

# Summary of Financial Statements for the Third Quarter of the Year Ending December 31, 2019 (J-GAAP) (Consolidated)

November 13, 2019

Company **Segue Group Co., Ltd.**  
 Stock Code 3968 URL: <https://segue-g.jp/>  
 Representative Yasuyuki Aisu, President and CEO  
 Contact Yasuhiro Fukuda, CFO  
 Expected date of filing of quarterly report: November 13, 2019  
 Expected starting date of dividend payment: -  
 Preparation of quarterly supplementary financial document: Yes  
 Quarterly results briefing: None

Stock Exchange: Tokyo Stock Exchange

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(Rounded down to million yen)

## 1. Consolidated business results for the nine months ended September 2019 (January 1, 2019 through September 30, 2019)

### (1) Consolidated results of operations (Percentages indicate year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q3 FY 2019	7,379	11.0	438	12.9	439	13.5	286	-7.9
Q3 FY 2018	6,649	16.6	388	15.1	387	10.3	310	27.3

(Note) Comprehensive income

Q3 FY 2019: 321 million yen (185.9%)

Q3 FY 2018: 112 million yen (-54.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Q3 FY 2019	49.95	48.85
Q3 FY 2018	54.67	53.09

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Q3 FY 2019	6,241	2,734	43.5
FY 2018	5,350	2,450	45.8

(Reference) Shareholders' equity

Q3 FY 2019: 2,715 million yen

Q3 FY 2018: 2,450 million yen

## 2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2018	-	0.00	-	10.00	10.00
FY 2019	-	0.00	-	-	-
FY 2019 (forecast)	-	-	-	10.00	10.00

(Note) Revisions to dividend forecast for the current quarter: Yes

- The Company plans to conduct a 2-for-1 stock split with an effective date of December 1, 2019. Accordingly, the year-end dividend for the fiscal year ending December 2019 (forecast) has been adjusted to reflect the impact of the stock split.
- Breakdown of Year-End Dividends for the Fiscal Year Ending December 2019 (Forecast)  
 Ordinary dividend: 5 yen, Commemorative dividend: 5 yen (commemorative dividend for the 25th anniversary of the Company's founding and the listing on the 1st Section of TSE)  
 The year-end dividend for the fiscal year ending December 2019 (forecast) without considering the stock split is a total of 20 yen, including an ordinary dividend of 10 yen and a commemorative dividend of 10 yen. This is an increase in the commemorative dividend.
- The dividend for the fiscal year ended December 2018 is the actual amount before the stock split.
- Regarding the above stock split and revisions to the dividend forecasts, please refer to the press release "Notice of Stock Split, Partial Changes to Articles of Incorporation associated with the Stock Split, and Revision to Dividend Forecast (Increase in Dividend)" dated November 13, 2019.

### 3. Forecast of consolidated business results for the year ending December 2019

(January 1 2019 through December 31, 2019)

(Percentages indicate year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	9,476	8.1	566	17.0	574	18.1	371	-1.4	32.45

(Note) Revisions to business forecast for the current quarter: None

(Note) The Company plans to conduct a 2-for-1 stock split with an effective date of December 1, 2019. Net income per share was calculated assuming that the stock split was conducted at the beginning of the fiscal year ending December 2019.

#### \*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None

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

(3) Changes in accounting policies, accounting estimates and restatement

- |  |        |
|--|--------|
| ① Changes in accounting policies associated with revision of accounting standards: | : None |
| ② Changes in accounting policies other than ①                                      | : Yes  |
| ③ Changes in accounting estimates  | : None |
| ④ Restatement  | : None |

(4) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included)

Q3 FY 2019	5,732,800 shares
FY 2018	5,729,200 shares

② Treasury stock at the end of period

Q3 FY 2019	118 shares
FY 2018	41 shares

③ Average number of stock during period (quarterly cumulative period)

Q3 FY 2019	5,731,197 shares
Q3 FY 2018	5,685,148 shares

**\*Quarterly financial summary is not subject to auditing procedures by certified public accountants or auditing firms.**

**\*Explanation regarding appropriate use of business forecasts and other special instructions**

- Forecasts 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. The Company does not promise about the achievement. 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 2018 (As of December 31, 2018)	Q3 FY 2019 (As of September 30, 2019)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	1,663,362	1,775,039
Notes and accounts receivable	1,166,419	1,655,188
Electronically Recorded Monetary Claims	23,445	22,154
Inventories	686,196	528,922
Advance payments - trade	485,479	576,313
Accounts receivable - other	266,287	388,039
Other	69,027	103,685
Allowance for doubtful accounts	-1,083	-2,414
<b>Total current assets</b>	<b>4,359,135</b>	<b>5,046,927</b>
<b>Fixed assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	42,974	59,057
Accumulated depreciation	-28,114	-30,548
Buildings and structures, net	14,860	28,508
Automotive equipment	-	5,003
Accumulated depreciation	-	-4,088
Vehicles, net	-	915
Tools, furniture and fixtures	800,792	848,386
Accumulated depreciation	-648,461	-693,729
Tools, furniture and fixtures, net	152,331	154,657
Land	639	639
<b>Total property, plant and equipment</b>	<b>167,831</b>	<b>184,721</b>
<b>Intangible assets</b>		
Goodwill	62,759	123,150
Software	10,955	145,361
Software in progress	144,926	40,270
Other	839	1,209
<b>Total intangible assets</b>	<b>219,481</b>	<b>309,992</b>
<b>Investments and other assets</b>		
Investment securities	355,633	438,805
Long-term guarantee deposits	93,813	96,061
Deferred tax assets	67,824	75,977
Insurance funds	70,105	71,701
Claims in bankruptcy	2,241	6,328
Other	16,097	17,409
Allowance for doubtful accounts	-2,075	-6,162
<b>Total investments and other assets</b>	<b>603,639</b>	<b>700,121</b>
<b>Total noncurrent assets</b>	<b>990,951</b>	<b>1,194,834</b>
<b>Total assets</b>	<b>5,350,087</b>	<b>6,241,762</b>

(Thousand yen)

	FY 2018 (As of December 31, 2018)	Q3 FY 2019 (As of September 30, 2019)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	595,159	700,995
Current portion of long-term loans payable	-	9,528
Accounts payable	112,106	99,926
Accrued expenses	146,071	131,895
Income taxes payable	129,385	75,222
Accrued consumption taxes	33,017	80,628
Provision for bonuses	821	63,346
Advances received	1,620,429	2,072,137
Other	48,951	26,540
Total current liabilities	2,685,943	3,260,219
Long-term liabilities		
Long-term debt	-	11,865
Obligations for retirement pay	146,804	168,987
Long-term accounts payable	66,598	66,598
Total long-term liabilities	213,402	247,450
Total liabilities	2,899,346	3,507,669
<b>Net assets</b>		
Shareholders' equity		
Capital stock	505,788	506,206
Capital surplus	278,288	278,706
Retained earnings	1,520,357	1,749,323
Treasury stock	-79	-213
Total shareholders' equity	2,304,355	2,534,022
Other accumulated comprehensive income		
Valuation difference on securities	147,002	181,366
Deferred gains or losses on hedges	-617	240
Total other accumulated comprehensive income	146,385	181,607
Share subscription rights	-	18,463
Total net assets	2,450,741	2,734,092
Total liabilities and net assets	5,350,087	6,241,762

Quarterly Consolidated Statements of Income and Statements of Comprehensive Income

Quarterly Consolidated Statement of Income

Third Quarter

(Thousand yen)

	Q3 FY 2018 (January 1, 2018- September 30, 2018)	Q3 FY 2019 (January 1, 2019- September 30, 2019)
Net sales	6,649,633	7,379,802
Cost of sales	5,025,960	5,465,618
Gross profit	1,623,672	1,914,183
Selling, general and administrative expenses	1,235,421	1,475,825
Operating income	388,251	438,358
Non-operating income		
Interest Income and Dividends	254	785
Surrender value of insurance	14,540	7,789
Subsidy income	880	2,724
Other	1,636	2,379
Total non-operating income	17,311	13,678
Non-operating expenses		
Interest expenses	152	135
Foreign exchange loss	17,765	11,969
Other	463	540
Total non-operating expenses	18,381	12,645
Ordinary income	387,181	439,391
Extraordinary income		
Gains on sales of investment securities	69,583	-
Gain on reversal of share subscription rights	-	209
Total extraordinary income	69,583	209
Extraordinary loss		
Gains on sales of investment securities	-	1,029
Total extraordinary income	-	1,029
Profit before income taxes	456,765	438,572
Income taxes	164,116	159,376
Income taxes-deferred	-18,154	-7,061
Total income tax	145,962	152,314
Net income	310,803	286,257
Net income attributable to owners of non-controlling shareholders	-	-
Net income attributable to owners of parent	310,803	286,257

Quarterly Consolidated Statement of Comprehensive Income

Third Quarter

(Thousand yen)

	Q3 FY 2018 (January 1, 2018- September 30, 2018)	Q3 FY 2019 (January 1, 2019- September 30, 2019)
Net income	310,803	286,257
Other comprehensive income		
Valuation difference on securities	-209,579	34,364
Deferred gains or losses on hedges	11,215	857
Total other comprehensive income	-198,363	35,221
Comprehensive income	112,439	321,478
Breakdown		
Comprehensive income attributable to owners of parent	112,439	321,478
Comprehensive income attributable to owners of non-controlling shareholders	-	-