



Plan for Compliance with the Listing Maintenance Criteria for the New Market Segment

Stock Code: :3968

Segue Group Co., Ltd.

December 29, 2021

Opinions and forecasts contained in this material are based on our judgments at the time the materials were prepared, and we do not guarantee the accuracy of the information.
Actual results may differ materially from the forward-looking statement due to changes in various factors.

Our current status as of the transition record date

Among the listing maintenance criteria for the Prime Market, we did not meet the criteria of the “Market capitalization of tradable shares” as of the transition record date (June 30, 2021)

Criteria	Prime Market	Our Company	Compliance status
Market capitalization of tradable shares	10 billion yen or more	6.76 billion yen	×
Number of shareholders	800 or more	2,925	○
Number of tradable shares	20,000 units or more	54,707 units	○
Ratio of tradable shares	35% or more	47.3%	○
Trading value (daily average)	20 million yen or more	150 million yen	○

*The figures shown above are based on the “Results of the initial assessment on compliance with the listing criteria for the Prime Market of new market segment” received from the Tokyo Stock Exchange, Inc. as of July 9, 2021.

Basic policy and planned schedule

Basic Policy

In order to satisfy the standard for the Market capitalization of tradable shares, **we will accelerate business growth** and work to increase corporate value to increase market capitalization.

At the same time, we are working to increase the ratio of tradable shares, **aiming to further improve the Market capitalization of tradable shares.**

Planned schedule

Our new medium-term targets are **net sales of 17 billion yen, operating income of 1.2 billion yen, net income of 0.8 billion yen, and EPS of 69 yen for FY12/24,** and we will take various measures to meet the standards.

Medium-term numerical targets to meet the criteria

Forecasts for FY12/21 (revised on November 11, 2021)



Targets for FY12/24



*The sales target for FY12/24 is the figures after applying the Accounting Standard for Revenue Recognition, etc.

Estimates of theoretical stock price and market capitalization of tradable shares

Estimating the theoretical stock price using EPS based on the medium-term target figure of 0.8 billion yen in net income for FY12/24 and the Company's average PER of 23.6 times after 2019 as the assumed value, the stock price would be 1,630 yen. As a result, the Market capitalization of tradable shares will reach 10.59 billion yen.

EPS		PER		Theoretical stock price		Tradable shares *1		Market capitalization of tradable shares
69.1 yen	×	23.6x	=	1,630 yen	×	65 thousand units	=	10.59 billion yen

*1 This is the target value for FY12/24. The decrease in the number of tradable shares due to the acquisition of treasury stock is not taken into account.

Reference: Average PER since 2019

	2019	2020	2021 1H	2021 Q3	2019-
Our company	22.8x	27.8x	23.5x	15.9x	23.6x
Industry average (Information and Communication)	27.1x	30.2x	32.0x	27.3x	29.1x

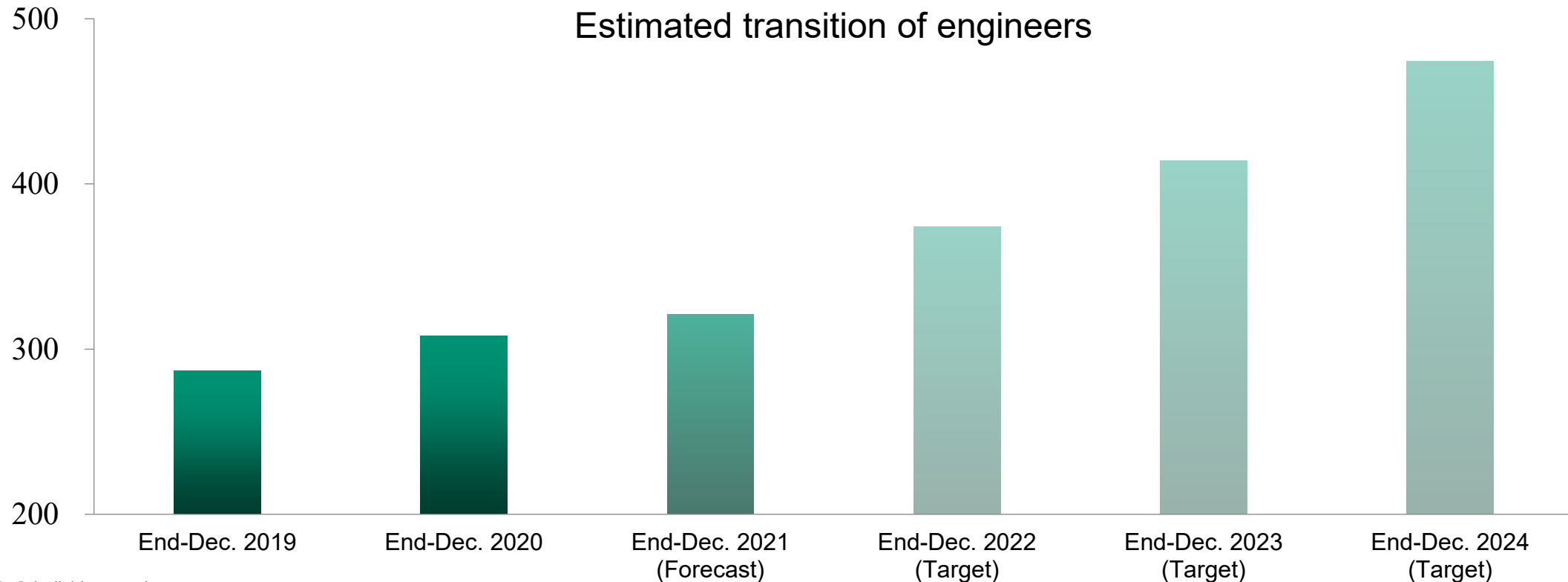
*2 Our average P/E ratio is calculated based on daily figures, and the industry average is calculated by referring to the Japan Exchange Group and other statistical materials.

Initiatives to meet the criteria ①

Significantly increase the number of engineers who are the foundation of our business

Approximately 70% of our Group's personnel are engineers, and they are engaged in the consideration of new products, quality assurance, development of in-house products, and provision of various services. They are essential to the foundation of our business.

We will form a new recruitment team and aim to double the number of engineers hired over the next three years.



Initiatives to meet the criteria ②

Growth in Value Added Distribution Business

- Continuous handling of new security products
- Strengthening of efficient sales system
- Accumulation of steady support services (recurring revenue)

Expansion of In-house Development Business

- Acquisition of local governments' projects for information systems resilience
- Expansion of private sector demand, including medical institutions, financial institutions, and manufacturing companies
- Expansion of sales partners and accelerate of collaboration
- Development of new series and cloud versions
- Provision of cloud services
- Strengthening development team

Strengthening System Integration Business

- Acceleration of increase in consultants, sales and technical staffs
- Development of sales areas such as western Japan
- Expansion of domains such as cloud, DX, AI
- Increasing the size of projects

Initiatives to meet the criteria ③

Expansion of recurring revenue business

- Establishment of a new division specializing in services
- Improvement of customer satisfaction
- Strengthening cloud-based service model
- Development of new services

Business transformation

- Recruitment and training of IT engineers
- Hiring and training of engineers for advanced security
- Promotion of digital transformation (DX)
- Regional expansion
 - Establishment of new domestic offices
 - Consideration of overseas expansion

Capital and business alliances, M&As

- Execution of M&As
- Expansion of alliances with companies possessing leading-edge and proprietary technologies

Initiatives to meet the criteria ④

IR/capital policy

- Increase opportunities for communication with shareholders and investors
- Communication with existing shareholders regarding measures to increase the liquidity of our shares, including requests for existing shareholders to sell our shares.

SDGs Initiatives

- Development and production of IT and security personnel
- Provision of engineer training to customers
- Development of human resources who can achieve high value-added results
- Creation of an environment that enables employees to perform more rewarding work
- Continuous investment in companies with new and unique technologies, such as AI



*The medium-term targets are currently being formulated based on the figures on page 4 and the outline above, but the content may change during the process of formulation.

More specific details of the medium-term targets are scheduled to be announced in February 2022.

Appendix

Long-term direction of the Segue Group

Becoming a new leading company in the network security

We aim to be a TOP company in the industry that is trusted and proud by our customers and partners with a Security Solutions Provider Business by bringing together new technologies such as AI and IoT, and members with unique ideas.

Changes in the Market Environment

- Technological Innovation, AI, Digital Transformation
- Society5.0
- Cyber attacks and terrorism becoming increasingly diverse and complex
- Geopolitical risk
- Declining birthrate, aging population, severe shortage of engineers

Opportunities and Threats

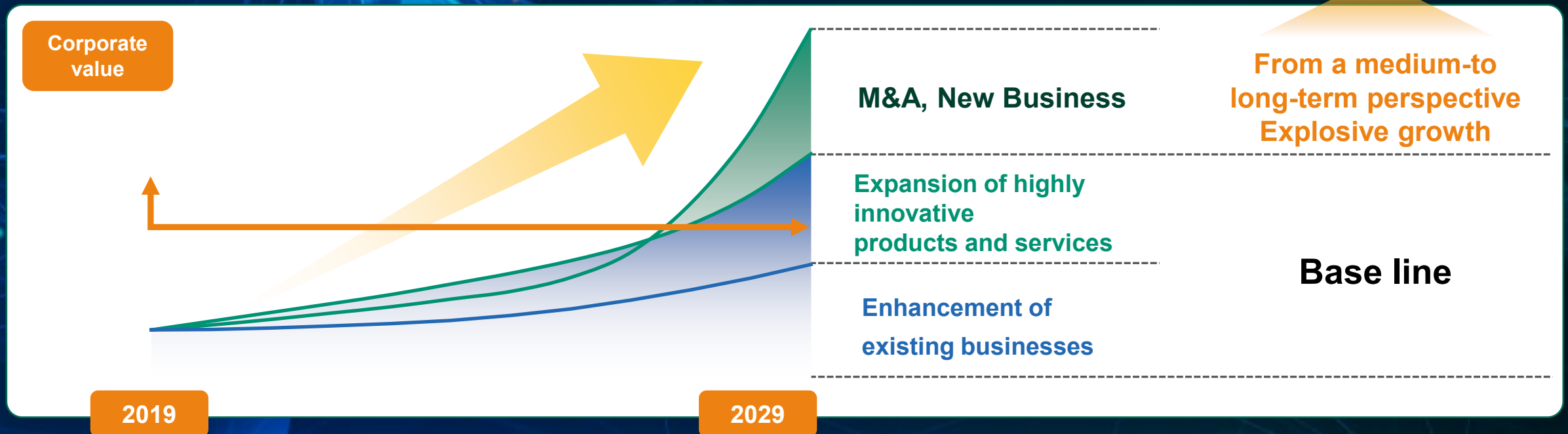
- New growth potential associated with change
- Shift from Conventional IT to Advanced IT
- Shift from product to service

Transforming threats into opportunities for continuous development

Basic Management
Strategy Policy

Further enhancing our corporate value

- Sustainable growth in existing businesses
- Concentrate investment and expansion in new products, services, proprietary products, and proprietary services
- Explosive growth through M & A strategies and the creation of new business models



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