

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

May 14, 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 : May 14, 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 three months ended March 2019 (January 1, 2019 through March 31, 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	%
Q1 FY 2019	2,682	-3.2	215	-25.4	211	-29.1	139	-33.8
Q1 FY 2018	2,772	25.5	288	9.6	298	10.3	211	8.9

(Note) Comprehensive income

Q1 FY 2019: 190 million yen (9.4%)

Q1 FY 2018: 173 million yen (-3.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
Q1 FY 2019	24.39	23.87
Q1 FY 2018	37.21	36.05

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Q1 FY 2019	6,297	2,602	41.0
FY 2018	5,350	2,450	45.8

(Reference) Shareholders' equity

Q1 FY 2019: 2,583 million yen

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	-				
FY 2019 (forecast)		0.00	-	10.00	10.00

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

3. Forecast of consolidated business results for the fiscal 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
								64.92

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

***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

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

(4) Shares outstanding (common stock)

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

Q1 FY 2019	5,731,200 shares
FY 2018	5,729,200 shares

②Treasury stock at the end of period

Q1 FY 2019	118 shares
FY 2018	41 shares

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

Q1 FY 2019	5,729,828 shares
Q1 FY 2018	5,675,059 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 promises about the achievements. 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 Dec. 31, 2018)	Q1 FY 2019 (As of March 31, 2019)
Assets		
Current assets		
Cash and deposits	1,663,362	1,809,567
Notes and accounts receivable	1,166,419	1,608,707
Electronically Recorded Monetary Claims	23,445	40,583
Inventories	686,196	510,090
Advance payments - trade	485,479	473,520
Accounts receivable - other	266,287	557,174
Other	69,027	70,501
Allowance for doubtful accounts	-1,083	-2,191
Total current assets	4,359,135	5,067,954
Fixed assets		
Property, plant and equipment		
Buildings and structures	42,974	56,451
Accumulated depreciation	-28,114	-29,185
Buildings and structures, net	14,860	27,265
Automotive equipment	—	8,316
Accumulated depreciation	—	-5,779
Vehicles, net	—	2,537
Tools, furniture and fixtures	800,792	811,552
Accumulated depreciation	-648,461	-662,007
Tools, furniture and fixtures, net	152,331	149,544
Land	639	639
Total property, plant and equipment	167,831	179,987
Intangible assets		
Goodwill	62,759	135,885
Software	10,955	158,069
Software in progress	144,926	2,779
Other	839	1,209
Total intangible assets	219,481	297,943
Investments and other assets		
Investment securities	355,633	485,884
Rental Deposit	93,813	97,233
Deferred tax assets	67,824	75,827
Insurance funds	70,105	74,100
Claims in bankruptcy	2,241	6,628
Other	16,097	18,415
Allowance for doubtful accounts	-2,075	-6,462
Total investments and other assets	603,639	751,627
Total noncurrent assets	990,951	1,229,558
Total assets	5,350,087	6,297,513

(Thousand yen)

	FY 2018 (As of Dec. 31, 2018)	Q1 FY 2019 (As of March 31, 2019)
Liabilities		
Current liabilities		
Accounts payable-trade	595,159	1,218,597
Current portion of long-term loans payable	—	12,528
Accounts payable	112,106	114,817
Accrued expenses	146,071	149,977
Income taxes payable	129,385	89,908
Accrued consumption taxes	33,017	31,635
Provision for bonuses	821	59,944
Advances received	1,620,429	1,723,698
Other	48,951	50,115
Total current liabilities	2,685,943	3,451,223
Long-term liabilities		
Long-term debt	—	15,879
Obligations for retirement pay	146,804	161,257
Long-term accounts payable - other	66,598	66,598
Total long-term liabilities	213,402	243,734
Total liabilities	2,899,346	3,694,958
Net assets		
Shareholders' equity		
Capital stock	505,788	506,048
Capital surplus	278,288	278,548
Retained earnings	1,520,357	1,602,832
Treasury stock	-79	-213
Total shareholders' equity	2,304,355	2,387,216
Other accumulated comprehensive income		
Valuation difference on securities	147,002	196,734
Deferred gains or losses on hedges	-617	-69
Total other accumulated comprehensive income	146,385	196,665
Share subscription rights	—	18,672
Total net assets	2,450,741	2,602,554
Total liabilities and net assets	5,350,087	6,297,513

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

Quarterly Consolidated Statement of Income

First Quarter

	(Thousand yen)	
	Q1 FY 2018 (January 1, 2018 to March 31, 2018)	Q1 FY 2019 (January 1, 2019 to March 31, 2019)
Net sales	2,772,478	2,682,857
Cost of sales	2,091,086	1,975,452
Gross profit	681,392	707,405
Selling, general and administrative expenses	392,655	491,983
Operating income	288,736	215,421
Non-operating income		
Interest Income and Dividends	71	39
Surrender value of insurance	12,087	1,010
Other	394	424
Total non-operating income	12,554	1,474
Non-operating expenses		
Interest expenses	119	22
Foreign exchange loss	2,676	5,197
Other	160	161
Total non-operating expenses	2,957	5,381
Ordinary income	298,334	211,514
Extraordinary income		
Gains on sales of investment securities	9,198	—
Total extraordinary income	9,198	—
Profit before income taxes	307,533	211,514
Income taxes	109,467	85,546
Income taxes-deferred	-13,084	-13,798
Total income tax	96,383	71,747
Net income	211,150	139,766
Net income attributable to owners of non-controlling	—	—
Net income attributable to owners of parent	211,150	139,766

Quarterly Consolidated Statement of Comprehensive Income

First Quarter

	(Thousand yen)	
	Q1 FY 2018 (January 1, 2018 to March 31, 2018)	Q1 FY 2019 (January 1, 2019 to March 31, 2019)
Net income	211,150	139,766
Other comprehensive income		
Valuation difference on securities	-30,519	49,731
Deferred gains or losses on hedges	-6,979	547
Total other comprehensive income	-37,499	50,279
Comprehensive income	173,650	190,046
Breakdown		
Comprehensive income attributable to owners of parent	173,650	190,046
Comprehensive income attributable to owners of non-controlling	—	—