



# Medium-term Management Plan

## Segue300

### (2024 – 2026)

**Segue Group Co., Ltd.**

**Stock Code:3968**

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Actual results may differ materially from the forward-looking statement due to changes in various factors.

The Mid-term Management Plan is expressed in Japanese yen and, solely for the convenience of the reader, have been translated into U.S. dollars at the rate of 156.27 yen = 1 U.S. dollar, the exchange rate prevailing on May 22, 2024.

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“Segue300 “ (2024 - 2026)**



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# **Segue Group's Vision Segue Vision 2030**

# Segue Vision 2030

## **Segue Group**

**has been promoting its business based on the theme of “providing everyone with safe and pleasant digital network.”**

**To eliminate the increasing and diversifying security threats of digital networks today and in the future, we aim to become a "total security solutions company" that integrates information security and IT infrastructures as the best corporate partner for our customers supporting them with technology, products and services.**

# Aiming to be a Total Security Solution Company



Offer a one-stop  
**Total Security Solution**

## Security Services

Security Consulting,  
SASE, SOC, MSS, Digital Forensics,  
Vulnerability Assessment,  
Security Education, Regular Visit  
of Security Engineer

## Security Products

Expansion of in-house  
development products,  
Software, Appliances,  
International products  
for cloud services etc.,  
Product-related services



## IT Infrastructure, IOT Products

Provision of solutions  
Product-related services

## System Integration

Digital transformation (DX) system  
development, Professional services,  
Operational management services



Cloud Infrastructure Service, Cloud  
Construction, Hybrid Construction  
IT Service Integration

# Long-term Vision : Segue Vision 2030

## Segue Group's Vision in 2030

The One & Only Provider for various functions in the security field

### Total Security Solution

**International Alliance**

Expansion of security products

**Expansion of Products & Services**

RevoWorks Security Services (SOC, etc.)

**Security × IT Infrastructure**

DX, development of generative AI, Enhancement of IT engineers

**Enhancement of Security Technology**

Specialized Technicians (improvements in number and quality)

Acceleration of Business Growth with further improvement in number of highly skilled personnel and engineers, organizational strengths and capital.

**Value Added Distribution business**

**In-house development products & services**

**System Integrator Business**



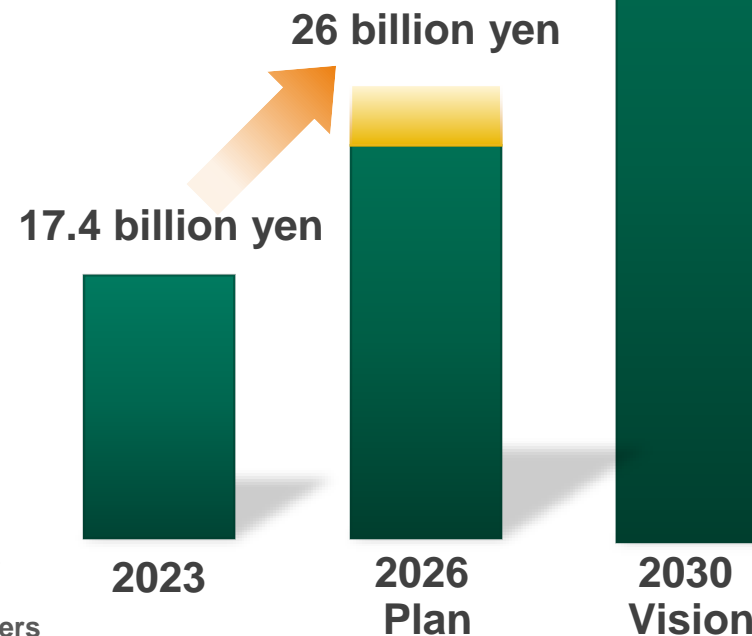
Operating Base

Capital 520 million yen | sales 17.4 billion yen | net assets 3.4 billion yen | recurring sales 4.5 billion yen

Customer and partner base, alliances with overseas manufacturers, nearly 400 IT engineers

Net sales  
50 billion yen  
(319 million USD)  
Operating income margin  
10% or more

Further Acceleration in Growth Rate  
Currently growing 14% in net sales and over 20% in operating income since listing.





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## **Review of the Previous Medium-term Management Plan**

Selected the Prime Market since December 29, 2021  
Three-years medium-term plan has been positioned for FY2022-FY2024



**Achieved the target net sales one year ahead of schedule!**

	Net sales	Operating income	Net income
FY2023 (Result)	17.44 billion yen	1.08 billion yen	0.66 billion yen
FY2024 (Former target)	17 billion yen	1.2 billion yen	0.8 billion yen



## 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.

**Estimated transition of engineers**

Period	Number of Engineers
End-Dec. 2019	~280
End-Dec. 2020	~310
End-Dec. 2021 (Forecast)	~330
End-Dec. 2022 (Target)	~380
End-Dec. 2023 (Target)	~420
End-Dec. 2024 (Target)	~470

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## 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

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## 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

**M&As, Capital and business alliances**

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

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## 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.

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# Review of the Previous Medium-term Management Plan Overall Assessment

Quantitative Aspect	Business Performance	Excellent	<p>We have achieved net sales of 17.4 billion yen in 2023, which means the initial target sales for fiscal year 2024 was achieved one year ahead of the schedule.</p> <p>We also expect the profit target for 2024 is secured to be achieved. With these result, we were able to proceed further investments</p>
Qualitative Aspect	Recruitment of engineers New & mid-career	Good	<p>Regarding engineer recruitment, number of hiring new graduates were almost completed as planned.</p> <p>However, number of mid-careers recruitment were unachieved.</p>
	Growth of existing businesses	Good	<p>Handling of new security products: <b>Succeed</b></p> <p>Introduction of RevoWorks to municipalities: <b>Succeed</b></p> <p>Development of RevoWorks cloud, expansion of DX and AI domains: <b>Partially Succeed</b></p>
	Change and reform	Fair	<p>Digital Transformation: <b>Partially Succeed</b>, Handling of new security products: <b>Succeed</b>, Effective expansion abroad: <b>Succeed</b>, M&amp;A Execution: <b>Partially Succeed</b>, Development of SOC services: <b>Partially Succeed</b></p>
	Raising corporate value	Good	<p>Increase number of communication opportunities with shareholders and investors: <b>Succeed</b></p> <p>**Improvement in tradable shares ratio is also due to the new shareholder benefits program</p>

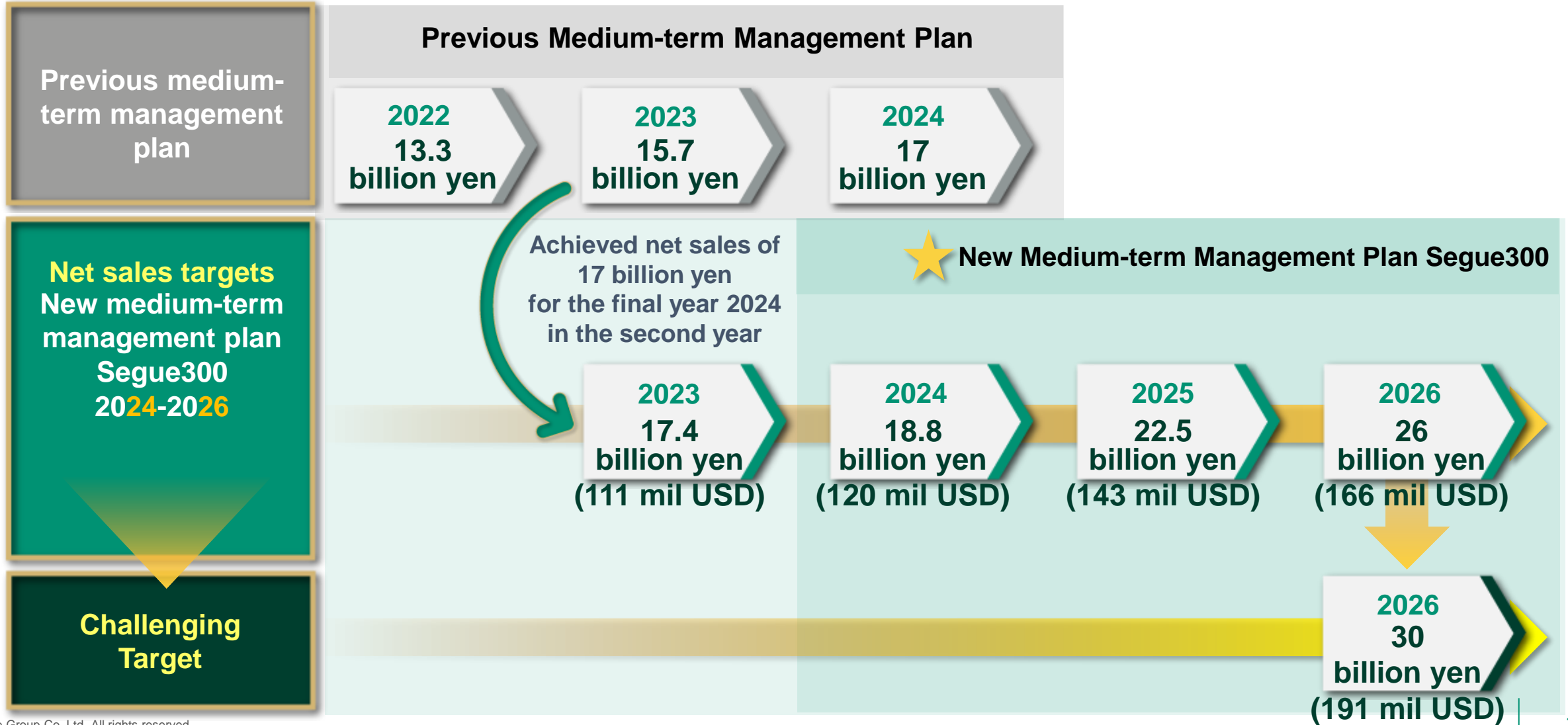


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## **New Medium-term Management Plan “Segue300” (2024 – 2026)**

# New Medium-term Management Plan Segue300

Formulated a new medium-term management plan one year ahead of the schedule  
 We aim to achieve net sales of 26 billion yen (165 million USD) in the new plan  
 30 billion yen (191 million USD) as a challenging target including M&As



	FY2024	FY2025	FY2026
Substantial increase in the number of engineers	Further strengthen recruitment and training of engineers	Convert IT engineers to security engineers (Target number : over 100 security engineers)	
Growth of Existing Businesses	<ul style="list-style-type: none"> <li>Segue Security Business Expansion Provide more advanced security services and efficient training for security engineers</li> </ul>	Development of Total Security Solution <ul style="list-style-type: none"> <li>Development of security platform</li> <li>Central Government cyber security measures</li> <li>Wi-Fi product demand Wi-Fi6E/7</li> <li>GIGA School Program "NEXT GIGA"</li> </ul>	
Change and Reform	<ul style="list-style-type: none"> <li>International Businesses Expansion 2 companies in the Kingdom of Thailand, ISS Resolution and First One Systems</li> </ul>	<ul style="list-style-type: none"> <li>RevoWorks' new products</li> <li>Business expansion of in-house products</li> </ul>	
Raising Corporate Value	<ul style="list-style-type: none"> <li>Continuation of 50% dividend payout ratio (dividend increase)</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder benefits program</li> <li>Enhancement of communication with shareholder and investors</li> </ul>	
			<b>Net sales</b> 26 billion yen (166 mil USD)  <b>Operating income</b> 1.8 billion yen (11 mil USD)  <b>Net income</b> 1 billion yen (6 mil USD)

## ★ Tips ★

- Expansion of demand in Cyber Security
  - Number of cyber-attacks has been drastically increased
  - Budgets are increasing to comply with security guidelines (ministries and agencies)
  - Investments in security measures by small and medium-sized companies
- Establishment of international business
  - 'International Business' has been added to our core business, starting with business expansion in the Kingdom of Thailand

# Core Businesses of Segue Group → To 4 Businesses including Overseas

## VAD (Value Added Distribution) Overseas products



In addition to selling IT products and licenses, we support sales activities and initiatives to improve proposal capabilities and technological capabilities together with system integrators and other system prime contractors. In line with user needs, we propose value-added services such as consulting, System Integration, customization, operation and maintenance.

## In-house Development



Planning, development, sales, and support services for our original security products and services. The RevoWorks series has been delivered to nearly 300 municipalities (more than 15% of all municipalities) and has the top-class market share.

## SI (System Integration)



Developing IT solutions business with technological capabilities. Develop system integration with the professional service as a core, and provide solutions tailored to customer needs, including IT infrastructure equipment, servers, and cloud computing infrastructure.

## **NEW !** Overseas

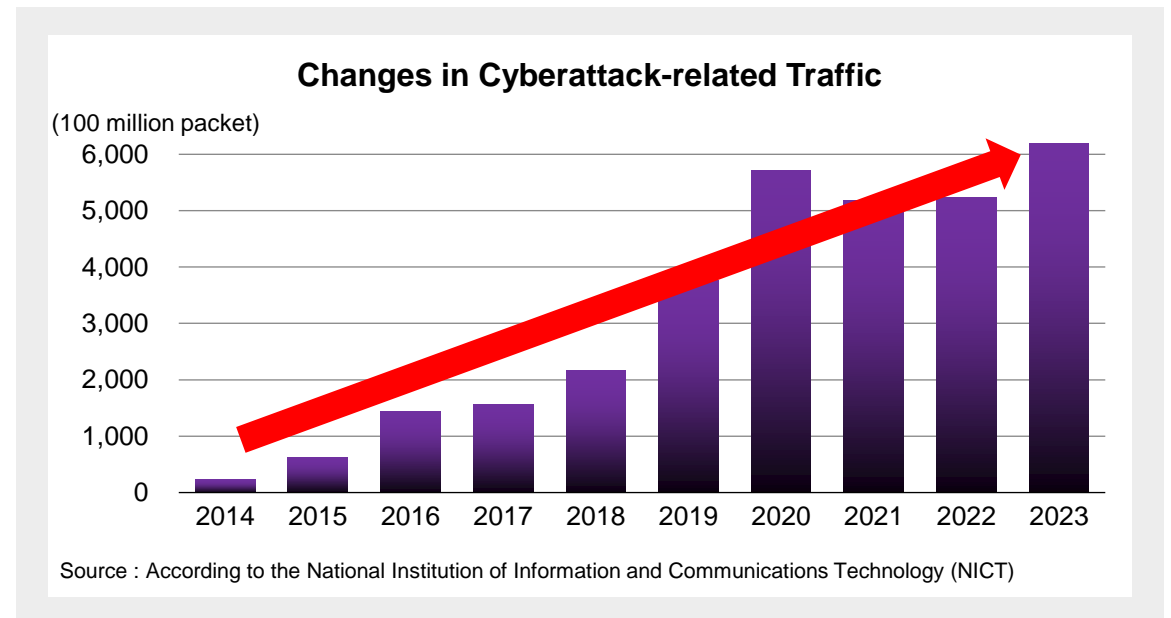
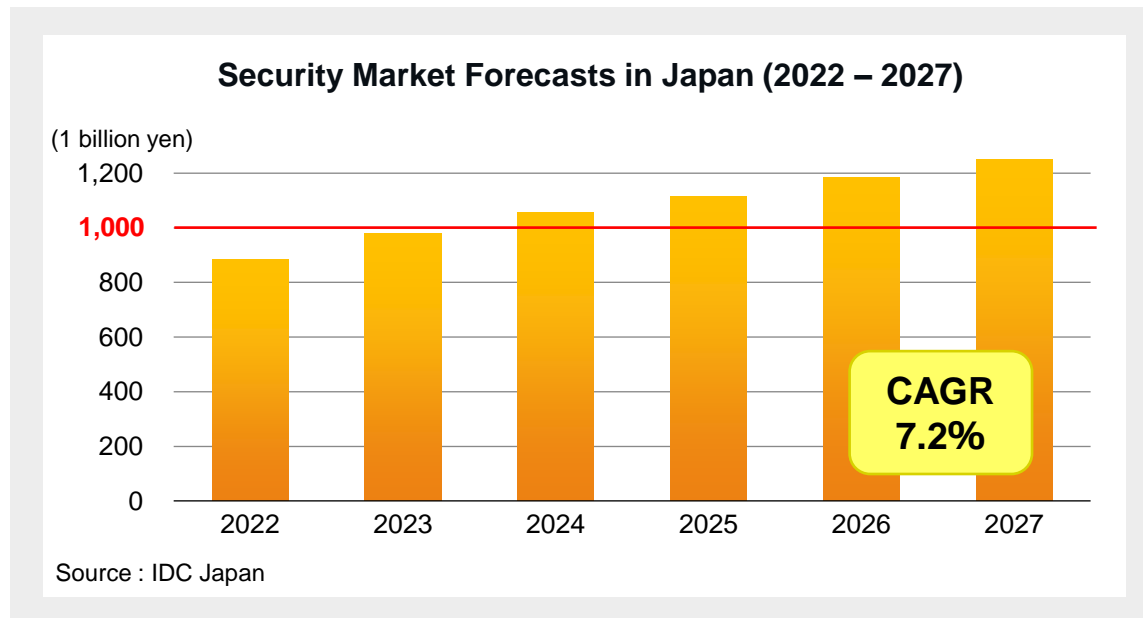


IT Solutions Business Development in Thailand  
ISS Resolution (service-based) and First One Systems (product-based),  
Business development in Thailand will be led by generating synergies between these 2 companies with in-house products from J's Communication.  
Aiming to extend business across the ASEAN region in the future.

**Domestic Security Market Forecasts (2024)**  
**Over 1 trillion yen**  
**(6.3 billion USD)**

According to the National Institution of Information and Communications Technology (NICT), cyberattack-related traffics observed in 2023 has been increased by 18% compared to 2022, which is about three times higher compared to 5 years ago.

Due to increasing number of cyber-attacks, cybersecurity measures are being expanded. Compound Annual Growth Rate (CAGR) in the domestic security market for 2022 - 2027 is expected to be 7.2%.



## Situation Changes and State of Affairs regarding Cyberspace

(From the National center of Incident readiness and Strategy for Cybersecurity (NISC) : Cybersecurity 2023)

- Use of information system has been expanded in various fields and organizations. Supply chain became more multifaceted and complex. New technologies including generative AI are started to be used widely.
- In the meantime, greater risks of the information leakage and the system failure are becoming an issue, due to wider intrusion path and insufficient security measures.
- Moreover, in spite of stricter national security perspective, state-backed cyber attacks are becoming commonplace.

- **Government established measures based on the above background. Each ministries and agencies introduced cybersecurity-related budgets.**

- **Revised and tightened security standards including ‘Defense Industrial Cybersecurity Standards’ by the Ministry of Defense, and ‘Guidelines for Safety Management of Medical Information’ by the Ministry of Health, Labour and Welfare.**

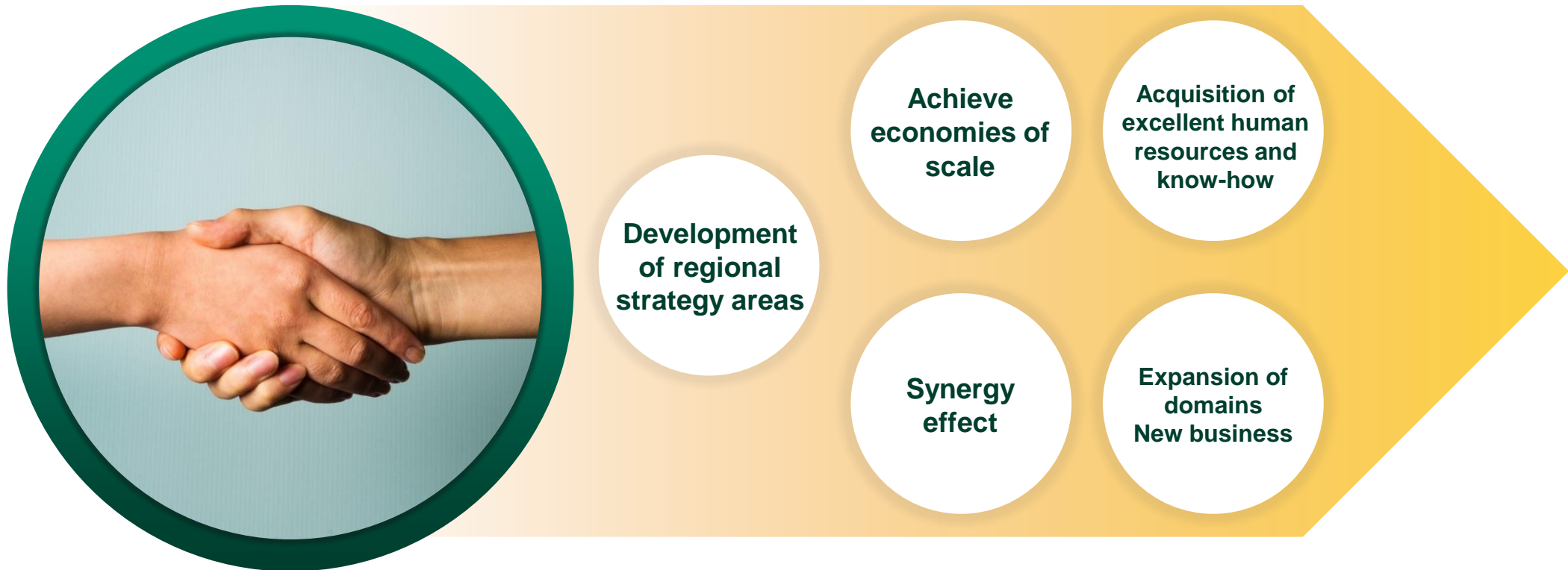
**Institutions and client companies related to such ministries are required to respond in line with the new security standards.**

Ministries and agencies	Item	Budget for FY2024 (100 million yen)
Ministry of Defense	Strengthen Capabilities in the Cyber Domain	2,115
Ministry of Economy, Trade and Industry	Industrial Cyber Security Resilience Project	23
	Cyber Security Economic Infrastructure Development Project	20
National Police Agency	Addressing Cyberspace Threats	49
Ministry of Internal Affairs	Improving ability to respond autonomously to cyber attacks (Strengthening human resource development, R&D, information gathering and analysis, etc.)	36

\*Cyber security-related budgets are referred from each government agency's data.



**Accelerate the growth of existing businesses through aggressive M&As.  
Strengthening the assurance of engineers and technological skills  
which is the basis of our business**



# Segue300 Performance Targets

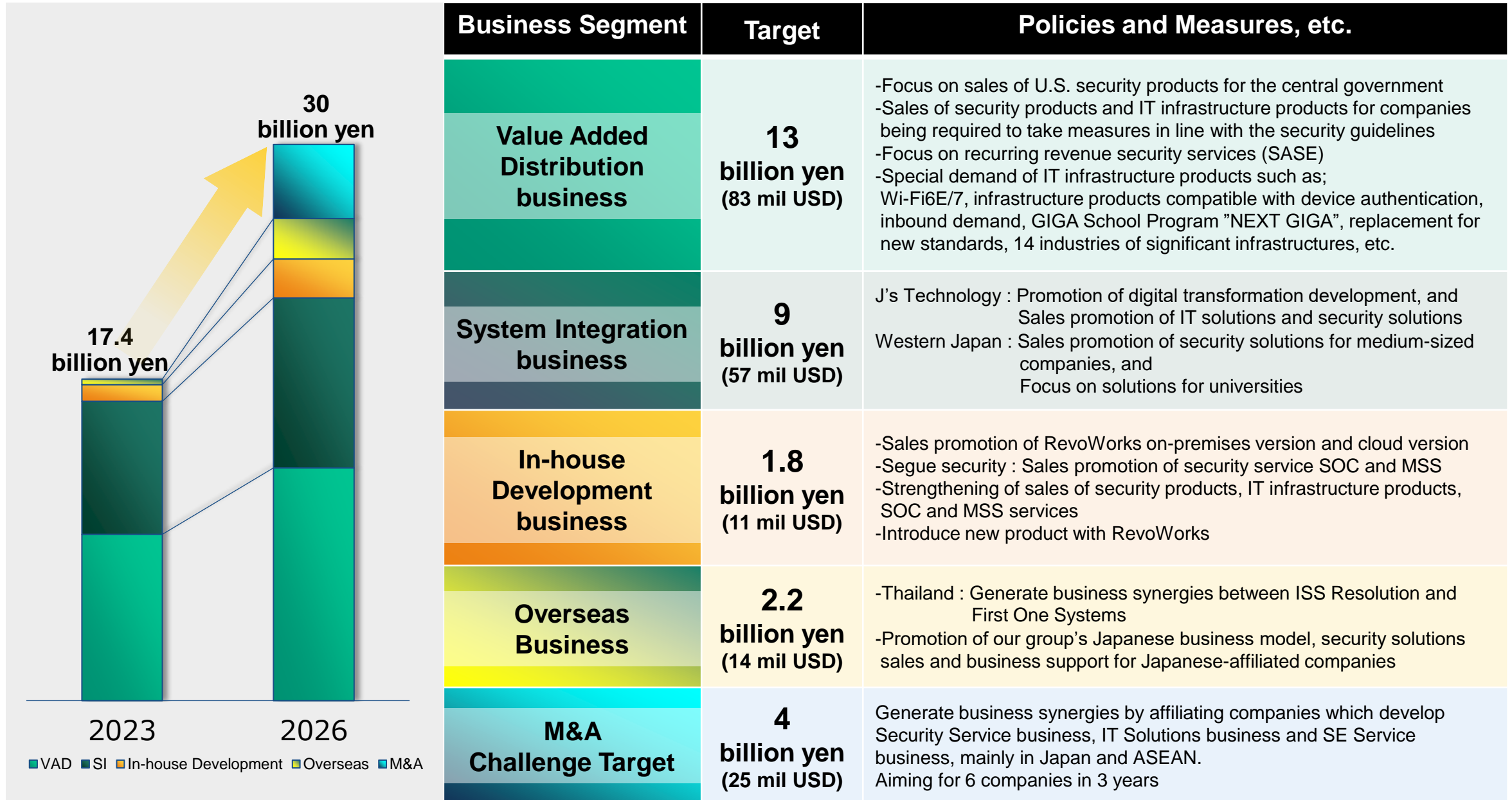
Unit: million yen

	FY2024	FY2025	FY2026	Reference FY2026 M&A Challenge
<b>Net sales</b>	<b>18,800</b>	<b>22,500</b>	<b>26,000</b>	<b>30,000</b>
<b>Gross profit</b>	<b>4,680</b>	<b>5,750</b>	<b>6,880</b>	<b>7,840</b>
(Profit margin)	24.9%	25.6%	26.5%	26.1%
<b>SG&amp;A expenses</b>	<b>3,720</b>	<b>4,490</b>	<b>5,080</b>	<b>5,840</b>
<b>Operating income</b>	<b>960</b>	<b>1,260</b>	<b>1,800</b>	<b>2,000</b>
(Profit margin)	5.1%	5.6%	6.9%	6.7%
<b>Ordinary income</b>	<b>1,330</b>	<b>1,260</b>	<b>1,800</b>	<b>2,000</b>
<b>Net income*</b>	<b>773</b>	<b>701</b>	<b>1,050</b>	<b>1,178</b>
(Reference) EBITDA	1,150	1,600	2,160	2,610

\*Net income attributable to owners of parent

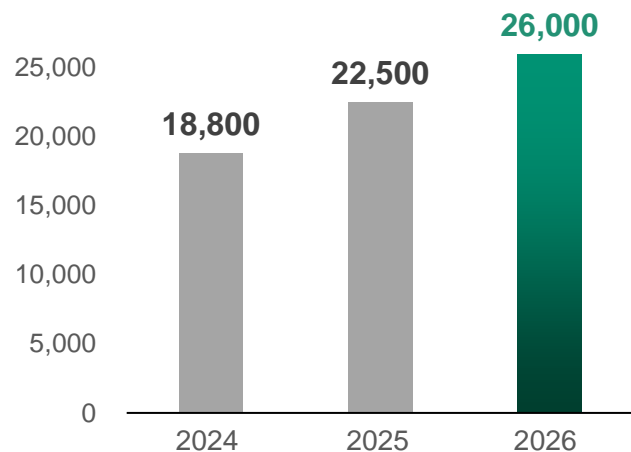
\* EBITDA = operating income + depreciation cost + amortization of goodwill

# Segue300 Net Sales by Business Segment

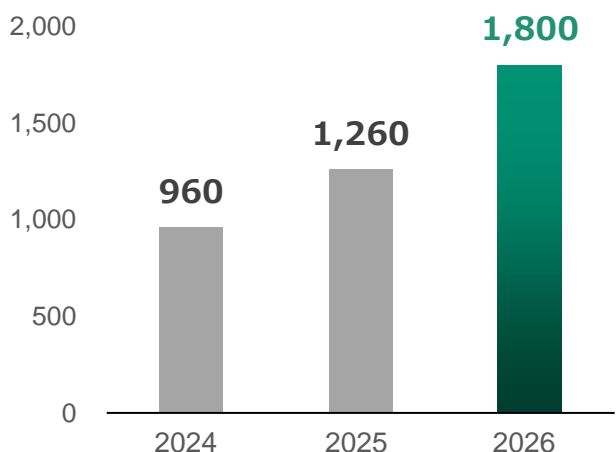


# Segue300 Growth Targets for 3 Years

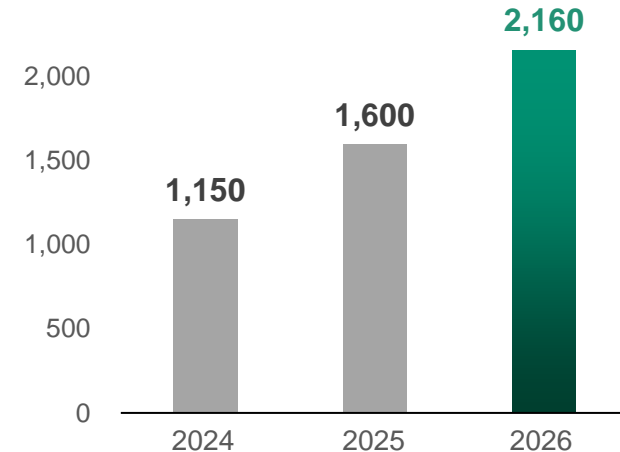
### Net sales (Million yen)



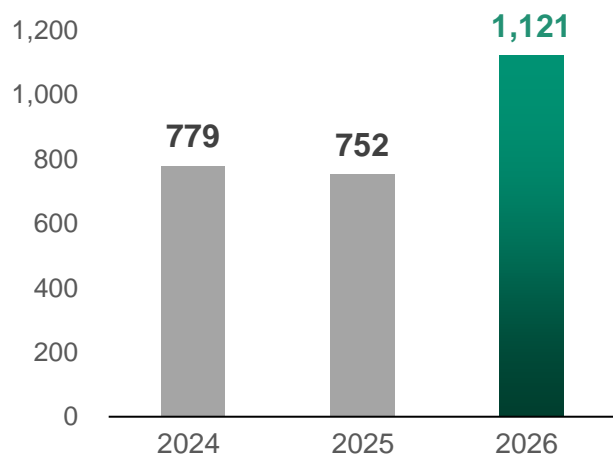
### Operating income (Million yen)



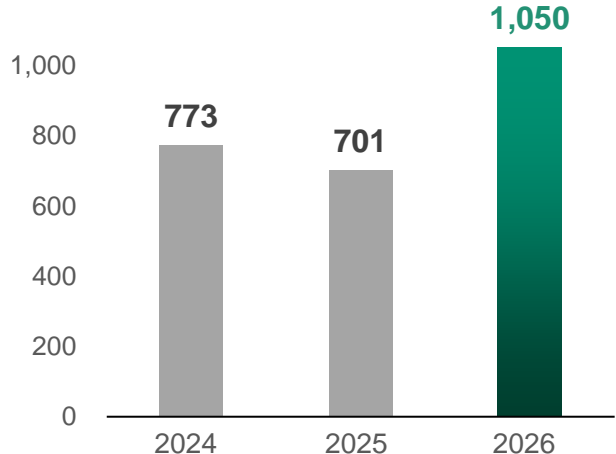
### EBITDA (Million yen)



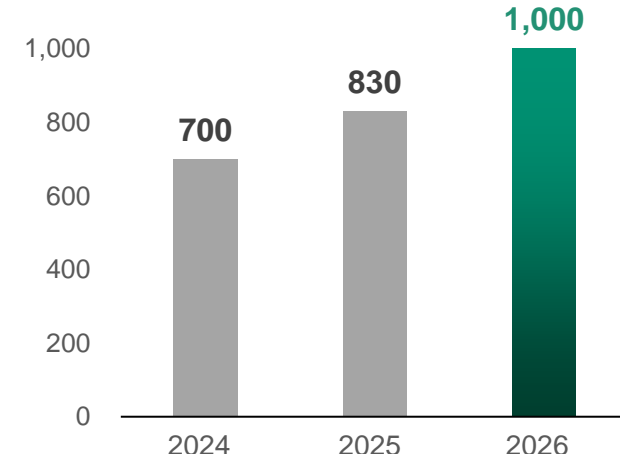
### Net income (Million yen)



### Net income attributable to owners of parent (Million yen)



### Number of Employees (Person)



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## **Inquiries about IR**

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