

# Summary of Financial Statements for the Second Quarter of the Year Ending December 31, 2020 (J-GAAP) (Consolidated)

August 13, 2020

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: August 13, 2020  
 Expected starting date of dividend payment: -  
 Preparation of quarterly supplementary financial document: Yes  
 Quarterly results briefing: Yes (for institutional investors and analysts)

Stock Exchange: Tokyo Stock Exchange

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(Rounded down to million yen)

## 1. Consolidated business results for the six months ended June 2020 (January 1, 2020 through June 30, 2020)

### (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	%
Q2 FY 2020	5,025	-0.6	317	2.8	334	9.6	235	17.8
Q2 FY 2019	5,056	12.5	309	7.2	305	3.7	200	-18.8

(Note) Comprehensive income

Q2 FY 2020: 211 million yen (-7.7%)

Q2 FY 2019: 229 million yen (40.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Q2 FY 2020	20.66	20.20
Q2 FY 2019	17.47	17.09

(Note) The Company conducted a 2-for-1 stock split with an effective date of December 1, 2019. Therefore, net income per share and diluted net income per share are calculated assuming that the stock split was conducted at the beginning of the previous fiscal year.

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Q2 FY 2020	6,703	2,796	41.2
FY 2019	6,146	2,786	45.0

(Reference) Shareholders' equity:

Q2 FY 2020: 2,765 million yen

FY 2019: 2,768 million yen

## 2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2019	-	0.00	-	10.00	10.00
FY 2020	-	0.00	-	-	-
FY 2020 (forecast)	-	-	-	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 2020 (January 1, 2020 through December 31, 2020)

(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	11,012	14.2	581	6.0	594	7.2	436	6.1
								38.10

(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

① Changes in accounting policies associated with revision of accounting standards: : None

② Changes in accounting policies other than ① : None

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)

Q2 FY 2020 11,493,035 shares

FY 2019 11,487,200 shares

② Treasury stock at the end of period

Q2 FY 2020 127,536 shares

FY 2019 236 shares

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

Q2 FY 2020 11,414,376 shares

Q2 FY 2019 11,461,243 shares

(Note) 1. The Company conducted a 2-for-1 stock split with an effective date of December 1, 2019. The number of shares is calculated assuming that the stock split was conducted at the beginning of the fiscal year ended December 2019.

2. The number of treasury shares to be deducted for the purpose of calculating the number of treasury shares at the end of period and the average number of shares during the period (quarterly cumulative period) includes the Company's shares held by the stock benefit trust as trust assets under the J-ESOP plan.

**\*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 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 2019 (December 31, 2019)	Q2 FY 2020 (June 30, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	2,180,682	2,400,424
Notes and accounts receivable	1,205,503	1,225,617
Electronically Recorded Monetary Claims	30,019	37,182
Inventories	640,109	659,615
Advance payments - trade	583,552	592,338
Accounts receivable - other	303,458	278,297
Other	101,808	83,495
Allowance for doubtful accounts	-863	-801
Total current assets	5,044,270	5,276,168
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	59,057	66,939
Accumulated depreciation	-31,519	-33,132
Buildings and structures, net	27,537	33,807
Automotive equipment	3,076	3,076
Accumulated depreciation	-2,390	-2,537
Vehicles, net	685	538
Tools, furniture and fixtures	873,837	910,295
Accumulated depreciation	-719,871	-752,976
Tools, furniture and fixtures, net	153,965	157,318
Land	639	639
Construction in progress	7,500	-
Total property, plant and equipment	190,328	192,304
Intangible assets		
Goodwill	116,783	104,048
Software	171,848	164,695
Software in progress	12,056	-
Other	1,209	1,209
Total intangible assets	301,897	269,953
Investments and other assets		
Investment securities	335,759	608,794
Long-term guarantee deposits	94,472	133,137
Deferred tax assets	83,964	120,221
Insurance funds	78,157	77,357
Claims in bankruptcy	2,241	2,352
Other	17,290	25,007
Allowance for doubtful accounts	-2,075	-2,176
Total investments and other assets	609,810	964,694
Total noncurrent assets	1,102,037	1,426,952
Total assets	6,146,308	6,703,121

(Thousand yen)

	FY 2019 (Dec. 31, 2019)	Q2 FY 2020 (June 30, 2020)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	508,448	820,137
Current portion of long-term loans payable	8,028	8,028
Accounts payable	104,963	70,857
Accrued expenses	161,415	247,693
Income taxes payable	113,435	169,741
Accrued consumption taxes	79,055	96,048
Provision for bonuses	1,850	5,552
Advances received	2,079,163	2,190,598
Other	50,559	27,001
Total current liabilities	3,106,919	3,635,657
Long-term liabilities		
Long-term debt	9,858	5,844
Obligations for retirement pay	176,413	198,627
Long-term accounts payable - other	66,598	66,598
Total long-term liabilities	252,869	271,070
Total liabilities	3,359,789	3,906,727
<b>Net assets</b>		
Shareholders' equity		
Capital stock	507,243	507,598
Capital surplus	279,743	280,098
Retained earnings	1,874,669	1,995,655
Treasury stock	-213	-100,172
Total shareholders' equity	2,661,442	2,683,180
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	106,685	82,940
Deferred gains or losses on hedges	-71	-295
Total accumulated other comprehensive income	106,613	82,645
Share subscription rights	18,463	30,567
Total net assets	2,786,518	2,796,393
Total liabilities and net assets	6,146,308	6,703,121

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

## Quarterly Consolidated Statement of Income

## Second Quarter

(Thousand yen)

	Q2 FY 2019 (January 1, 2019- June 30, 2019)	Q2 FY 2020 (January 1, 2020- June 30, 2020)
Net sales	5,056,274	5,025,827
Cost of sales	3,762,973	3,629,378
Gross profit	1,293,301	1,396,449
Selling, general and administrative expenses	984,133	1,078,686
Operating income	309,168	317,762
Non-operating income		
Interest Income and Dividends	51	27
Foreign exchange gain	-	2,446
Surrender value of insurance	5,725	3,372
Subsidy income	2,286	8,244
Other	856	2,995
Total non-operating income	8,918	17,086
Non-operating expenses		
Interest expenses	83	69
Guarantee commission	120	120
Foreign exchange loss	12,342	-
Stock delivery expenses	150	210
Other	102	0
Total non-operating expenses	12,799	400
Ordinary income	305,288	334,449
Extraordinary income		
Gains on sales of investment securities	-	22,699
Share subscription rights	209	-
Total extraordinary income	209	22,699
Extraordinary loss		
Ceremony cancellation related costs	-	1,964
Total extraordinary loss	-	1,964
Profit before income taxes	305,497	355,184
Income taxes	127,542	153,562
Income taxes-deferred	-22,336	-34,233
Total income tax	105,206	119,328
Net income	200,291	235,855
Net income attributable to owners of non-controlling shareholders	-	-
Net income attributable to owners of parent	200,291	235,855

Quarterly Consolidated Statement of Comprehensive Income

Second Quarter

(Thousand yen)

	Q2 FY 2019 (January 1, 2019- June 30, 2019)	Q2 FY 2020 (January 1, 2020- June 30, 2020)
Net income	200,291	235,855
Other comprehensive income		
Valuation difference on available-for-sale securities	28,901	-23,744
Deferred gains or losses on hedges	272	-223
Total other comprehensive income	29,174	-23,968
Comprehensive income	229,466	211,887
Breakdown		
Comprehensive income attributable to owners of parent	229,466	211,887
Comprehensive income attributable to owners of non-controlling shareholders	-	-

### (3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumptions)

Not applicable

(Notes on significant changes in shareholders' equity)

Not applicable

(Segment Information)

Segment information is omitted because the Group's business segment is solely the IT Solutions business.