A large, abstract graphic on the left side of the slide. It consists of several overlapping, semi-transparent images: a person's hands holding a smartphone, a person's hands typing on a laptop keyboard, a network of glowing nodes and lines, and a server room aisle. The graphic is framed by thick, diagonal stripes in green and yellow.

FY2022 Q2

Financial Results

August 25, 2022

Segue Group Co., Ltd.

Stock Code : 3968

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.

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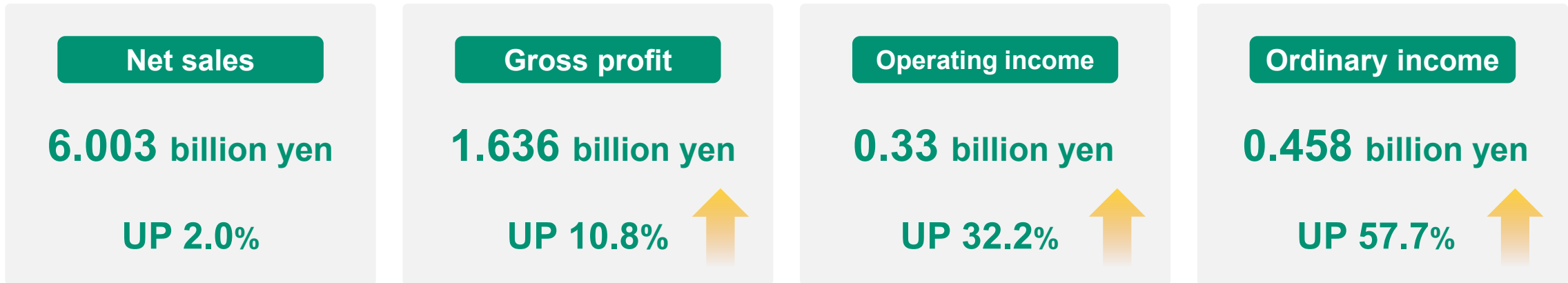


1

FY2022 Q2 Highlights

Highlights : Performance

Amid continued delivery delays due to semiconductor shortages, in-house development sales and product sales, including alternative products, increased.
 Net sales, gross profit, operating and ordinary income all achieved record highs.



- **Net sales:** Increased despite the negative effect of the application of the Accounting Standard for Revenue Recognition. If the standard had not been applied, the amount would be 6.517 billion yen (UP 10.7%).
- **Gross profit & Operating income:** Increased driven by the growth in sales of in-house developed products
- **Ordinary income:** Increased significantly reflecting the foreign exchange gains from the valuation of foreign currency-denominated assets
- **Backlog:** continued to increase to approx. 7 billion yen

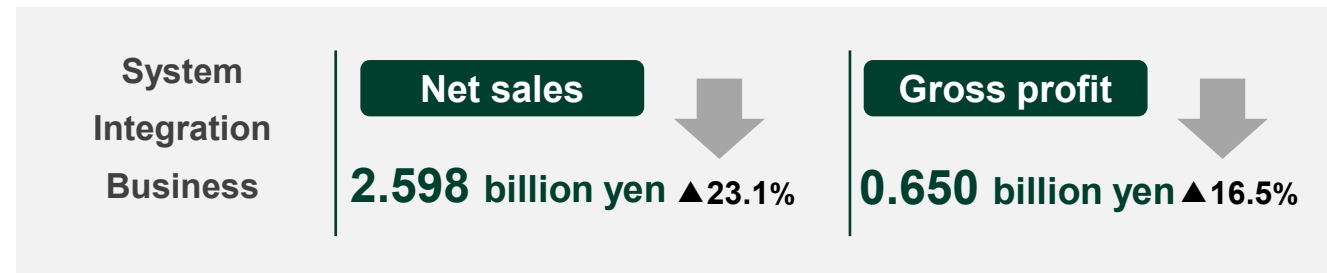
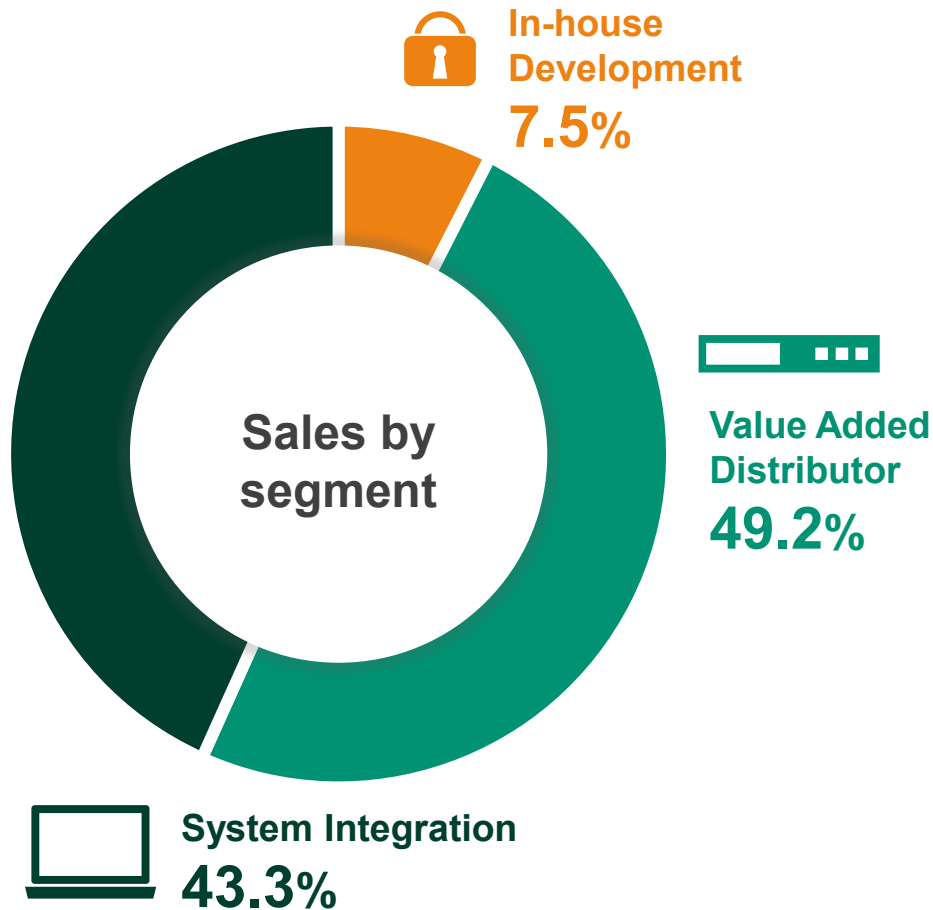
* Since the "Accounting Standard for Revenue Recognition" has been applied from the beginning of the first quarter of the current fiscal year, the application of these standards and related treatment had a negative impact of 0.514 billion yen on net sales.

Highlights : Number of Each Business

In the In-house Development business, sales increased significantly thanks to the acquisition of projects related to information system enhancement from local governments. We will continue to increase sales in the second half.

In the Value Added Distribution business, despite the continued impact of delayed deliveries of mainstay overseas products, sales increased partly due to sales expansion of substitute products.

In the System Integration business, projects related to the GIGA School program decreased compared to the previous fiscal year; sales decreased partly due to the application of the Accounting Standard for Revenue Recognition.

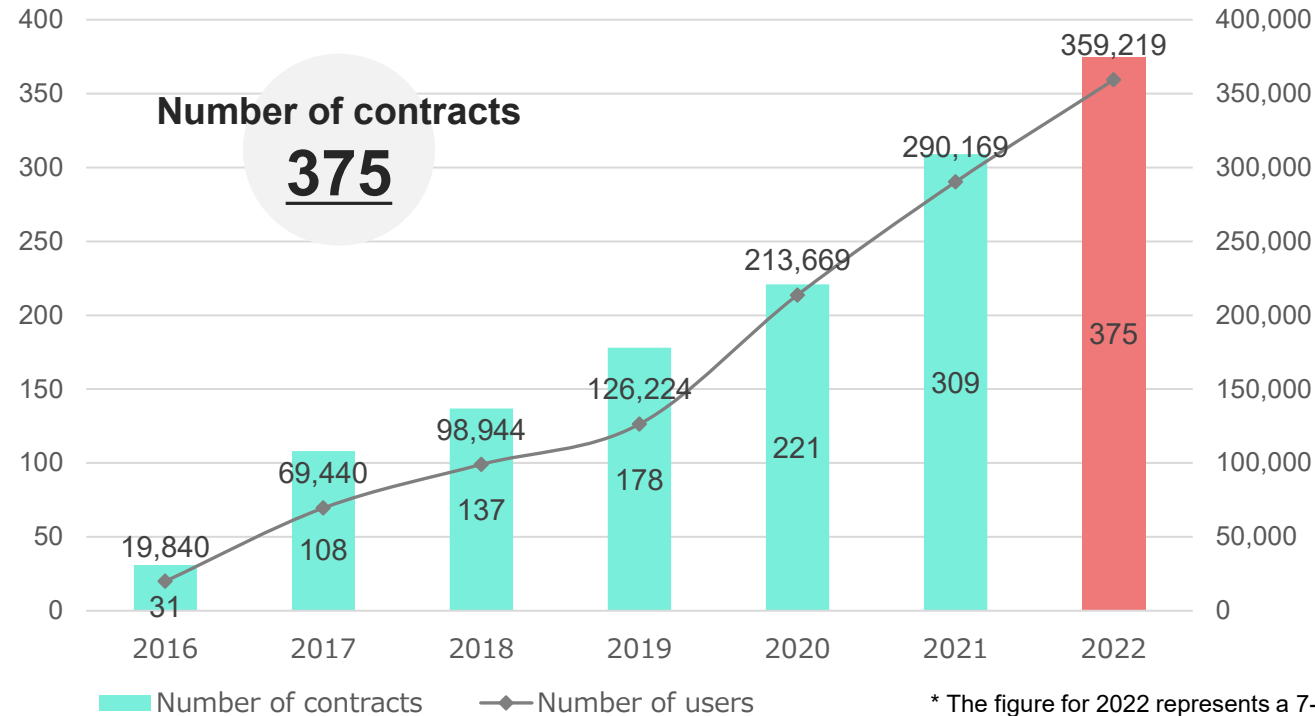


* Since the "Accounting Standard for Revenue Recognition" has been applied from the beginning of the first quarter of the current fiscal year, the application of these standards and related treatment had a negative impact of 0.514 billion yen on net sales mainly for the System Integration business.

In-house Development Business

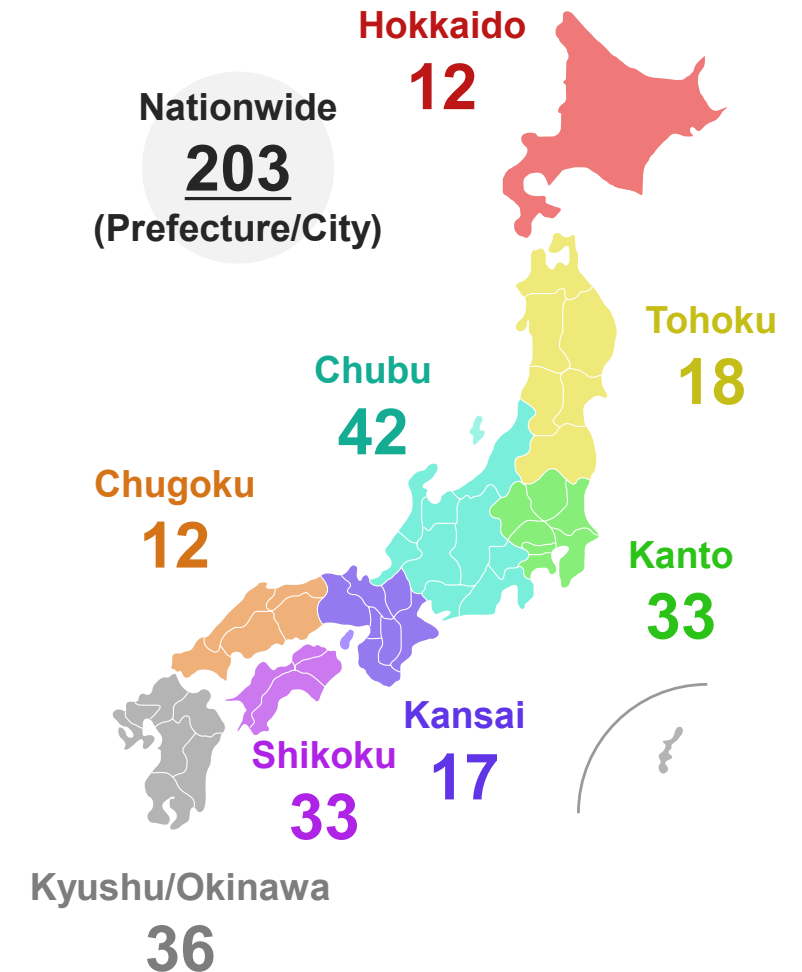
- **Enhanced security functions (RevoWorks SCVX/Browser)**
- **Increased agency contracts and accelerated collaborations**
 - ✓ Signed sales agency contracts with two new sales partners, including a major Sler group company
 - ✓ Fifth service adoption; RevoWorks Browser is adopted by Axis.
- **Worked to win orders from local governments for projects to strengthen information systems**
 - ✓ Both the number and budget of orders from local governments including prefectures, special wards, and designated cities doubled compared to the same period last year
 - ✓ Receiving orders whose sales are expected to be recorded in the second half of the year

Number of Contracts for RevoWorks * Total numbers as of July 31, 2022

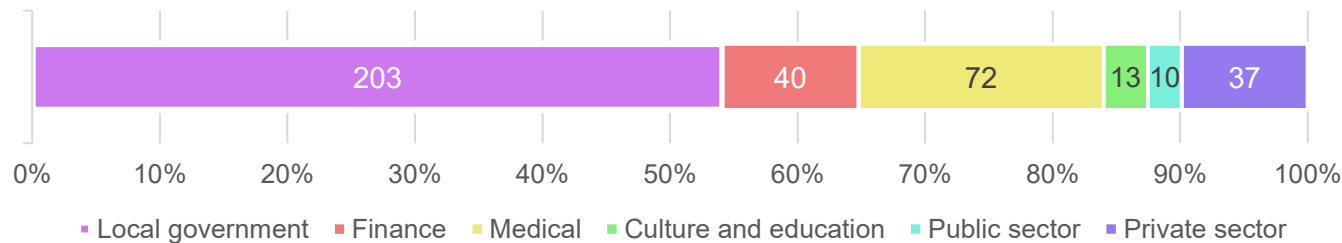


Number of contracts
375

Number of contracts (by local governments)



By industry



* The figure for 2022 represents a 7-month performance (Jan.-Jul.)

① Operability balancing between security function and user-friendliness

Hybrid system with two types of system including server-type with Docker containers and local-type with proprietary containers

② Built-in secure file download system

✓ **It makes receiving external files harmless with a simple operation.**

✓ **Sandbox is also available to check files.**

③ Develop products that accurately meets user needs

✓ **Multi-browser support, web conferencing support, etc.**

Value Added Distribution Business

- Achieved growth in product sales despite headwinds from continued delivery delays due to semiconductor shortages
 - ✓ Sales up by about 30% (over 0.5 billion yen) YoY
 - ✓ Juniper: +48%、Ruckus: ▲15%、Darktrace: +108%、Rapid7: +468%
- Awards from manufacturers
 - ✓ Awarded the Japan Distributor of the Year 2021 from Juniper for 6 consecutive years
 - ✓ Awarded the 2022 Darktrace Partner of the Year (Japan) from Darktrace for 2 consecutive years
- Steadily accumulated the recurring revenue from support services
 - ✓ Sales up by 16% (about 0.13 billion yen) YoY

Value Added Distribution Business

■ Ongoing handling of new security products



- ✓ April 2022: Rapid7 Threat Command
Detecting signs of cyber attacks



- ✓ June 2022: Barracuda Cloud-to-Cloud Backup
SaaS backup service for Microsoft365



- ✓ August 2022: Forescout
Security solutions based on IP device visualization

System Integration Business

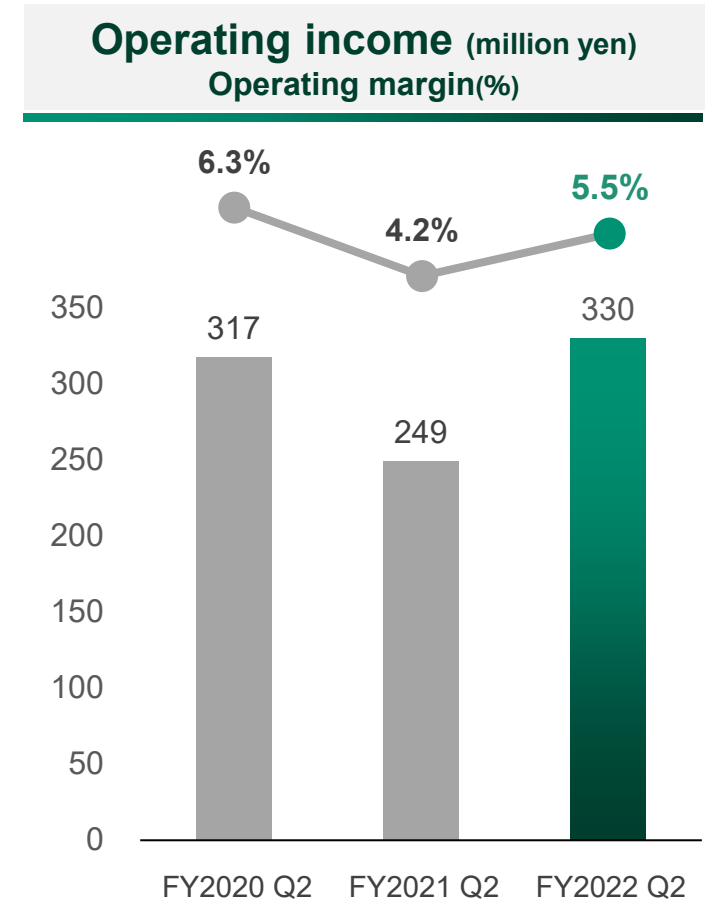
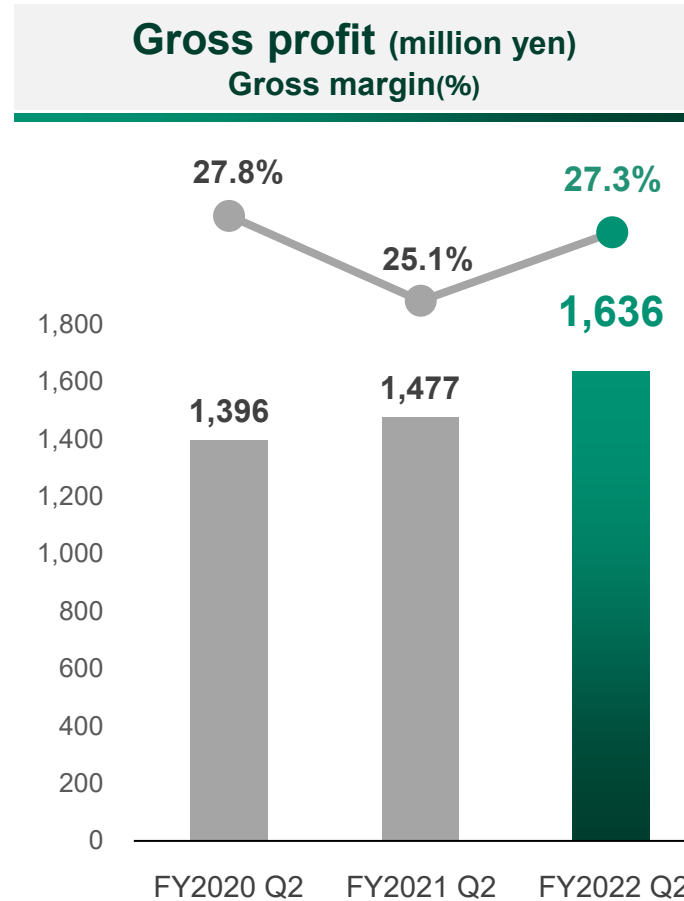
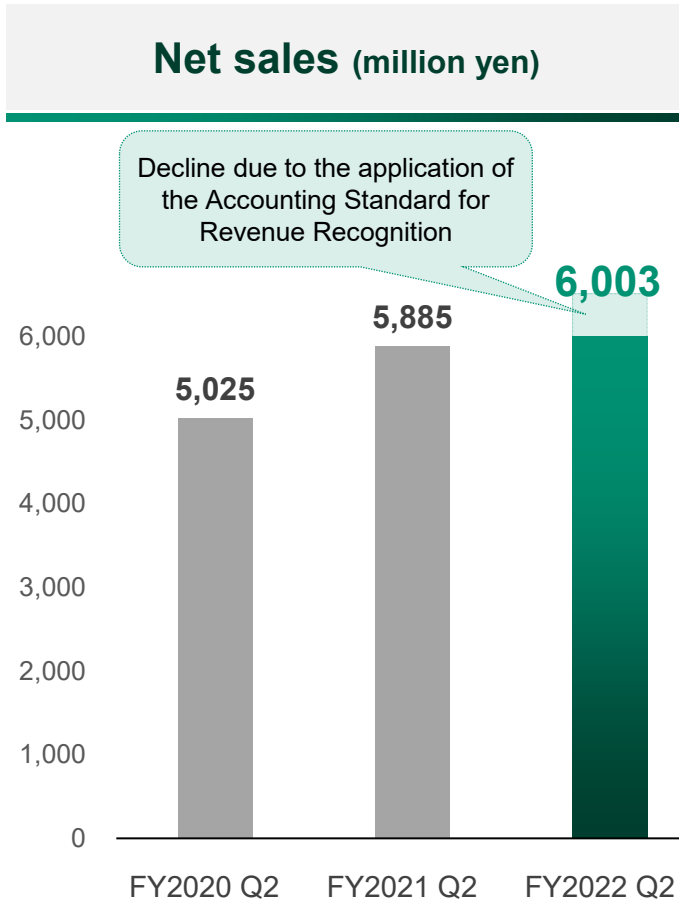
- Application of the Accounting Standard for Revenue Recognition and related initiatives had a negative impact on sales.
- Decrease in GIGA School-related projects and delivery delays due to semiconductor shortages also affected the performance.

Human resource investment

- Securing human resources
 - ✓ A mid-term initiative to double the number of engineers has been undertaken as a project under the direct control of the president. In order to accelerate recruitment and training, we are working to review the recruitment organization and create a more attractive environment.
 - ✓ End of Dec. 2021: 473 employees → End of Jun. 2022: 504 employees (Including 29 engineers)

Highlights : Performance Trends

Net sales, gross profit, operating and ordinary income all achieved record highs



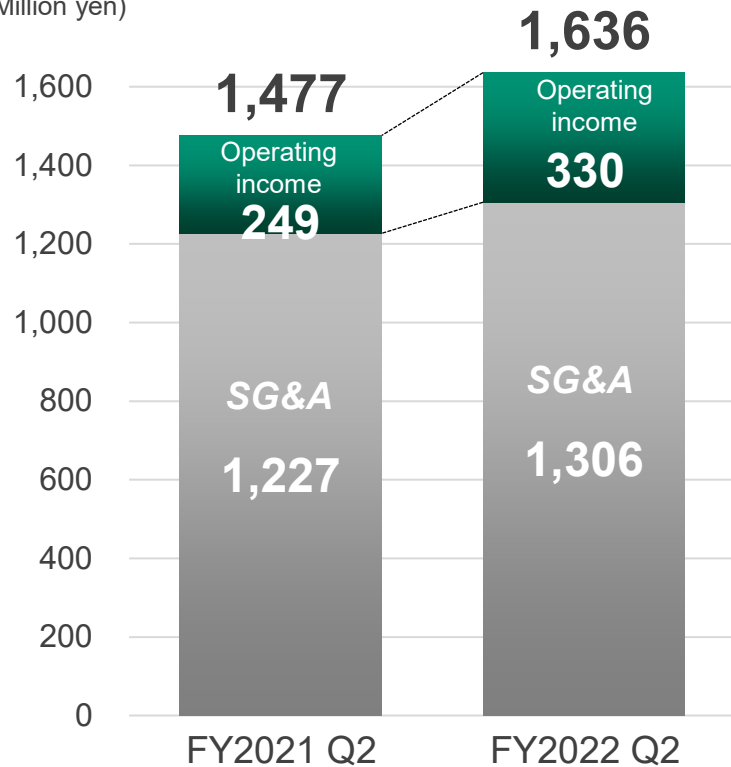
* Since the "Accounting Standard for Revenue Recognition" has been applied from the beginning of the first quarter of the current fiscal year, the application of these standards and related treatment had a negative impact of 0.514 billion yen on net sales.

Highlights : Breakdown of Changes in Operating Income

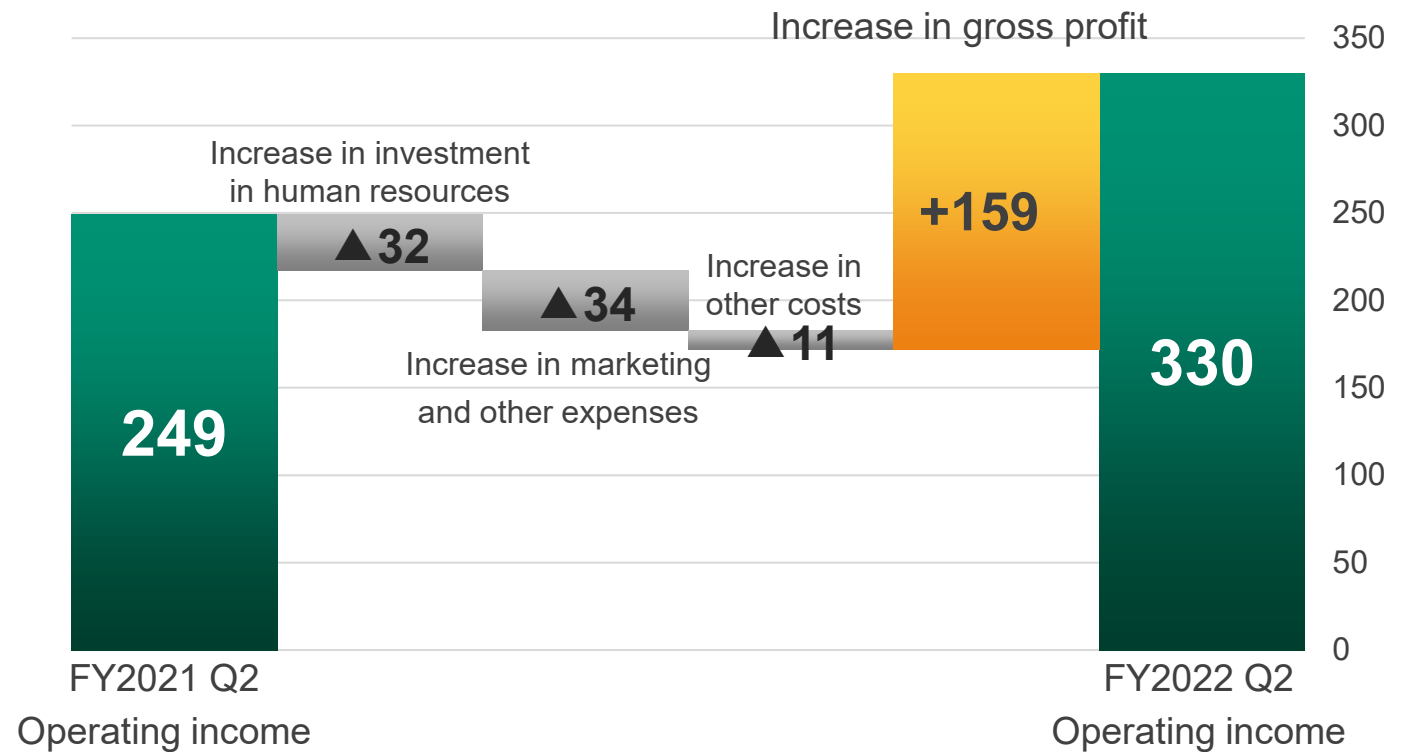
Operating income grew as gross profit increased thanks to the growth in in-house developed products

Gross Profit

(Million yen)



(Million yen)

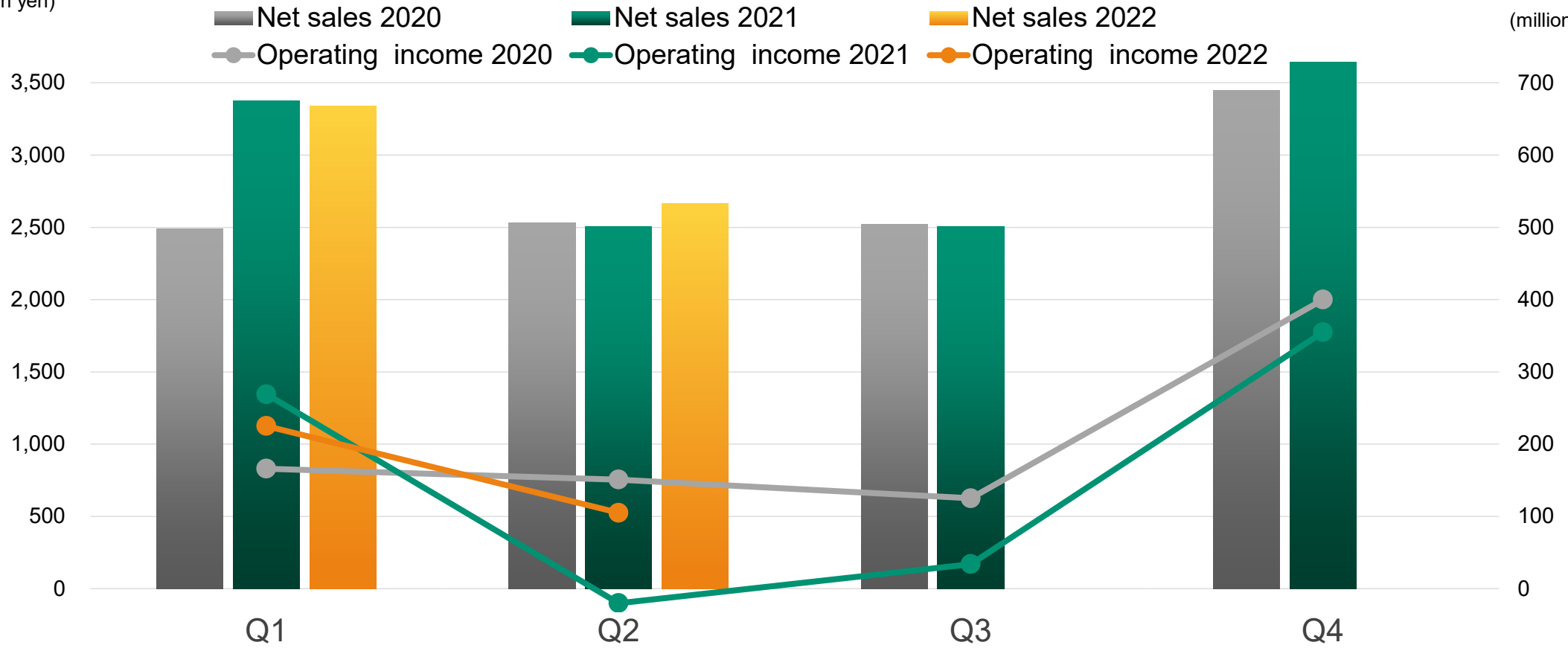


Highlights : Quarterly Performance Trends

Quarterly Net sales and Operating income

Net sales
(million yen)

Operating
income
(million yen)



Highlights : Consolidated Statements of Income

Profits largely increased despite the ongoing impact of delivery delays due to semiconductor shortages.

Recorded a gain on sales of securities (174 million yen) as extraordinary profit

Unit: million yen

	FY12/21 Q2	FY12/22 Q2	YoY	
			Change	Change ratio
Net sales	5,885	6,003	118	+2.0%
Gross profit	1,477	1,636	159	+10.8%
(Profit margin)	25.1%	27.3%	2.2pt	
SG&A expenses	1,227	1,306	78	+6.4%
Operating income	249	330	80	+32.2%
(Profit margin)	4.2%	5.5%	1.3pt	
Ordinary income	290	458	167	+57.7%
(Profit margin)	4.9%	7.6%	2.7pt	
Net income	181	416	235	+129.3%

Highlights : Consolidated Balance Sheets

Advances received, that will shift to a sales account, increased steadily.
Inventories reached a high level due to awaiting shipments and inventory needs from sales agencies.

(Million yen)

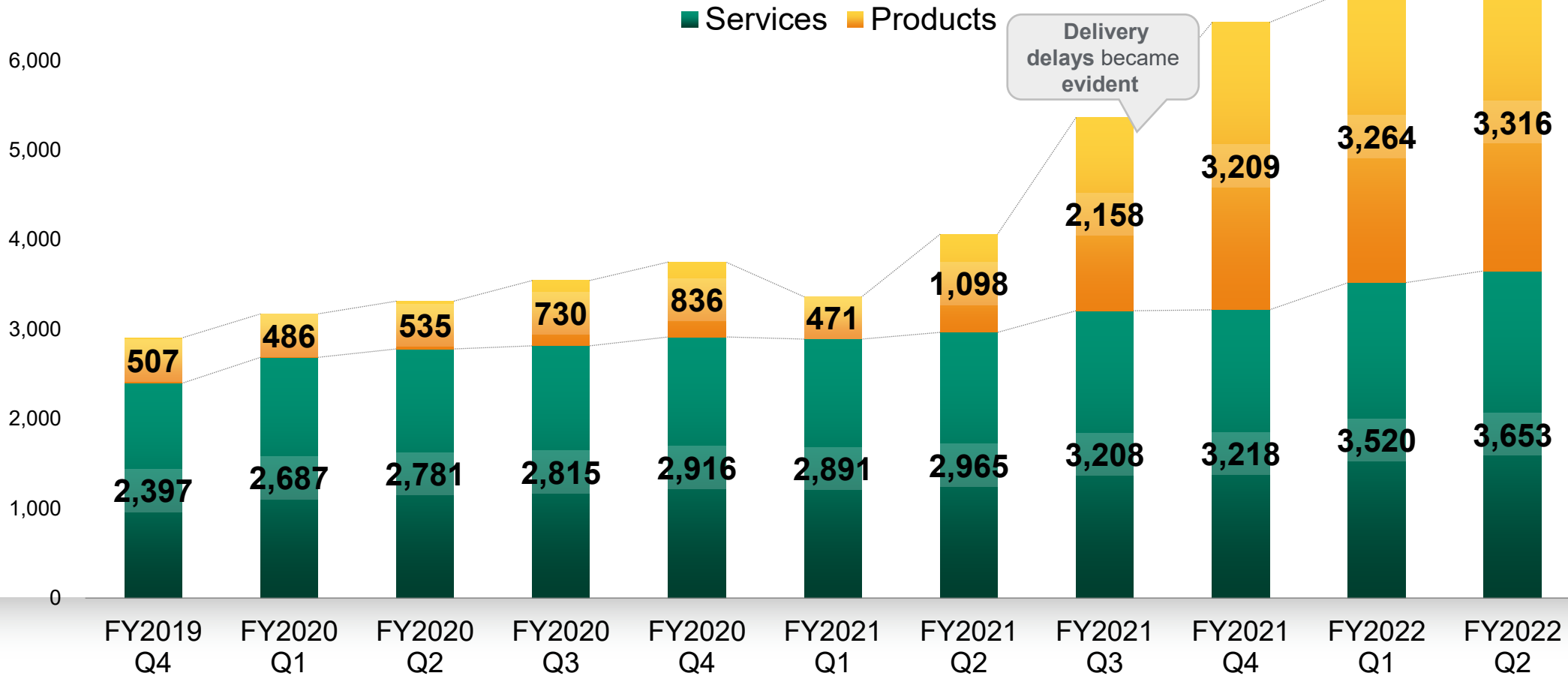
	FY12/21 Q2	FY12/21 Q4	FY12/22 Q2
Current assets	6,048	7,236	8,865
Cash and deposits	3,084	1,351	2,981
Notes and accounts receivable, and Electronically Recorded Monetary Claims	1,487	2,078	1,485
Inventory assets	569	2,376	2,522
Other	907	1,429	1,875
Non-current assets	1,487	1,388	1,261
Property, plant and equipment	208	209	207
Intangible assets	214	166	136
Investments and other assets	1,064	1,013	917
Total assets	7,536	8,625	10,127

	FY12/21 Q2	FY12/21 Q4	FY12/22 Q2
Current liabilities	4,038	5,101	5,647
Accounts payable-trade	825	1,605	1,452
Short-term debt	5	501	250
Advances received	2,531	2,472	3,044
Other	675	520	900
Non-current liabilities	307	324	1,123
Total liabilities	4,345	5,426	6,771
Total net assets	3,190	3,199	3,355
Total liabilities and net assets	7,536	8,625	10,127

Highlights : Backlog of Orders

Orders remained firm, and the order backlog remained large due to the impact of delivery delays due to semiconductor shortages.

(Million yen)



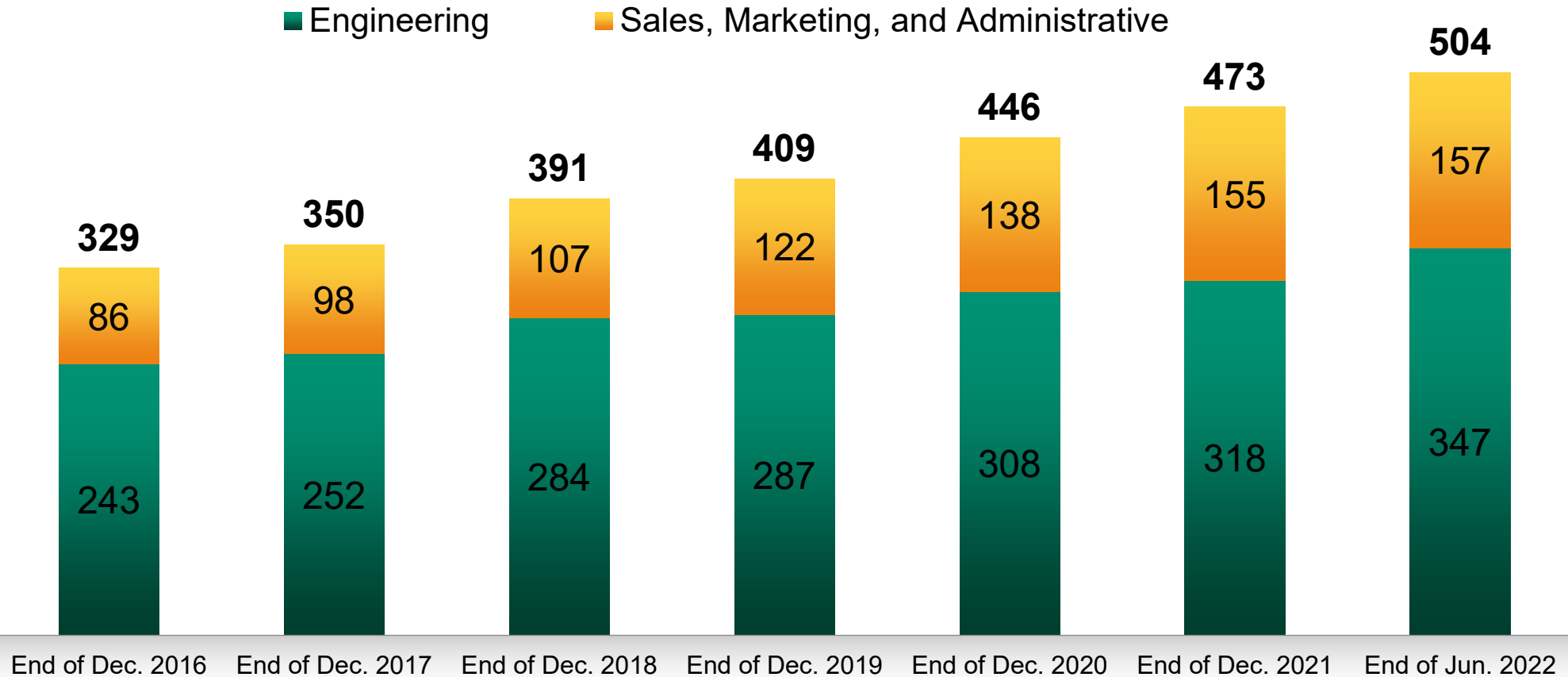


2

Medium-Term Initiatives

Number of Employees

We will promote recruitment of engineers as the foundation of the Company. We aim to double the number of engineers hired and substantially increase the number of engineers as set forth in the mid-term target through establishing a new organization specializing in recruitment.

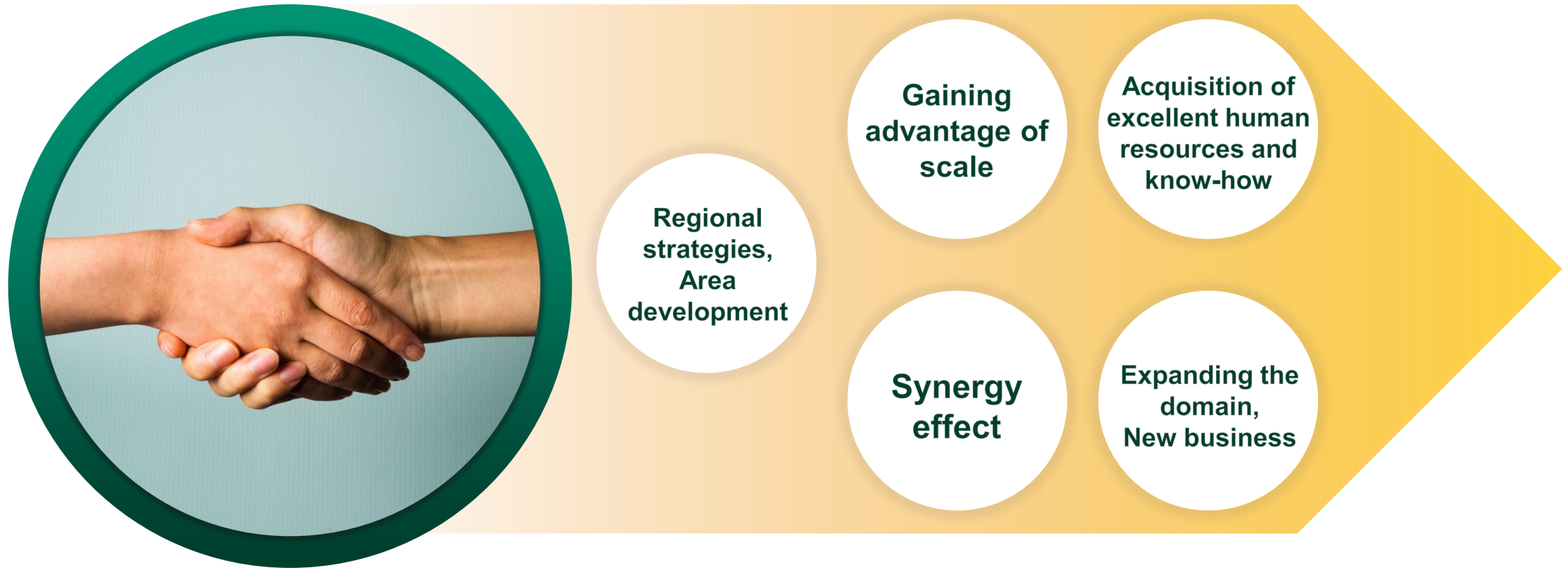


Medium-Term Initiatives : M&As, etc.

Capital and business alliances, M&As

Take on a challenge to acquire larger scale companies that contribute to the advancement of existing business.

Expansion of alliances with companies with cutting-edge and proprietary technologies.



Acquisition of a company in Thailand (to make it a subsidiary)

On August 25, 2022, we concluded a share transfer agreement with ISS Resolution, which operates a product sales and solution business based on maintenance and support service business in Thailand

Aiming to establish positioning as a global company, we intend to promote business development in the ASEAN market, as well as strengthen existing businesses of ISS Resolution, and furthermore, build new businesses such as security training.

In addition, we will enter to the overseas markets for securing IT human resources, which are expected to be in short supply in Japan alone.

Aiming to create various types of synergies mainly with IT companies

- ✓ Feb. 2013 → KnowledgeSuite Inc., engaged in cloud-based CRM/SFA businesses
Listed on TSE Mothers market in December 2017 (currently TSE Growth market)
- ✓ Oct. 2017 → An unlisted company, engaged in planning, development, and sale of cloud services
Sold to a major IT company at a price significantly higher than the acquisition price
- ✓ Sep. 2018 → TRIPLEIZE CO.,LTD., engaged in independent development of AI engines and promotion of DX innovation
Listed on TSE Growth market in May 2022
- ✓ Jan. 2019 → lafool Inc., engaged in provision of the Ai-based Mental Data Tech service
- ✓ Dec. 2020 → Zenmu Tech, Inc., which holds proprietary confidential distributed cryptography and confidential computing technologies
- ✓ Feb. 2021 → EAGLYS Inc., which holds confidential computational-centric data security technologies and AI designing technologies
- ✓ Sep. 2021 → Fixpoint, Inc, engaged in provision of system operation automation tools
- ✓ Nov. 2021 → Manebi Inc., engaged in promotion of on-line recruitment and training, and visualization of the results of human resource development

Promoted M&As to accelerate the Group's development since 2010

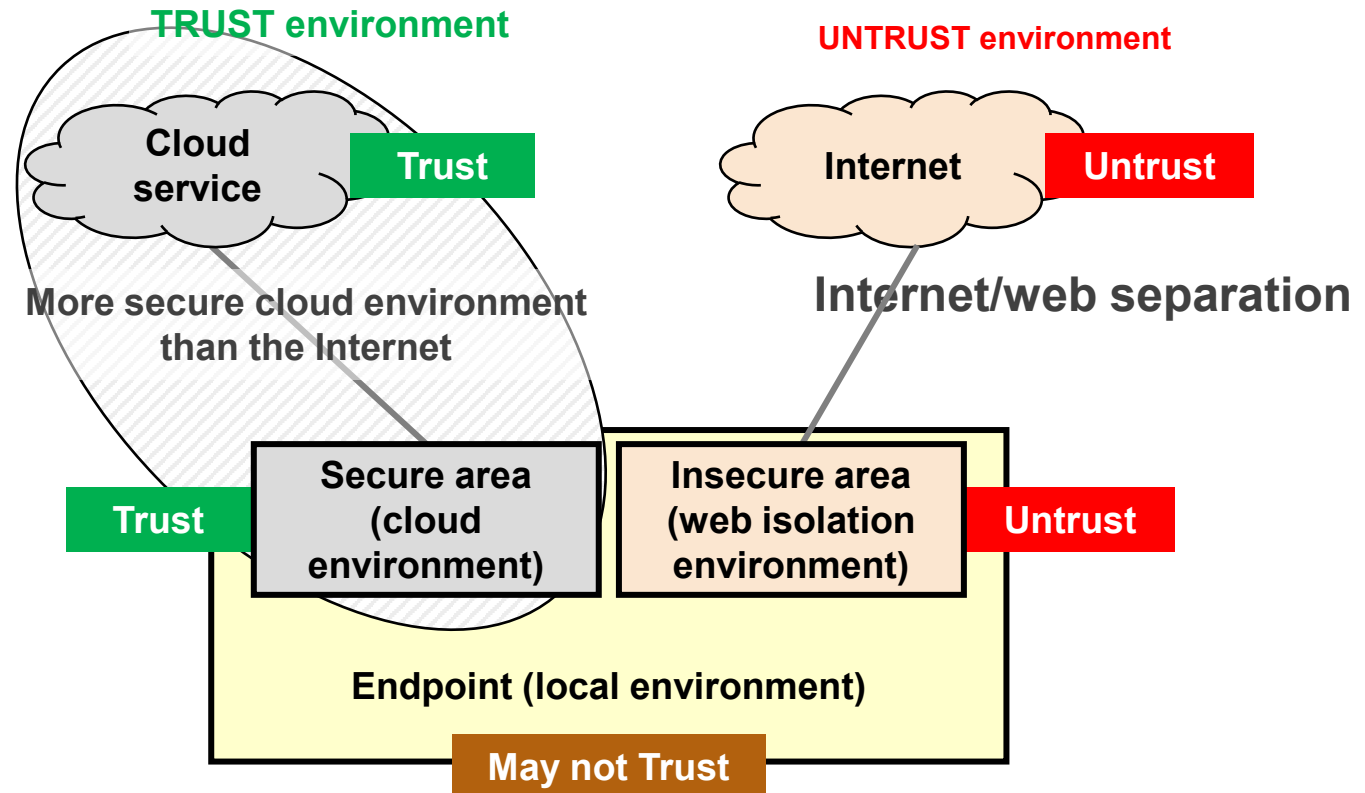
- ✓ Feb. 2010 Acquired Shibatsu Co., Ltd.'s Osaka office mainly for the purpose of strengthening technical capabilities.
- ✓ Nov. 2012 Established JC Technology Co., Ltd. as a joint venture with an unlisted company engaged in system engineering and education & training businesses
- ✓ Feb. 2013 Established J's TelecomSystem Co., Ltd. in December 2012 and acquired the construction, operation and maintenance business of voice and IP networking systems from an unlisted company
- ✓ Jun. 2013 Acquired MY Workstation Co., Ltd. as a subsidiary to increase the number of sales partners (merged with J's Communication Co., Ltd. in January 2015)
- ✓ Apr. 2018 Acquired Falcon System Consulting Co., Ltd. as a subsidiary to strengthen development capabilities (merged with J's Communication Co., Ltd. in January 2022)
- ✓ Mar. 2019 Acquired ASTEM inc. as a subsidiary to strengthen sales in the Kyushu and Chugoku regions (merged with J's Communication Co., Ltd. in January 2022)

Development of Cloud Version

Aiming to realize a zero-trust workspace for the cloud-first, cloud-native era and to provide an even more secure environment for using cloud services, RevoWorks has begun development of a cloud version of its software.

<Strengths>

- ✓ Protection of user data (information leakage prevention)
- ✓ Integration of secure cloud usage environment and web separation environment
- ✓ Pursuit of user convenience and cost performance



Consider continuous group resource reallocation

Continuously considering and executing the reallocation of the resources of each Group company to enhance the effectiveness of initiatives such as increasing the number of recruitments and personnel, training engineers, new in-house development, M&A challenges (overseas expansion), and aggressively handling new security products.

When establishing a new organization specializing in recruitment, we will also reorganize the recruitment functions of the entire group.

Continuously strive to reorganize and optimize internal organizations and businesses within the Group



3

Business Forecasts

Revision of Financial Forecast (Announced August 9, 2022)

Ordinary income and net income forecasts were revised upward in light of the uncertainty in foreign exchange rates with regard to foreign exchange gains, in addition to gains on sales of securities (extraordinary profit).

(Million yen)

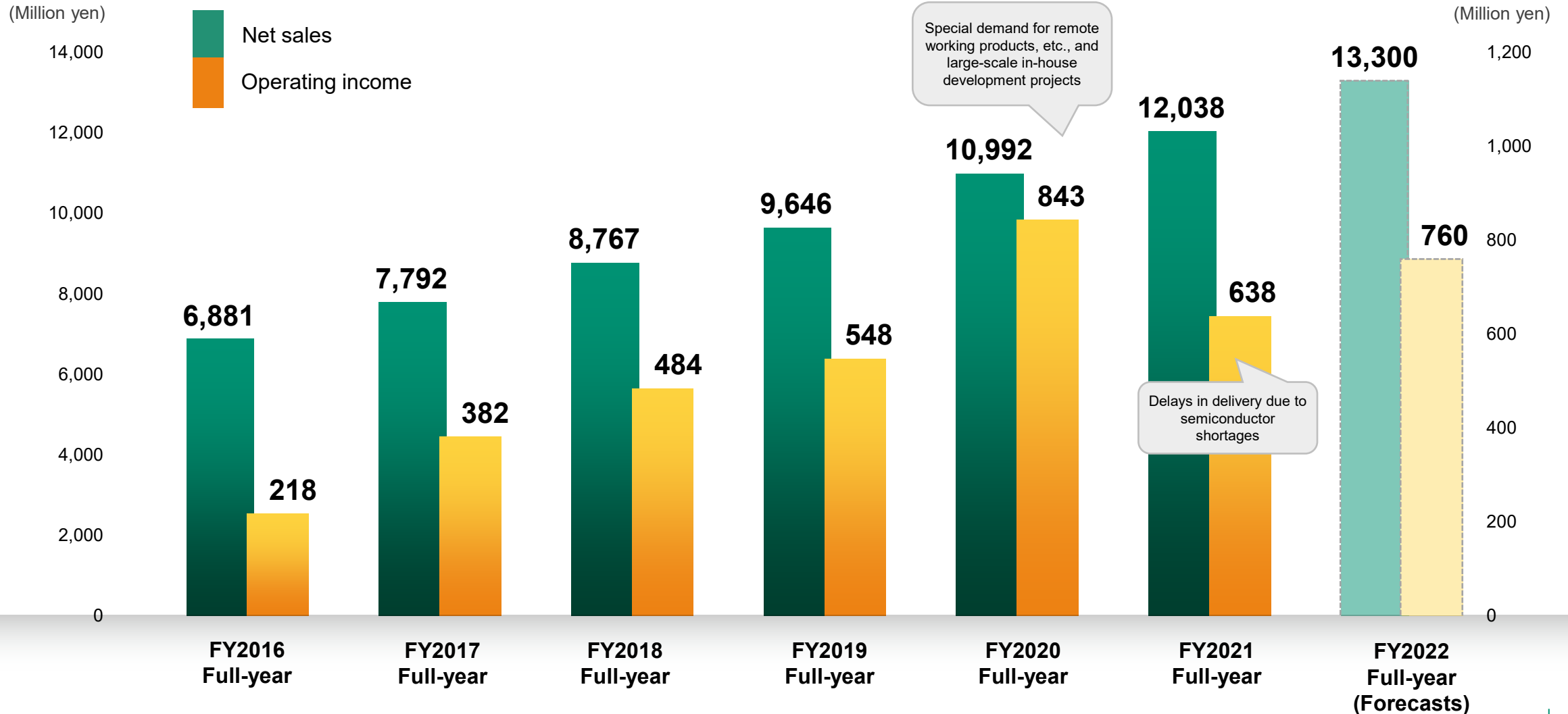
	FY12/22 Previous Forecast (A)	FY12/22 Current Forecast (B)	Change (B - A)	Change ratio (B/A)	FY12/21 Results (C)	Change (B - C)	Change ratio (B/C)
Net sales	13,300	13,300	0	0.0%	12,038	1,261	+10.5%
Operating income	760	760	0	0.0%	638	121	+19.0%
(Profit margin)	5.7%	5.7%	0.0pt		5.3%	0.4pt	
Ordinary income	760	804	44	+5.9%	686	118	+17.3%
(Profit margin)	5.7%	6.1%	0.3pt		5.7%	0.4pt	
Net income	520	656	136	+26.3%	454	201	+44.4%

We aim for stable dividend increase,
taking into consideration the past dividend trends

	FY12/18	FY12/19	FY12/20	FY12/21 (Plan)	FY12/22 (Forecast)
Dividend per share	5 yen (Commencement of dividends)	10 yen (Including 5 yen commemorative dividends)	16 yen (10 yen planned at the beginning of the term)	16 yen	16 yen
Dividend payout ratio	15.1%	27.9%	29.2%	40.0%	27.2%

Performance Trends and Forecasts

Continue double-digit CAGR to achieve the plans for the current fiscal year



We will continue to grow together with our customers by leveraging IT to create value. We contribute to the realization of a prosperous society.



J's TelecomSystem Co., Ltd.



J's Communication Co., Ltd.



JC Technology Co., Ltd.



J's Solution Co., Ltd.

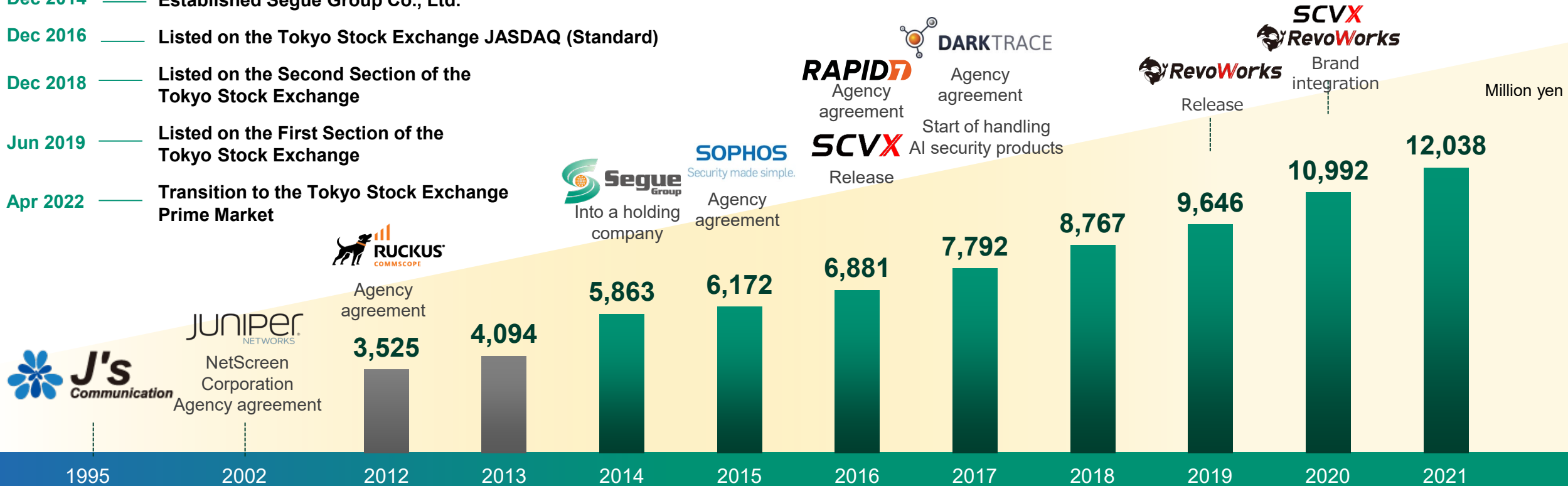


4

Reference Material

History of Segue Group

- Apr 1995** — Established (founded) J's Communication Co., Ltd.
- Oct 2002** — Concluded a distribution contract with NetScreenTechnologies (Currently JuniperNetworks, Inc) in the U.S. for the firewall products
- Aug 2012** — Concluded a distribution contract with RuckusWireless Corporation(Currently CommScope, Inc) in the U.S.
- Dec 2014** — Established Segue Group Co., Ltd.
- Dec 2016** — Listed on the Tokyo Stock Exchange JASDAQ (Standard)
- Dec 2018** — Listed on the Second Section of the Tokyo Stock Exchange
- Jun 2019** — Listed on the First Section of the Tokyo Stock Exchange
- Apr 2022** — Transition to the Tokyo Stock Exchange Prime Market



Established J's Communication Co., Ltd.

Established JC Technology
Established J's Telecom Systems

Segue Group Establishment

Listed on JASDAQ

Listed on TSE2
Made a Falcon System Consulting as a subsidiary

Listed on TSE1
Made an ASTEM as a sub-subsubsidiary

Supporting customers' business foundations
by providing total solutions for security and IT infrastructure

Security

Target attack countermeasures

Information leakage countermeasures

Vulnerability countermeasures

Telework security



IT infrastructure

Network

Virtualization

Cloud

Wireless

**Carrier data center
Service provider**

**Government agencies and local governments
Academic institutions
Medical institutions**

**Enterprise
Manufacturing industry
Financial institution etc..**

Company Profile : Segue Group

Number of Group Employees : 504 employees
(about 70% are Engineers)



Solution products

Network Security Products

[In-house development
Security software]

IT infrastructure Products

Providing Solutions Combining Security and
IT Infrastructure Products
System Integration

Solution services

Design and
construction Services

Maintenance
Services

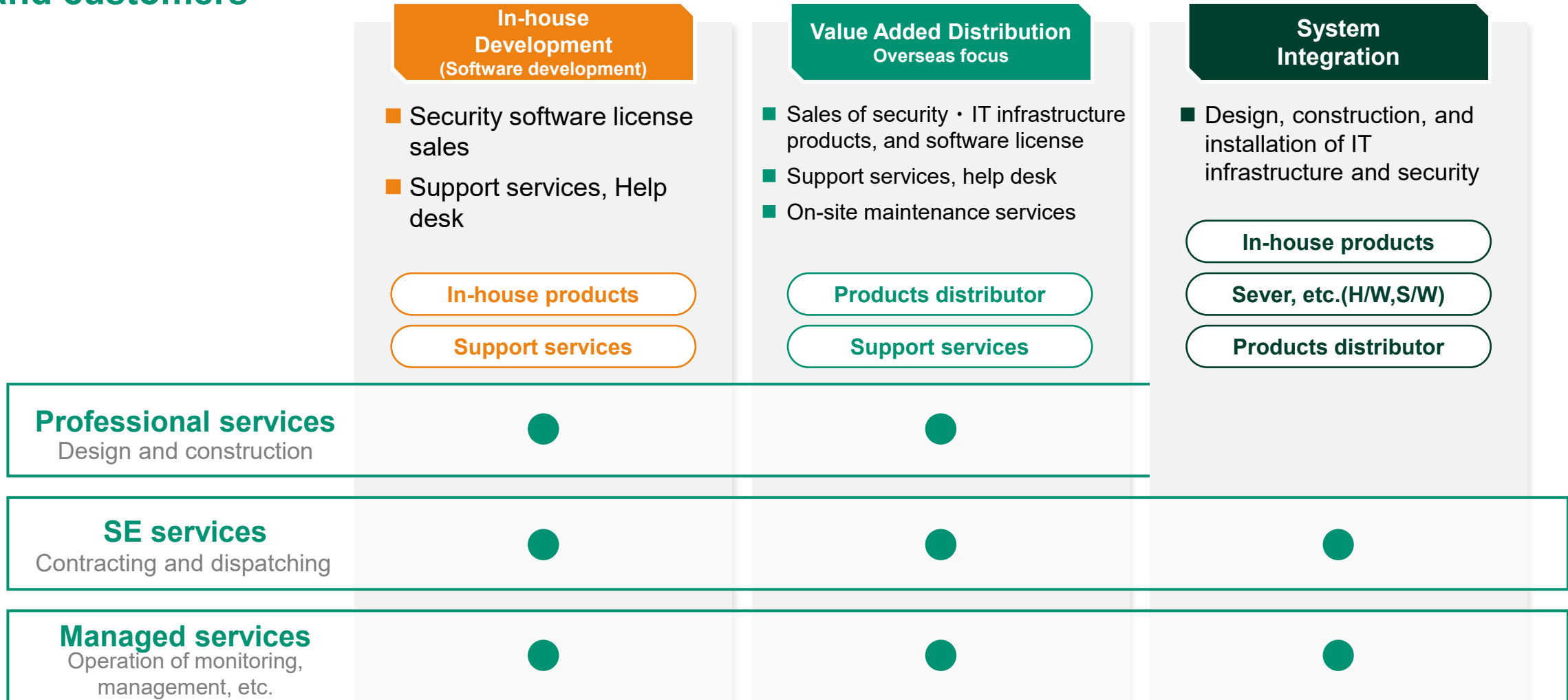
Help desk
Services

Others
(Monitoring, dispatch, etc.)

IT engineer SE services

Company Profile : Business Structure

Providing a variety of added value in response to the needs of partners, system integrators, and customers



Our Business : In-house Development Business

About In-house Development business

Providing our in-house development security software supporting the safety of our customers with our technologies

”RevoWorks” series improve security and business efficiency to enhance the quality of work



”WisePoint” series use visually-friendly images and random number tables for passwords



Server-based Virtual Browser ”RevoWorks SCVX”



Local Virtual Browser ”RevoWorks Browser”



Local Virtual Desktop ”RevoWorks Desktop”

WisePoint

Authentication & Telework Solution ”WisePoint Authenticator”

Authentication & Single Sign-on Solution ”WisePoint 8”

In-house Developed Products : RevoWorks



Improve security and operational efficiency to enhance the quality of work !



RevoWorks SCVX

Virtual browser with server container



RevoWorks Browser

Virtual Browser with local container



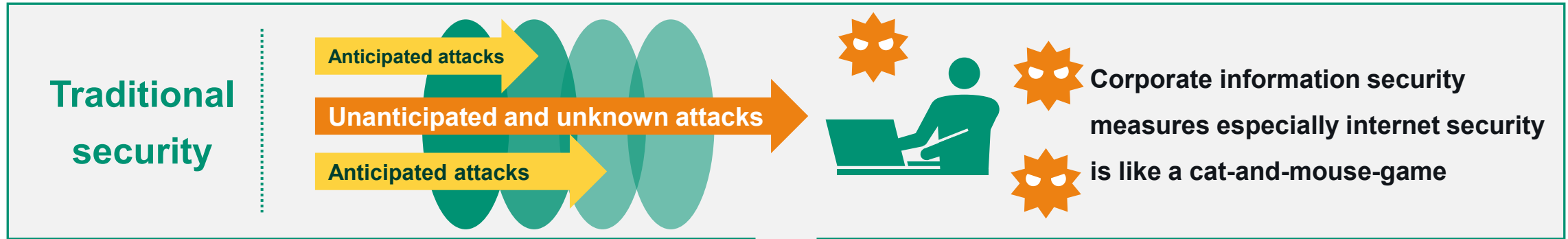
RevoWorks Desktop

Virtual Desktop with local container

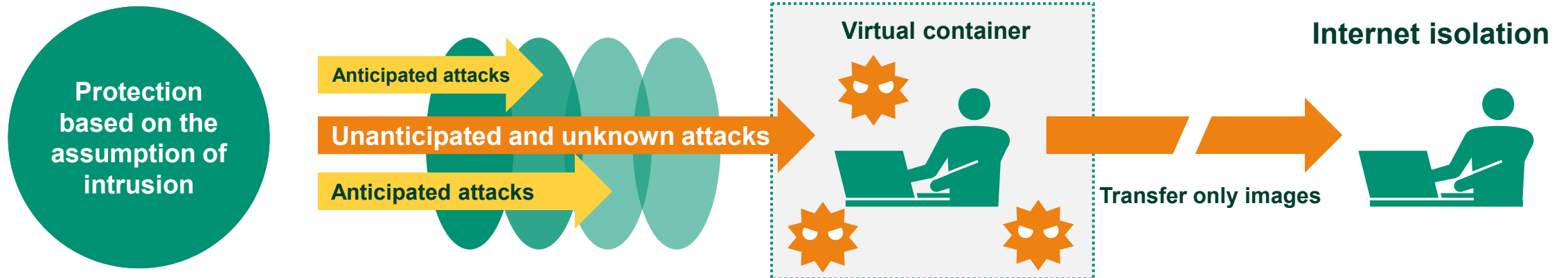
Internet isolation/ Content Sanitizer

Information leakage countermeasures,
Work style reforms/Telework

Structure of RevoWorks SCVX



RevoWorks SCVX Security



1. Even if attacks occur, their impact is limited to virtual containers, and their PCs remain intact
2. By closing your PC browser, the virtual container disappears with malware

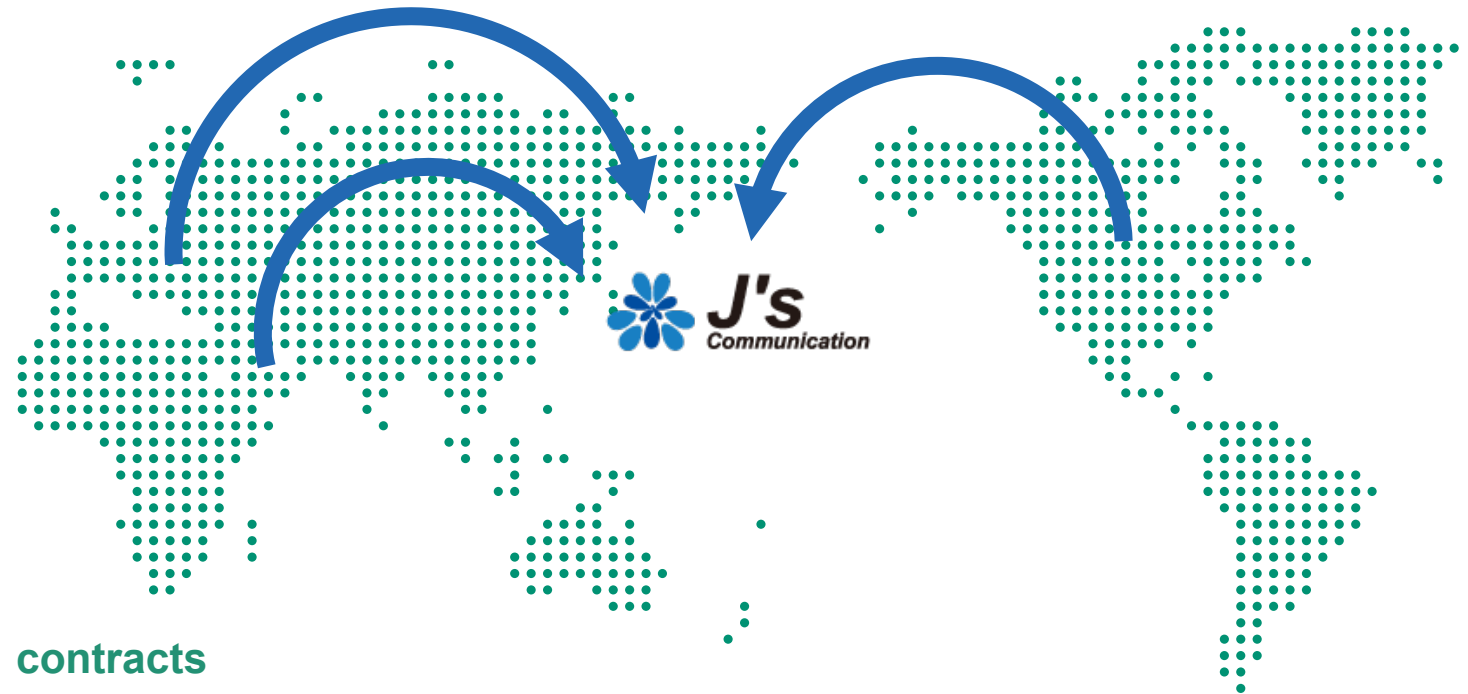
Our Business : Value Added Distribution Business

About Value Added Distribution Business

Importing of products with cutting-edge technologies, global technologies, niche technologies, etc. from United States and other developed security countries, and providing technical value-added services such as design, construction, and support in response to customer requests

Line-up of Security products

- WAF
- Security vulnerability diagnosis and management
- IP address management
- Network management
- Firewall / VPN
- Nest-generation Firewall
- UTM
- Malware protective

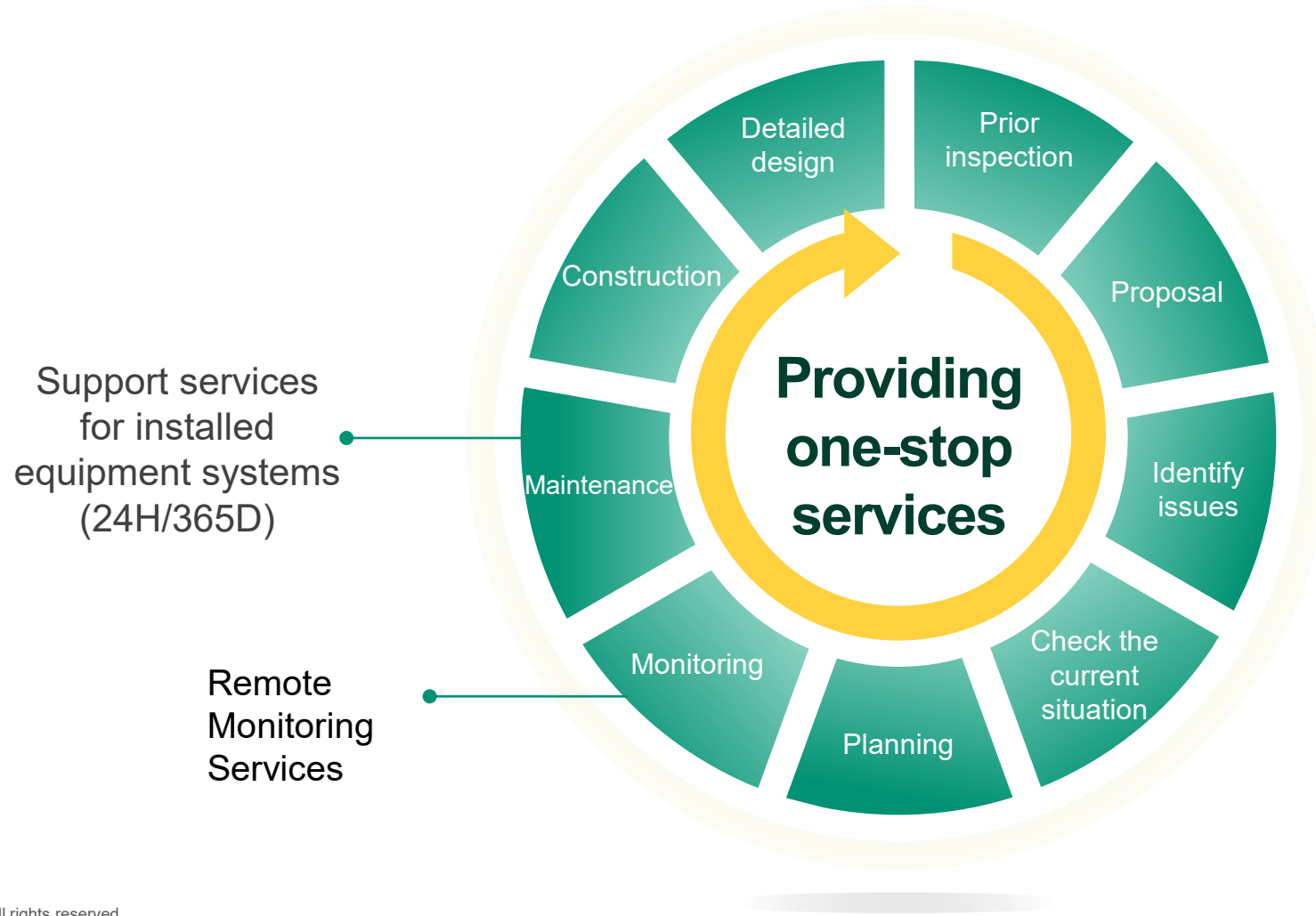


Major manufactures with distribution contracts



Our Business : System Integration

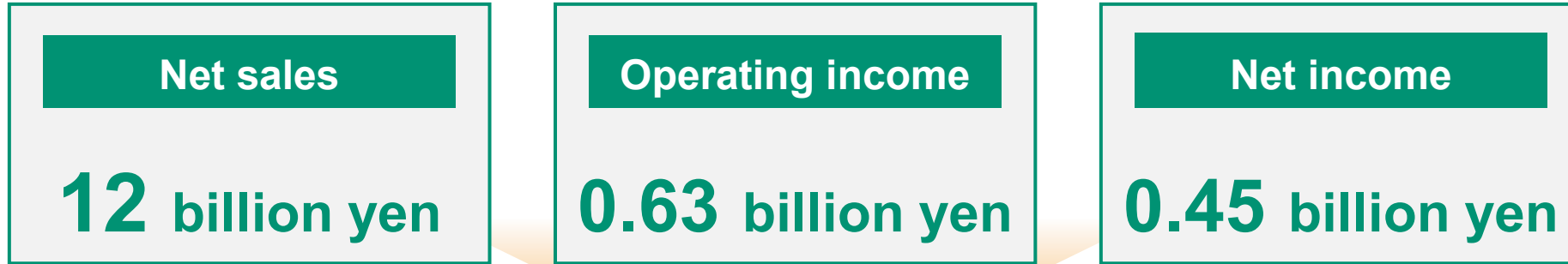
Sales of software and appliances for security and IT infrastructure, etc., combined with the provision of services such as system, after-sales services, and monitoring services



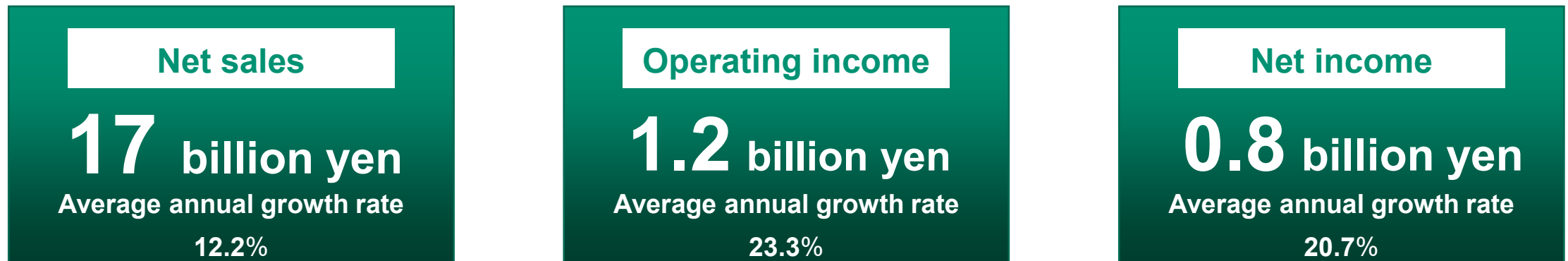
Medium-term Numerical Targets

Selected "prime market" as of December 29, 2021 and set new medium-term numerical targets

FY12/21



FY12/24 Target (announced on December 29, 2021)



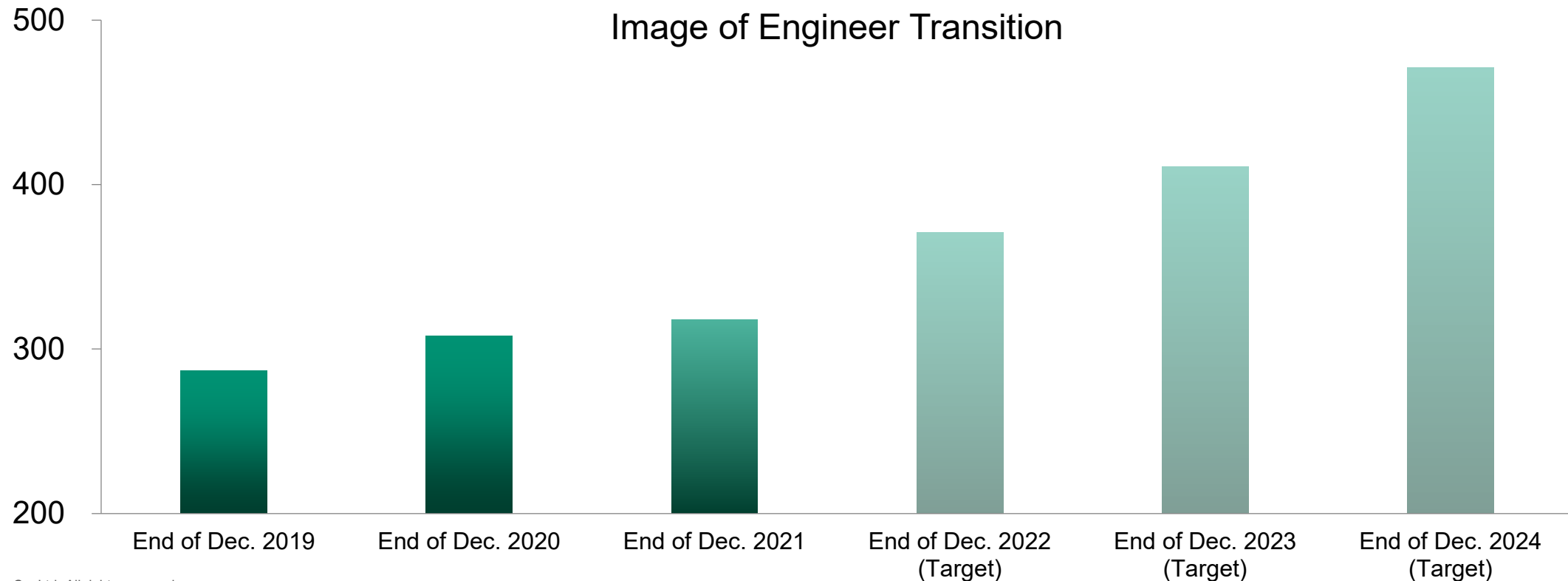
* The target for the fiscal year ending December 31, 2024 is the figure after applying the "Accounting Standard for Revenue Recognition" and other standards.

Initiatives to Achieve Medium-Term Targets : Recruitment of Engineers

Substantial increase in the number of engineers as the foundation

Approximately 70% of our group's personnel are engineers, who are indispensable as the foundation of our business, such as examining new commercial materials, ensuring quality, developing our own products, and providing various services.

A new recruiting team will be formed to double the number of engineers hired over the next three years.



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 government resilience projects
- Private demand development of medical institutions, financial institutions, manufacturing companies, etc.
- Expansion of sales partners and acceleration of collaboration
- Development of new series and cloud versions
- Provision of cloud services
- Augment of development unit

Strengthening of System Integration

- Accelerate expansion of consultants, sales, and technical personnel
- Developing Western Japan and other areas
- Expanding areas such as cloud, DX, AI, etc.
- Increasing the size of projects

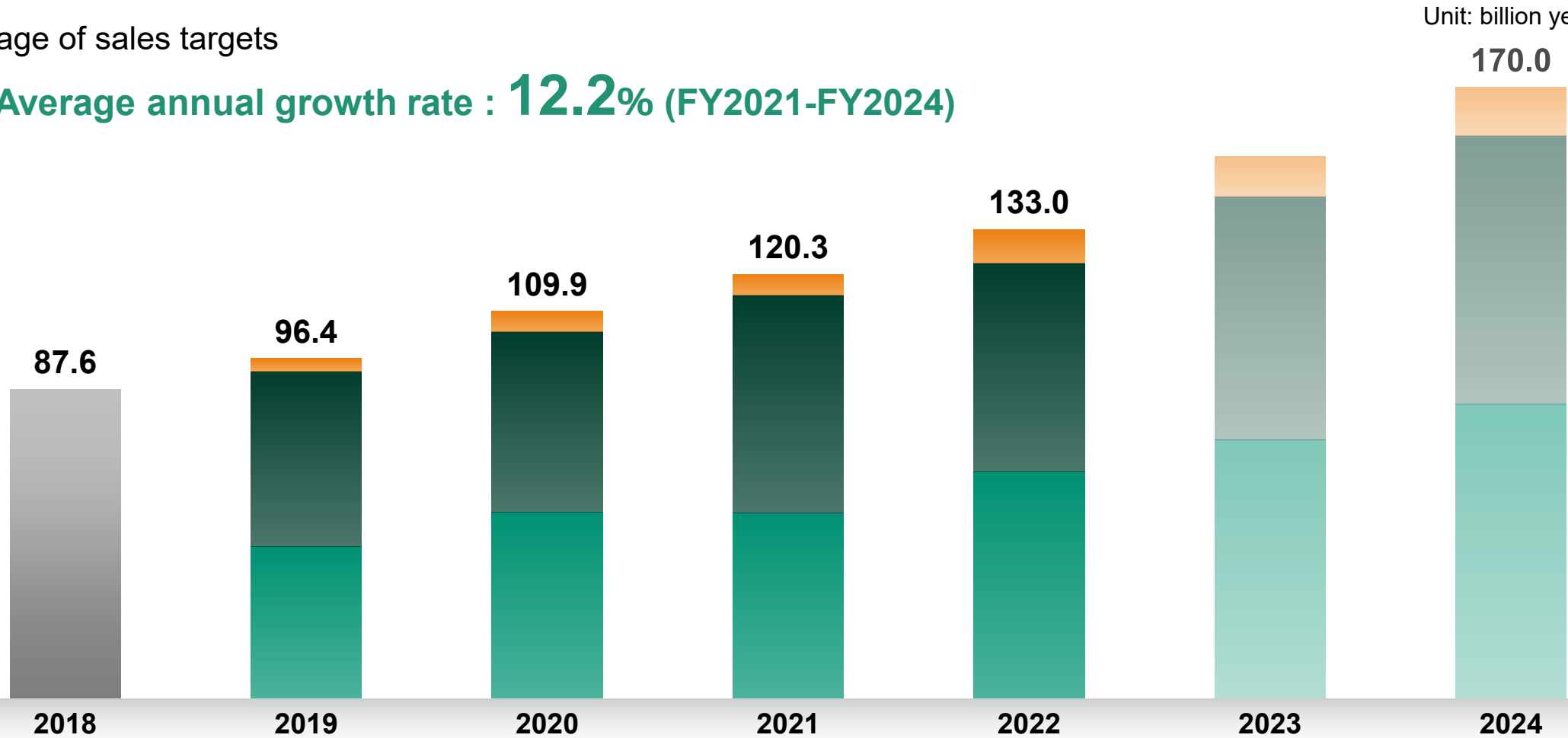
Medium-term Numerical Targets : Net Sales by Business

Achieve medium-term targets through balanced growth of three businesses

Image of sales targets

Unit: billion yen

Average annual growth rate : **12.2%** (FY2021-FY2024)



Expansion of stock-type service business

- Establishment of new service-specific division
- Strengthen cloud-based service delivery model
- Improve customer satisfaction
- Development of new services

Business Transformation

- Recruitment and training of digital engineers
- Regional Expansion
- Recruitment and training of advanced security engineers
- Establishment of new domestic offices
- Promotion of DX
- Consideration of Overseas Expansion

IR · Capital Policy

- Proactive information disclosure and easy-to-understand explanations
- Aiming for stable dividend growth

Initiatives for the SDGs

- Training and producing IT & security personnel
- Provide engineering training to customers
- Develop human resources to achieve high value-added results
- Maintenance of a more rewarding work environment
- Continuous investment in companies with new and proprietary technologies such as AI



Long-term direction of the Segue Group

Becoming a new leading company in the network security industry

We aim to be a TOP company in the industry that we are proud of and is trusted 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”

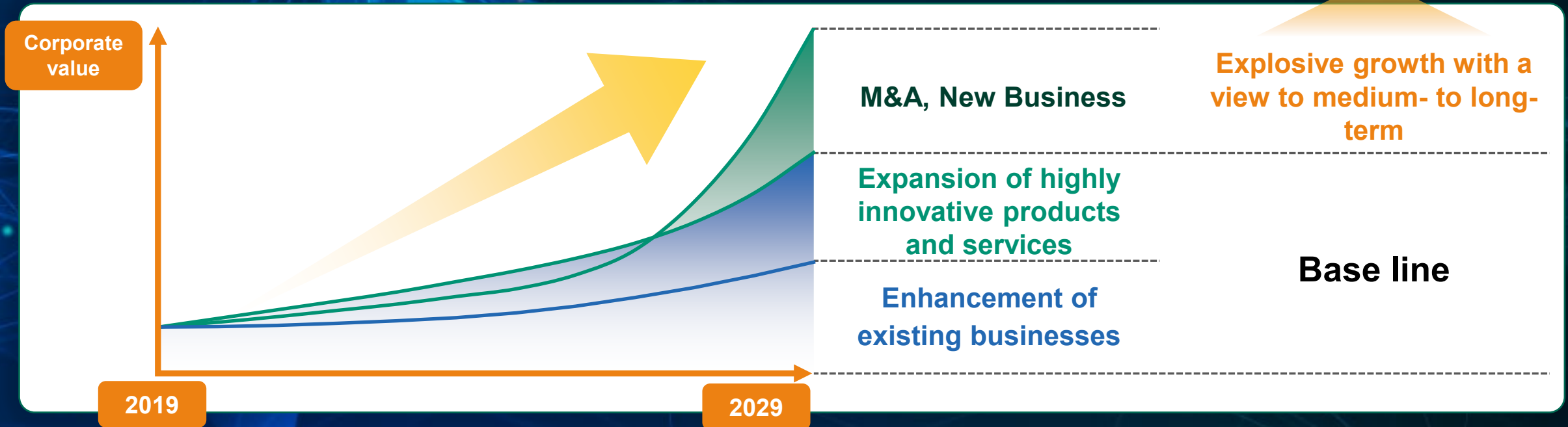
- New growth potential due to change
- Shift from Conventional IT to Advanced IT
- Shift from product to service

**Transforming
threats into
opportunities
for continuous
development**

Basic Management Strategy Policy

Further enhancing our corporate value

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



The material is prepared solely for the purpose of providing information and is not intended for the purpose of offering, soliciting, or selling specific products, including our shares.

The information provided in this material is not required by or based on the Financial Instruments and Exchange Law, government ordinances and regulations, or the Tokyo Securities Exchange listing regulations.

The material contains certain forward-looking statements about our financial condition, results of operations, management plan, and plans and objectives. Please note that such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause our actual results or results of our performance to differ materially from those expressed or implied by such forward-looking statements. These forward-looking statements are based on our current and forecast management strategies and various assumptions regarding the political and economic environment surrounding our business.

The information provided in this material is subject to all possible risks and uncertainties, however, there is no assurance of the accuracy, certainty, appropriateness, and fairness of the information provided in this presentation. Please note that the content may be changed or eliminated without notice.

Inquiries about IR

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