

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

August 14, 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: August 14, 2017
 Scheduled date of dividend payment: -
 Explanatory documents supplement to the abridged quarterly financial statements: Yes
 Briefing for summary of quarterly financial results: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2017 (from January 1, 2017, to June 30, 2017)

(1) Consolidated Results of Operations (for six 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	%
Q2 FY 2017	3,740	-	294	-	304	-	214	-
Q2 FY 2016	-	-	-	-	-	-	-	-

Note: Comprehensive income (million yen) Q2 FY 2017: 206 (-%) Q2 FY 2016: - (-%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Q2 FY 2017	77.56		73.40	
Q2 FY 2016	-		-	

Notes: 1. Because the Company did not prepare quarterly consolidated financial statements for the second quarter of FY 2016, comparisons of changes in earnings between the second quarter of FY 2016 and the second 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		%	
Q2 FY 2017	4,197		1,769		42.2	
FY 2016	3,708		1,546		41.7	

Reference: Shareholders' equity (million yen) Q2 FY 2017: 1,769 FY 2016: 1,546

2. Dividends

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

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

(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

(4) Issued shares (common stock)

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

Q2 FY 2017	2,801,200 shares	FY 2016	2,757,400 shares
Q2 FY 2017	- shares	FY 2016	- shares
Q2 FY 2017	2,771,250 shares	Q2 FY 2016	- shares

(ii) Number of Treasury shares at end of period

(iii) Average number of shares outstanding during the period
(cumulative quarterly statistics)

Notes: 1. Because the disclosure of earnings for the second quarter started in the current fiscal year, the average number of shares outstanding during the second quarter of the fiscal year ending December 31, 2016 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 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.

- The Company plans to hold a results briefing for institutional investors and analysts on August 21, 2017. The materials distributed at the results meeting are scheduled to be posted on the Company's website promptly after the meeting.

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

(units: 1,000 yen)

	FY 2016 (as of December 31, 2016)	Q2 FY 2017 (as of June 30, 2017)
Assets		
Current assets		
Cash and deposits	1,212,782	2,074,854
Notes and accounts receivable - trade	1,180,937	713,041
Electronically recorded monetary claims - operating	28,286	39,773
Inventories	302,085	243,366
Advance payments - trade	303,092	332,531
Accounts receivable - other	186,182	214,181
Deferred tax assets	28,625	57,485
Other	52,083	56,440
Allowance for doubtful accounts	-237	-82
Total current assets	3,293,838	3,731,594
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,992	38,074
Accumulated depreciation	-24,178	-25,138
Buildings and structures, net	12,814	12,935
Tools, furniture and fixtures	719,450	752,911
Accumulated depreciation	-612,552	-599,415
Tools, furniture and fixtures, net	106,897	153,495
Land	639	639
Leased assets	5,170	5,170
Accumulated depreciation	-4,960	-5,039
Leased assets, net	209	131
Total property, plant and equipment	120,561	167,201
Intangible assets		
Goodwill	34,908	20,804
Other	23,128	32,849
Total intangible assets	58,037	53,654
Investments and other assets		
Investment securities	24,389	24,711
Long-term guarantee deposits	72,012	76,046
Deferred tax assets	54,253	56,985
Insurance funds	76,541	76,625
Other	8,743	10,320
Total investments and other assets	235,940	244,689
Total non-current assets	414,539	465,545
Total assets	3,708,377	4,197,139

(units: 1,000 yen)

	FY 2016 (as of December 31, 2016)	Q2 FY 2017 (as of June 30, 2017)
Liabilities		
Current liabilities		
Accounts payable - trade	394,574	409,726
Current portion of bonds	40,000	40,000
Current portion of long-term loans payable	85,004	81,234
Lease obligations	165	137
Accounts payable - other	65,206	98,929
Accrued expenses	116,783	187,889
Income taxes payable	95,712	129,153
Accrued consumption taxes	79,607	76,443
Advances received	952,601	1,150,743
Other	86,610	60,946
Total current liabilities	1,916,263	2,235,203
Non-current liabilities		
Bonds payable	20,000	-
Long-term loans payable	38,732	-
Lease obligations	55	-
Net defined benefit liability	119,903	125,447
Long-term accounts payable - other	66,778	66,741
Total non-current liabilities	245,468	192,188
Total liabilities	2,161,732	2,427,391
Net assets		
Shareholders' equity		
Capital stock	483,470	491,895
Capital surplus	255,970	264,395
Retained earnings	823,957	1,038,896
Total shareholders' equity	1,563,398	1,795,187
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	984	1,087
Deferred gains or losses on hedges	-17,737	-26,526
Accumulated other comprehensive income	-16,752	-25,439
Total net assets	1,546,645	1,769,747
Total liabilities and net assets	3,708,377	4,197,139

(2) Consolidated statements of income and comprehensive income

Consolidated statement of income
Second quarter

(units: 1,000 yen)

	Q2 FY 2017 (from January 1, 2017, to June 30, 2017)
Net sales	3,740,518
Cost of sales	2,720,332
Gross margin on sales	1,020,185
Selling, general and administrative expenses	726,161
Operating income	294,024
Non-operating income	
Interest and dividend income	70
Foreign exchange gains	2,887
Surrender value of insurance	4,090
Subsidy income	4,996
Other	469
Total non-operating income	12,513
Non-operating expenses	
Interest expenses	1,181
Other	479
Total non-operating expenses	1,661
Ordinary income	304,876
Profit before income taxes	304,876
Income taxes - current	117,648
Income taxes - deferred	-27,710
Total income taxes	89,937
Profit	214,939
Profit attributable to non-controlling interests	-
Profit attributable to owners of parent	214,939

Consolidated statement of comprehensive income
Second quarter

(units: 1,000 yen)

Q2 FY 2017 (from January 1,
2017, to June 30, 2017)

Profit	214,939
Other comprehensive income	
Valuation difference on available-for-sale securities	102
Deferred gains or losses on hedges	-8,789
Accumulated other comprehensive income	-8,686
Comprehensive income	206,252
(Breakdown)	
Comprehensive income attributable to owners of parent	206,252
Comprehensive income related to non-controlling interests	-