staffing as the scale of business expands and to embark on a full-level enhancement in a corporate governance framework and an internal management system.

#### (iii) Optimizing the Group business structure

So that it can respond to the various needs of customers, the Segue Group has expanded its domain of business by making use of organizational restructuring particularly since 2012.

In order to elevate these effects, the Group as a whole will undergo an optimization to build a framework in which greater synergies can be extracted within the Group by redefining the core business of each Group company and redeploying resources.

(iv) Securing and development of human resources

In order to solve the issues discussed above, we find it essential that a top-notch human resources be secured, maintained, and developed. We will carryout initiatives towards continuous improvement in our training and human resources systems, making sure these systems become well established, and ensuring that the corporate philosophy is thoroughly spread throughout the Group.

(5) Other important items in business operations

There are no items in particular.

3. Basic approach regarding selection of an accounting standard

In order to ensure comparability with other Japanese companies in the same industry, the Group applies the Japanese accounting standard.

4. Consolidated financial statements

(1) Consolidated balance sheets

(units: 1,000 yen)

	FY 2015 (as of December 31, 2015)	FY 2016 (as of December 31, 2016)
<b>Assets</b>		
Notes and accounts receivable - trade	1,011,27	1,180,937
Electronically recorded monetary claims - operating	-	28,286
Inventories	520,281	302,085
Advance payments - trade	198,002	303,092
Accounts receivable - other	82,826	186,182
Deferred tax assets	37,257	28,625
Other	43,003	52,083
Allowance for doubtful accounts	-	-237
Total current assets	2,823,42	3,293,838
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	37,796	36,992
Accumulated depreciation	-22,811	-24,178
Buildings and structures, net	14,984	12,814
Tools, furniture and	690,600	719,450
Accumulated	-574,756	-612,552
Tools, furniture and fixtures, net	115,844	106,897
Land	639	639
Leased assets	5,170	5,170
Accumulated	-4,803	-4,960
Leased assets, net	366	209
Total property, plant and	131,835	120,561
<b>Intangible assets</b>		
Goodwill	63,116	34,908
Other	8,320	23,128
Total intangible assets	71,437	58,037
<b>Investments and other assets</b>		
Investment securities	59,057	24,389
Long-term guarantee	75,065	72,012
Deferred tax assets	47,465	54,253
Insurance funds	92,869	76,541
Other	9,751	8,743
Total investments and other	284,209	235,940
Total non-current assets	487,482	414,539
Total assets	3,310,90	3,708,377

(units: 1,000 yen)

	FY 2015 (as of December 31, 2015)	FY 2016 (as of December 31, 2016)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	656,521	394,574
Current portion of bonds	59,200	40,000
Current portion of long-term loans payable	93,008	85,004
Lease obligations	165	165
Accounts payable - other	46,523	65,206
Accrued expenses	114,820	116,783
Income taxes payable	2,628	95,712
Accrued consumption taxes	47,196	79,607
Advances received	802,624	952,601
Other	44,968	86,610
<b>Total current liabilities</b>	<b>1,867,657</b>	<b>1,916,263</b>
Non-current liabilities		
Bonds payable	60,000	20,000
Long-term loans payable	139,704	38,732
Lease obligations	220	55
Net defined benefit liability	101,357	119,903
Long-term accounts payable - other	66,778	66,778
<b>Total non-current liabilities</b>	<b>368,059</b>	<b>245,468</b>
<b>Total liabilities</b>	<b>2,235,717</b>	<b>2,161,732</b>
Net assets		
Shareholders' equity		
Capital stock	318,000	483,470
Capital surplus	90,500	255,970
Retained earnings	661,382	823,957
<b>Total shareholders' equity</b>	<b>1,069,882</b>	<b>1,563,398</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale	1,000	984
Deferred gains or losses on hedges	4,304	-17,737
<b>Accumulated other comprehensive income</b>	<b>5,304</b>	<b>-16,752</b>
<b>Total net assets</b>	<b>1,075,187</b>	<b>1,546,645</b>
<b>Total liabilities and net assets</b>	<b>3,310,904</b>	<b>3,708,377</b>



(2) Consolidated statements of income and comprehensive income

Consolidated statement of income

(units: 1,000 yen)

	FY 2015 (from January 1, 2015, to December 31, 2015)	FY 2016 (from January 1, 2016, to December 31, 2016)
Net sales	6,172,673	6,881,366
Cost of sales	4,640,343	5,310,690
Gross margin on sales	1,532,330	1,570,675
Selling, general and administrative expenses	1,403,643	1,352,432
Operating income	128,687	218,243
Non-operating income		
Interest and dividend income	265	211
Foreign exchange gains	-	17,170
Income from the grant	3,784	2,881
Surrender value of insurance	3,943	64,926
Subsidy income	14,911	5,453
Other	638	842
Total non-operating income	23,543	91,486
Non-operating expenses		
Interest expenses	5,208	3,275
Foreign exchange losses	3,016	-
Share issuance cost	245	3,201
Expenses related to stock listing	-	16,858
Other	587	205
Total non-operating expenses	9,057	23,541
Ordinary income	143,173	286,189
Extraordinary income		
Gain on sales of investment securities	4,409	-
Gain on transfer of business	-	15,000
Gain on sales of non-current assets	-	59
Total extraordinary income	4,409	15,059
Extraordinary losses		
Loss on valuation of investment securities	-	33,070
Loss on retirement of non-current assets	755	-
Total extraordinary losses	755	33,070
Profit before income taxes	146,827	268,178
Income taxes - current	15,864	93,498
Income taxes - deferred	32,146	12,106
Total income taxes	48,011	105,604
Profit	98,816	162,574
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	98,816	162,574

Consolidated statement of comprehensive income

(units: 1,000 yen)

	FY 2015 (from January 1, 2015, to December 31, 2015)	FY 2016 (from January 1, 2016, to December 31, 2016)
Profit	98,816	162,574
Other comprehensive income		
Valuation difference on available-for-sale securities	373	-15
Deferred gains or losses on hedges	-72,333	-22,041
Accumulated other comprehensive income	-71,960	-22,057
Comprehensive income	26,855	140,516
(Breakdown)		
Comprehensive income attributable to owners of parent	26,855	140,516
Comprehensive income related to non-controlling interests	-	-

(3) Consolidated statement of changes in equity

FY 2015 (from January 1, 2015, to December 31, 2015)

(units: 1,000 yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of current period	283,000	55,500	562,566	901,066
Changes during period				
Issuance of new shares	35,000	35,000		70,000
Profit attributable to owners of parent			98,816	98,816
Net changes during period other than shareholders' equity				-
Total changes during period	35,000	35,000	98,816	168,816
Balance at end of current period	318,000	90,500	661,382	1,069,882

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income	
Balance at beginning of current period	626	76,638	77,265	978,331
Changes during period				
Issuance of new shares				70,000
Profit attributable to owners of parent Profit				98,816
Net changes during period other than shareholders' equity	373	-72,333	-71,960	-71,960
Total changes during period	373	-72,333	-71,960	96,855
Balance at end of current period	1,000	4,304	5,304	1,075,187

FY 2016 (from January 1, 2016, to December 31, 2016)

(units: 1,000 yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of current period	318,000	90,500	661,382	1,069,882
Changes during period				
Issuance of new shares	165,470	165,470		330,941
Profit attributable to owners of parent			162,574	162,574
Net changes during period other than shareholders' equity				-
Total changes during period	165,470	165,470	162,574	493,515
Balance at end of current period	483,470	255,970	823,957	1,563,398

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income	
Balance at beginning of current period	1,000	4,304	5,304	1,075,187
Changes during period				
Issuance of new shares				330,941
Profit attributable to owners of parent				162,574
Net changes during period other than shareholders' equity	-15	-22,041	-22,057	-22,057
Total changes during period	-15	-22,041	-22,057	471,457
Balance at end of current period	984	-17,737	-16,752	1,546,645

(4) Consolidated statement of cash flows

(units: 1,000 yen)

	FY 2015 from January 1, 2015 to December 31, 2015)	FY 2016 from January 1, 2016 to December 31, 2016)
<b>Cash flows from operating activities</b>		
Profit before income taxes	146,827	268,178
Depreciation	62,511	53,698
Amortization of goodwill	30,541	28,208
Increase (decrease) in allowance for doubtful	-	237
Increase (decrease) in net defined benefit liability	13,687	18,546
Interest and dividend income	-265	-211
Interest expenses	5,208	3,275
Loss (gain) on sales of investment securities	-4,409	-
Loss (gain) on valuation of investment securities	-	33,070
Foreign exchange losses (gains)	319	1,069
Gain on transfer of business	-	-15,000
Gain on sales of non-current assets	-	-59
Decrease (increase) in notes and accounts	-247,771	-197,945
Decrease (increase) in inventories	-233,863	218,196
Decrease (increase) in advance payments	-7,895	-105,089
Increase (decrease) in notes and accounts payable	222,009	-261,947
Increase (decrease) in advances received	59,479	149,976
Other	48,766	-23,713
Subtotal	95,146	170,490
Interest and dividend income received	265	211
Interest expenses paid	-5,404	-3,461
Income taxes paid	-77,858	-8,630
Cash flows from operating activities	12,148	158,610
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	-6,014	-6,016
Purchase of investment securities	-446	-455
Proceeds from sales of investment securities	6,326	2,000
Proceeds from transfer of business	-	15,000
Purchase of property, plant and equipment	-53,317	-39,046
Proceeds from sales of property, plant and	-	61
Purchase of intangible assets	-3,305	-17,591
Purchase of additional shares in subsidiary	-9,000	-
Payments of loans receivable	-1,750	-
Collection of loans receivable	1,465	845
Payments for lease and guarantee deposits	-8,867	-62
Proceeds from collection of lease and guarantee	8,699	1,118
Cash flows from investing activities	-66,210	-44,147

(units: 1,000 yen)

	FY 2015 from January 1, 2015 to December 31, 2015)	FY 2016 from January 1, 2016 to December 31, 2016)
<b>Cash flows from financing activities</b>		
Increase in short-term loans payable	100,000	-
Repayment of short-term loans payable	-100,000	-
Repayment of long-term loans payable	-98,674	-108,976
Redemption of bonds	-76,800	-59,200
Repayments of lease obligations	-373	-165
Proceeds from issuance of shares	70,000	330,941
Cash flows from financing activities	-105,847	162,599
Effect of exchange rate change on cash and cash	-319	-1,069
Net increase (decrease) in cash and cash equivalents	-160,228	275,993
Cash and cash equivalents at the start of the period	1,005,686	845,458
Cash and cash equivalents at the end of the period	845,458	1,121,451