

## Summary of Financial Statements for the First Quarter of the Year Ending December 31, 2017 (J-GAAP) (Consolidated)

May 12, 2017

Company Name: Segue Group Co., Ltd. Stock Exchange: Tokyo Stock Exchange  
 Code Number: 3968 URL: <http://segue-g.jp/>  
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 Scheduled date of filing quarterly securities report: May 12, 2017  
 Scheduled date of dividend payment: -  
 Explanatory documents supplement to the abridged quarterly financial statements: None  
 Briefing for summary of quarterly financial results: None

(All amounts are rounded down to the nearest million yen)

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

#### (1) Consolidated Results of Operations (for three months) (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	%
Q1 FY 2017	2,209	-	263	-	270	-	193	-
Q1 FY 2016	-	-	-	-	-	-	-	-

Note: Comprehensive income (million yen) Q1 FY 2017: 179 (-%) Q1 FY 2016: - (-%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Q1 FY 2017	70.13		66.27	
Q1 FY 2016	-		-	

Notes: 1. Because the Company did not prepare quarterly consolidated financial statements for the first quarter of FY 2016, comparisons of changes in earnings between the first quarter of FY 2016 and the first quarter of FY 2017 are not presented.

2. The Company executed a common stock split at the ratio of two shares to one on April 1, 2017, 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 fiscal year ending December 31, 2017.

#### (2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	million yen		million yen		%	
Q1 FY 2017	4,154		1,731		41.7	
FY 2016	3,708		1,546		41.7	

Reference: Shareholders' equity (million yen) Q1 FY 2017: 1,731 FY 2016: 1,546

### 2. Dividends

	Annual dividends				
	End of Q1	End of Q2	End of Q3	End of fiscal year	Total
	Yen				
FY 2016	-	0.00	-	0.00	0.00
FY 2017	-				
FY 2017 (forecast)		0.00	-	0.00	0.00

Note: Revision of the latest published dividend forecast: None

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

(Percentages indicate year-over-year changes)

	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
Full year	7,593	10.4	303	39.0	359	25.7	251	54.6	90.96

Note: Revision of the latest published earnings forecast: None

Notes: On April 1, 2017, the Company executed a common stock split at the ratio of two shares to one. Net income per share is calculated under the assumption that the stock split took effect at the start of the fiscal year ending December 31, 2017.

\* Explanatory notes

(1) Changes in major subsidiaries during the fiscal quarter

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

(2) Application of accounting procedures specific to creation of quarterly consolidated financial statements: None

- (i) Change of accounting policies caused by revision of accounting standards : None
- (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)

Q1 FY 2017	2,771,000 shares	FY 2016	2,757,400 shares
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(ii) Number of Treasury shares at end of period

Q1 FY 2017	- shares	FY 2016	- shares
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(iii) Average number of shares outstanding during the period  
(cumulative quarterly statistics)

Q1 FY 2017	2,764,750 shares	Q1 FY 2016	- shares
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Notes: 1. Because the disclosure of quarterly earnings started in the current fiscal year, the average number of shares outstanding during the previous fiscal year is not presented.

2. On September 21, 2016, the Company executed a common stock split at the ratio of 100 shares to 1, and on April 1, 2017, the Company executed a common stock split at the ratio of two shares to one. Outstanding shares (of common stock) are presented under the assumption that the stock splits took effect at the beginning of the fiscal year ending December 31, 2016.

\* Quarterly summary of financial statements is outside the scope of the quarterly review.

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

The full-year financial forecasts for the year ending December 31, 2017, remain in place, but because of the lack of visibility of market changes and the business environment, prompt notification will be made of any changes should they occur.

1. Consolidated financial statements and major explanatory notes  
(1) Consolidated balance sheets

(units: 1,000 yen)

	FY 2016 (as of December 31, 2016)	Q1 FY 2017 (as of March 31, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	1,212,782	1,598,176
Notes and accounts receivable - trade	1,180,937	1,224,504
Electronically recorded monetary claims - operating	28,286	35,695
Inventories	302,085	279,279
Advance payments - trade	303,092	304,050
Accounts receivable - other	186,182	180,703
Deferred tax assets	28,625	45,878
Other	52,083	62,811
Allowance for doubtful accounts	-237	-277
Total current assets	3,293,838	3,730,822
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,992	36,992
Accumulated depreciation	-24,178	-24,647
Buildings and structures, net	12,814	12,344
Tools, furniture and fixtures	719,450	714,759
Accumulated depreciation	-612,552	-601,497
Tools, furniture and fixtures, net	106,897	113,261
Land	639	639
Leased assets	5,170	5,170
Accumulated depreciation	-4,960	-5,000
Leased assets, net	209	170
Total property, plant and equipment	120,561	126,416
Intangible assets		
Goodwill	34,908	27,856
Other	23,128	26,755
Total intangible assets	58,037	54,612
Investments and other assets		
Investment securities	24,389	25,026
Long-term guarantee deposits	72,012	76,518
Deferred tax assets	54,253	54,676
Insurance funds	76,541	76,132
Other	8,743	10,673
Total investments and other assets	235,940	243,026
Total non-current assets	414,539	424,055
Total assets	3,708,377	4,154,878

(units: 1,000 yen)

	FY 2016 (as of December 31, 2016)	Q1 FY 2017 (as of March 31, 2017)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	394,574	647,366
Current portion of bonds	40,000	40,000
Current portion of long-term loans payable	85,004	85,004
Lease obligations	165	165
Accounts payable - other	65,206	55,101
Accrued expenses	116,783	100,202
Income taxes payable	95,712	92,970
Accrued consumption taxes	79,607	83,159
Provision for bonuses	-	50,085
Advances received	952,601	997,037
Other	86,610	63,126
Total current liabilities	1,916,263	2,214,219
Non-current liabilities		
Bonds payable	20,000	-
Long-term loans payable	38,732	17,481
Lease obligations	55	13
Net defined benefit liability	119,903	125,046
Long-term accounts payable - other	66,778	66,741
Total non-current liabilities	245,468	209,282
Total liabilities	2,161,732	2,423,501
<b>Net assets</b>		
Shareholders' equity		
Capital stock	483,470	486,075
Capital surplus	255,970	258,575
Retained earnings	823,957	1,017,849
Total shareholders' equity	1,563,398	1,762,500
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	984	1,368
Deferred gains or losses on hedges	-17,737	-32,491
Accumulated other comprehensive income	-16,752	-31,123
Total net assets	1,546,645	1,731,376
Total liabilities and net assets	3,708,377	4,154,878

(2) Consolidated statements of income and comprehensive income

Consolidated statement of income  
First quarter

(units: 1,000 yen)

	FY 2017 (from January 1, 2017, to December 31, 2017)
Net sales	2,209,157
Cost of sales	1,596,016
Gross margin on sales	613,141
Selling, general and administrative expenses	349,798
Operating income	263,342
Non-operating income	
Interest and dividend income	63
Foreign exchange gains	3,091
Surrender value of insurance	3,817
Other	1,450
Total non-operating income	8,423
Non-operating expenses	
Interest expenses	874
Other	302
Total non-operating expenses	1,177
Ordinary income	270,588
Profit before income taxes	270,588
Income taxes - current	87,930
Income taxes - deferred	-11,233
Total income taxes	76,696
Profit	193,892
Profit attributable to non-controlling interests	-
Profit attributable to owners of parent	193,892

Consolidated statement of comprehensive income  
First quarter

(units: 1,000 yen)

FY 2017 (from January 1,  
2017, to December 31, 2017)

Profit	193,892
Other comprehensive income	
Valuation difference on available-for-sale securities	383
Deferred gains or losses on hedges	-14,754
Accumulated other comprehensive income	-14,370
Comprehensive income	179,521
(Breakdown)	
Comprehensive income attributable to owners of parent	179,521
Comprehensive income related to non-controlling interests	-