

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

November 14, 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 filing quarterly securities report: November 14, 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. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2017 (from January 1, 2017, to September 30, 2017)

#### (1) Consolidated Results of Operations (for nine 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                             | %     |
| Q3 FY 2017 | 5,701       | 13.8 | 337              | 161.0 | 351             | 147.6 | 244                                     | 156.3 |
| Q3 FY 2016 | 5,009       | -    | 129              | -     | 141             | -     | 95                                      | -     |

Note: Comprehensive income (million yen) Q3 FY 2017: 244 (-%) Q3 FY 2016: -21 (-%)

|            | Net income per share |  | Diluted net income per share |  |
|------------|----------------------|--|------------------------------|--|
|            | Yen                  |  | Yen                          |  |
| Q3 FY 2017 | 43.84                |  | 41.71                        |  |
| Q3 FY 2016 | 20.40                |  | -                            |  |

- Notes: 1. Because the Company did not prepare quarterly consolidated financial statements for the third quarter of FY 2015, comparisons of changes in earnings between the third quarter of FY 2016 are not presented.
2. Basic earnings per share and diluted earnings per share for the quarter have been calculated taking into account a common stock split executed at the ratio of one hundred shares for one on September 21, 2016, a common stock split executed at the ratio of two shares for one on April 1, 2017, and a common stock split executed at the ratio of two shares for one on October 1, 2017. For the purposes of the said calculations, all stock splits mentioned are assumed to have occurred at the beginning of the fiscal year ended December 31, 2016.
3. Diluted earnings per share data for the third quarter of the fiscal year ended December 2016 is not stated since the shares of the Company were not listed and the average share price during the term was not known.

#### (2) Consolidated Financial Position

|            | Total assets |  | Net assets  |  | Equity ratio |  |
|------------|--------------|--|-------------|--|--------------|--|
|            | million yen  |  | million yen |  | %            |  |
| Q3 FY 2017 | 4,500        |  | 1,814       |  | 40.3         |  |
| FY 2016    | 3,708        |  | 1,546       |  | 41.7         |  |

Reference: Shareholders' equity (million yen) Q3 FY 2017: 1,814 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            | -                | 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 | 7,710       | 12.1 | 357              | 63.8 | 424             | 48.5 | 291                                     | 79.6 | 52.43                |  |

Note: Revision of the latest published earnings forecast: Yes

Notes: The Company executed a common stock split at the ratio of two shares for one on April 1, 2017, and a common stock split at the ratio of two shares for one on October 1, 2017. Basic earnings per share has been calculated assuming the stock splits occurred at the beginning of the fiscal year ending December 31, 2017.

\* Explanatory notes

(1) Changes in major subsidiaries during the fiscal quarter: 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)

|            |                  |         |                  |
|------------|------------------|---------|------------------|
| Q3 FY 2017 | 5,634,800 shares | FY 2016 | 5,514,800 shares |
|------------|------------------|---------|------------------|

(ii) Number of Treasury shares at end of period

|            |          |         |          |
|------------|----------|---------|----------|
| Q3 FY 2017 | - shares | FY 2016 | - shares |
|------------|----------|---------|----------|

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

|            |                  |            |                  |
|------------|------------------|------------|------------------|
| Q3 FY 2017 | 5,568,400 shares | Q3 FY 2016 | 4,668,000 shares |
|------------|------------------|------------|------------------|

Notes: The number of common shares issued and outstanding has been calculated taking into account a common stock split executed at the ratio of one hundred shares for one on September 21, 2016, a common stock split executed at the ratio of two shares for one on April 1, 2017, and a common stock split executed at the ratio of two shares for one on October 1, 2017. For the purposes of the said calculations, all stock splits mentioned are assumed to have occurred at the beginning of the fiscal year ended 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.

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

(units: 1,000 yen)

|   | FY 2016<br>(as of December 31, 2016) | Q3 FY 2017<br>(as of September 30, 2017) |
|---|--------------------------------------|--|
| <b>Assets</b>                                       |                                      |  |
| Current assets                                      |                                      |  |
| Cash and deposits                                   | 1,212,782                            | 1,948,044                                |
| Notes and accounts receivable - trade               | 1,180,937                            | 1,169,428                                |
| Electronically recorded monetary claims - operating | 28,286                               | 31,228                                   |
| Inventories   | 302,085                              | 367,076                                  |
| Advance payments - trade                            | 303,092                              | 317,938                                  |
| Accounts receivable - other                         | 186,182                              | 125,141                                  |
| Deferred tax assets                                 | 28,625                               | 34,829                                   |
| Other   | 52,083                               | 55,819                                   |
| Allowance for doubtful accounts                     | -237                                 | -158                                     |
| Total current assets                                | 3,293,838                            | 4,049,347                                |
| Non-current assets                                  |                                      |  |
| Property, plant and equipment                       |                                      |  |
| Buildings and structures                            | 36,992                               | 38,074                                   |
| Accumulated depreciation                            | -24,178                              | -25,629                                  |
| Buildings and structures, net                       | 12,814                               | 12,444                                   |
| Tools, furniture and fixtures                       | 719,450                              | 725,414                                  |
| Accumulated depreciation                            | -612,552                             | -579,923                                 |
| Tools, furniture and fixtures, net                  | 106,897                              | 145,490                                  |
| Land  | 639                                  | 639                                      |
| Leased assets                                       | 5,170                                | 5,170                                    |
| Accumulated depreciation                            | -4,960                               | -5,078                                   |
| Leased assets, net                                  | 209                                  | 91                                       |
| Total property, plant and equipment                 | 120,561                              | 158,666                                  |
| Intangible assets                                   |                                      |  |
| Goodwill  | 34,908                               | 13,752                                   |
| Other   | 23,128                               | 33,010                                   |
| Total intangible assets                             | 58,037                               | 46,763                                   |
| Investments and other assets                        |                                      |  |
| Investment securities                               | 24,389                               | 26,119                                   |
| Long-term guarantee deposits                        | 72,012                               | 75,094                                   |
| Deferred tax assets                                 | 54,253                               | 53,137                                   |
| Insurance funds                                     | 76,541                               | 75,019                                   |
| Other   | 8,743                                | 16,102                                   |
| Total investments and other assets                  | 235,940                              | 245,473                                  |
| Total non-current assets                            | 414,539                              | 450,903                                  |
| Total assets  | 3,708,377                            | 4,500,251                                |

(units: 1,000 yen)

|   | FY 2016<br>(as of December 31, 2016) | Q3 FY 2017<br>(as of September 30, 2017) |
|---|--------------------------------------|--|
| <b>Liabilities</b>                                    |                                      |  |
| Current liabilities                                   |                                      |  |
| Accounts payable - trade                              | 394,574                              | 863,947                                  |
| Current portion of bonds                              | 40,000                               | 20,000                                   |
| Current portion of long-term loans payable            | 85,004                               | 59,983                                   |
| Lease obligations                                     | 165                                  | 96                                       |
| Accounts payable - other                              | 65,206                               | 65,070                                   |
| Accrued expenses                                      | 116,783                              | 117,300                                  |
| Income taxes payable                                  | 95,712                               | 76,062                                   |
| Accrued consumption taxes                             | 79,607                               | 73,167                                   |
| Provision for bonuses                                 | —                                    | 53,263                                   |
| Advances received                                     | 952,601                              | 1,101,693                                |
| Other   | 86,610                               | 61,633                                   |
| Total current liabilities                             | 1,916,263                            | 2,492,216                                |
| Non-current liabilities                               |                                      |  |
| Bonds payable   | 20,000                               | —  |
| Long-term loans payable                               | 38,732                               | —  |
| Lease obligations                                     | 55                                   | —  |
| Net defined benefit liability                         | 119,903                              | 127,080                                  |
| Long-term accounts payable - other                    | 66,778                               | 66,598                                   |
| Total non-current liabilities                         | 245,468                              | 193,678                                  |
| Total liabilities                                     | 2,161,732                            | 2,685,895                                |
| <b>Net assets</b>                                     |                                      |  |
| Shareholders' equity                                  |                                      |  |
| Capital stock   | 483,470                              | 495,048                                  |
| Capital surplus                                       | 255,970                              | 267,548                                  |
| Retained earnings                                     | 823,957                              | 1,068,097                                |
| Total shareholders' equity                            | 1,563,398                            | 1,830,693                                |
| Accumulated other comprehensive income                |                                      |  |
| Valuation difference on available-for-sale securities | 984                                  | 1,954                                    |
| Deferred gains or losses on hedges                    | -17,737                              | -18,292                                  |
| Accumulated other comprehensive income                | -16,752                              | -16,337                                  |
| Total net assets                                      | 1,546,645                            | 1,814,355                                |
| Total liabilities and net assets                      | 3,708,377                            | 4,500,251                                |

(2) Consolidated statements of income and comprehensive income

Consolidated statement of income  
Third quarter

(units: 1,000 yen)

|  | Q3 FY 2016 (from January 1,<br>2016, to September 30, 2016) | Q3 FY 2017 (from January 1,<br>2017, to September 30, 2017) |
|--|---|---|
| Net sales  | 5,009,294   | 5,701,122   |
| Cost of sales                                    | 3,879,083   | 4,264,519   |
| Gross margin on sales                            | 1,130,211   | 1,436,603   |
| Selling, general and administrative expenses     | 1,000,995   | 1,099,388   |
| Operating income                                 | 129,216   | 337,214   |
| Non-operating income                             |   |   |
| Interest and dividend income                     | 145   | 179   |
| Foreign exchange gains                           | 10,193  | 2,004   |
| Surrender value of insurance                     | 4,470   | 6,205   |
| Subsidy income                                   | 810   | 5,375   |
| Other  | 1,933   | 2,183   |
| Total non-operating income                       | 17,554  | 15,947  |
| Non-operating expenses                           |   |   |
| Interest expenses                                | 2,727   | 1,443   |
| Expenses related to stock listing                | 2,000   | —   |
| Other  | 227   | 641   |
| Total non-operating expenses                     | 4,955   | 2,084   |
| Ordinary income                                  | 141,815   | 351,077   |
| Extraordinary income                             |   |   |
| Gain on transfer of business                     | 15,000  | —   |
| Gain on sales of non-current assets              | 59  | —   |
| Total extraordinary income                       | 15,059  | —   |
| Profit before income taxes                       | 156,875   | 351,077   |
| Income taxes - current                           | 53,067  | 112,200   |
| Income taxes - deferred                          | 8,557   | -5,263  |
| Total income taxes                               | 61,624  | 106,937   |
| Profit   | 95,250  | 244,140   |
| Profit attributable to non-controlling interests | —   | —   |
| Profit attributable to owners of parent          | 95,250  | 244,140   |

Consolidated statement of comprehensive income  
Third quarter

(units: 1,000 yen)

|   | Q3 FY 2016 (from January 1,<br>2016, to September 30, 2016) | Q3 FY 2017 (from January 1,<br>2017, to June 30, 2017) |
|---|---|--|
| Profit  | 95,250  | 244,140  |
| Other comprehensive income                                |   |  |
| Valuation difference on available-for-sale securities     | -643  | 969  |
| Deferred gains or losses on hedges                        | -115,642  | -554   |
| Accumulated other comprehensive income                    | -116,286  | 415  |
| Comprehensive income                                      | -21,035   | 244,555  |
| (Breakdown)   |   |  |
| Comprehensive income attributable to owners of parent     | -21,035   | 244,555  |
| Comprehensive income related to non-controlling interests | —   | —  |