Translation

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Consolidated Financial Results for the Six Months of the Fiscal Year Ending December 31, 2025 (Under Japanese GAAP)

August 13, 2025

Company name:	Segue Group Co., Ltd.
Stock exchange listings:	Tokyo Stock Exchange
Stock code:	3968
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Scheduled date for submission of interim report:	August 13, 2025
Supplementary materials for financial summaries:	Yes
Financial results briefing:	Yes

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months of the Fiscal Year Ending December 31, 2025 (from January 01, 2025 to June 30, 2025)

(1) Consolidated operating results (Cumulative)

(Percentages indicate YoY changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2025	10,000	18.9	685	97.5	677	(8.4)	402	(7.2)
June 30, 2024	8,410	(7.1)	346	(44.7)	739	22.6	434	6.4

(Note) Comprehensive income For the six months ended December 31, 2025: 1,279 million yen (153.1%) For the six months ended December 31, 2024: 505 million yen (19.7%)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2025	12.72	12.60
June 30, 2024	13.29	13.17

(Note) The Company conducted a three-for-one stock split of its common shares effective March 1, 2024. "Basic earnings per share" and "Diluted earnings per share" have been calculated on the assumption that the stock split was carried out at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial positions

	Total assets	Net assets	Equity-to-asset ratio
As of	Million yen	Million yen	%
June 30, 2025	16,913	4,302	24.1
December 31, 2024	13,633	3,193	21.9

(Reference) Owner's equity As of the six months ended December 31, 2025: 4,076 million yen As of the fiscal year ended December 31, 2024: 2,981 million yen

2. Cash dividends

	Annual dividends per share				
	End of first quarter	End of the second quarter	At the end of the third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	-	5.00	-	6.00	11.00
Fiscal year ending December 31, 2025		6.00			
Fiscal year ending December 2025 (Forecast)			-	7.00	13.00

(Note) Presence or absence of revisions from the most recently announced dividend forecast: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2025 (from January 01, 2025 to December 31, 2025)

(Percentages indicate YoY changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending December 31, 2025	24,800	32.5	1,512	110.0	1,480	39.6	780	53.6	24.58

(Note) Correction of financial forecast from the most recent financial forecast: Yes

* Notes

(1) Significant changes in the scope of consolidation during the period : None

(2) Application of accounting procedures specific to the preparation of interim consolidated financial statements : None

(3) Changes in accounting policies, changes in accounting estimates, retrospective restatement

(i) Changes in accounting policies based on revisions of accounting standard : Yes

(ii) Changes in accounting policies other than (i) above : None

(iii) Changes in accounting estimates : None

(iv) Retrospective restatement : None

(4) Number of shares issued (common stock)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2025	32,564,077 shares
As of December 31, 2024	32,560,086 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2025	830,200 shares
As of December 31, 2024	913,600 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2025	31,655,098 shares
Six months ended June 30, 2024	32,637,976 shares

(Note) The Company conducted a three-for-one stock split of its common shares effective March 1, 2024. "Number of shares issued at the period end," "Number of treasury stock at the period end," and "Average number of shares" have been calculated on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

* The second quarter (interim) financial results report is not subject to review by certified public accountants or audit firms.

* Notes regarding the appropriate use of forecasts and other special items

The forward-looking statements such as performance forecasts contained in this document are based on information currently

available to the Company and on certain assumptions that are deemed reasonable. They are not intended as a guarantee of achievement by the Company. Actual results may differ significantly due to various factors. For the conditions underlying the forecasts and notes on the use of forecasts, please refer to the attached document, page 3, "1. Qualitative Information on the Interim Financial Results (3) Explanation of Forward-Looking Information such as Consolidated Forecasts." The Company plans to hold a financial results briefing for institutional investors and analysts on Tuesday, August 19, 2025. Materials distributed at this briefing will be promptly posted on the Company's website after the event.

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1. Qualitative information regarding the interim financial results

(1) Explanation of operating results

During the six months ended September 30, 2024, the Japanese economy experienced an expansion in inbound demand and improvements in employment and income conditions. On the other hand, ongoing geopolitical risks, the continued depreciation of the yen, and rising prices have persisted. Furthermore, there are concerns that the impact of the additional tariff policies implemented by the Trump administration in the United States is spreading across a wide range of industries, and the outlook remains uncertain.

In the IT industry to which our group belongs, both the public and private sectors are expanding investments in DX (Digital Transformation) aimed at improving productivity and strengthening competitiveness, as well as in cybersecurity to address the threat of cyberattacks. In particular, under the digital government policy, IT investments by central government ministries and local governments are steadily increasing. During the six months ended September 30, 2024, our group also secured a large-scale project for a central government ministry, resulting in strong order performance, with both order intake and order backlog showing significant growth.

As a result, orders received for the six months ended September 30, 2024 amounted to 20,262,502 thousand yen (up 95.8% YoY), and the order backlog at the end of the six months was 18,699,402 thousand yen (up 95.7% YoY), both showing significant increases. In addition, orders received during the six months have already exceeded the total orders received for the entire previous fiscal year.

In the VAD (Value Added Distribution) business, performance remained steady, mainly driven by projects for government agencies, academic and public institutions, and large corporations.

In the system integration business, large-scale projects for private end-users by J's Technology, as well as major SI projects for academic, public, and private sectors, progressed smoothly.

In our in-house development business, in addition to projects for local governments with RevoWorks, the launch of RevoWorks Cloud services for major financial institutions contributed to growth. Furthermore, managed security services provided by Segue Security also steadily expanded.

Overseas business has also grown, as First One Systems newly joined through M&A in May last year.

As a result, Net sales of the Solution Product business for the six months ended September 30, 2024 were 5,923,020 thousand yen (up 22.6% YoY), and Net sales of the Solution Service business were 4,077,970 thousand yen (up 13.9% YoY), resulting in total Net sales of 10,000,990 thousand yen (up 18.9% YoY), representing a significant increase in revenue.

Gross profit was 2,558,515 thousand yen (up 20.3% YoY), operating profit was 685,025 thousand yen (up 97.5% YoY), ordinary profit was 677,675 thousand yen (down 8.4% YoY), and profit attributable to owners of parent was 402,762 thousand yen (down 7.2% YoY). Net sales, gross profit, and operating profit all reached record highs for the interim consolidated accounting period.

In the same period of the previous year, a one-time gain of 404,160 thousand yen from the cancellation of derivatives was recorded as non-operating income. As a result, ordinary profit and net income decreased compared to the same period of the previous year.

(2) Explanation of financial positions

(i) Status of Assets, Liabilities, and Net Assets

(Assets)

Total assets at the end of the interim consolidated accounting period were 16,913,842 thousand yen, an increase of 3,280,732 thousand yen compared to the end of the previous consolidated fiscal year. Current assets were 12,782,788 thousand yen, an increase of 1,986,877 thousand yen compared to the end of the previous consolidated fiscal year. Noncurrent assets were 4,131,054 thousand yen, an increase of 1,293,855 thousand yen compared to the end of the previous consolidated fiscal year.

The main factors for the increase in current assets were the increase in inventories and the increase in notes and accounts receivable - trade. The main factor for the increase in noncurrent assets was the increase in investment securities.

(Liabilities)

The total liabilities at the end of the interim consolidated accounting period amounted to 12,610,992 thousand yen, an increase of 2,170,910 thousand yen compared to the end of the previous consolidated fiscal year. Current liabilities amounted to 10,571,903 thousand yen, an increase of 2,258,996 thousand yen compared to the end of the previous consolidated fiscal year. Noncurrent liabilities amounted to 2,039,088 thousand yen, a decrease of 88,085 thousand yen compared to the end of the previous consolidated fiscal year.

The main reason for the increase in current liabilities was due to increases in accounts payable-trade and advances received, among other factors. The main reason for the decrease in noncurrent liabilities was due to a decrease in long-term debt, although deferred tax liabilities increased.

(Net assets)

Net assets at the end of the six months ended September 30, 2024 amounted to 4,302,850 thousand yen, an increase of 1,109,821 thousand yen compared to the end of the previous fiscal year. The main reason for this increase was the rise in valuation difference on available-for-sale securities, among other factors.

(ii) Cash Flows

Cash and cash equivalents for the six months ended September 30, 2024 increased by 57,707 thousand yen compared to the end of the previous fiscal year, amounting to 4,124,072 thousand yen.

The cash flows and their factors are as follows.

(Cash flows from operating activities)

Cash flows from operating activities decreased by 1,613,656 thousand yen in income compared to the previous interim consolidated accounting period, resulting in income of 464,399 thousand yen. This was mainly due to a pre-tax net income of 677,675 thousand yen and an increase in accounts payable of 1,289,969 thousand yen, while there was also an increase in inventories of 977,092 thousand yen and an increase in accounts receivable of 603,267 thousand yen, among other factors.

(Cash flows from investing activities)

Cash flows from investing activities decreased by 1,167,144 thousand yen in expenditures compared to the previous interim consolidated accounting period, resulting in expenditures of 105,154 thousand yen. This was mainly due to the purchase of property, plant and equipment of 67,439 thousand yen and the purchase of intangible assets of 31,634 thousand yen, among other factors.

(Cash flows from financing activities)

Cash flows from financing activities increased by 254,443 thousand yen in expenditures compared to the previous interim consolidated period, resulting in expenditures of 386,959 thousand yen. This was mainly due to repayments of long-term borrowings of 300,156 thousand yen and dividends paid of 189,878 thousand yen, among other factors.

(3) Explanation regarding forward-looking statements such as consolidated forecasts

Regarding the consolidated results for the fiscal year ending December 2025, we have revised our full-year forecasts upward. For details, please refer to the timely disclosure materials released today.

2. Interim Consolidated Financial Statements and Main Notes

(1) Interim Consolidated Balance Sheet

(Unit: Thousands of yen)

	As of December 31, 2024	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	3,909,297	3,983,694
Notes and accounts receivable - trade	2,830,423	3,646,094
Electronically recorded monetary claims	264,387	35,856
Investment securities	157,067	140,378
Inventories	1,687,584	2,663,732
Advance payments - trade	1,371,193	1,619,528
Accounts receivable - other	295,441	413,122
Other	288,341	290,206
Allowance for doubtful accounts	(7,827)	(9,825)
Total current assets	10,795,910	12,782,788
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	164,191	164,721
Accumulated depreciation	(59,557)	(64,142)
Buildings and structures, net	104,634	100,578
Automotive equipment	7,990	7,645
Accumulated depreciation	(4,972)	(5,296)
Vehicles, net	3,017	2,348
Tools, furniture and fixtures	1,216,503	1,309,234
Accumulated depreciation	(971,608)	(1,025,443)
Tools, furniture and fixtures, net	244,894	283,791
Leased assets	73,447	70,281
Accumulated depreciation	(49,324)	(56,474)
Leased assets, net	24,123	13,807
Land	639	639
Total property, plant and equipment	377,309	401,166
Intangible assets		
Goodwill	1,467,136	1,303,756
Software	68,210	105,905
Software in progress	38,401	11,248
Other	1,314	1,314
Total intangible assets	1,575,062	1,422,225
Investments and other assets		
Investment securities	235,409	1,605,269
Long-term guarantee deposits	180,745	179,607
Deferred tax assets	198,180	240,256
Insurance funds	87,638	89,726
Other	182,853	192,802
Total investments and other assets	884,827	2,307,662
Total noncurrent assets	2,837,199	4,131,054
Total assets	13,633,110	16,913,842

(Unit: Thousands of yen)

	As of December 31, 2024	As of June 30, 2025
Liabilities		
Current liabilities		
Accounts payable-trade	1,410,538	2,691,895
Short-term debt	80,887	171,424
Current portion of long-term borrowings	551,512	731,910
Lease liabilities	19,766	14,702
Accounts payable	179,256	205,854
Accrued expenses	405,127	549,448
Income taxes payable	350,459	317,481
Accrued consumption taxes	308,286	101,138
Advances received	4,873,561	5,673,647
Provision for bonuses	26,455	17,168
Provision for bonuses for directors (and other officers)	10,540	-
Provision for share-based remuneration	-	19,345
Other provisions	2,056	2,061
Other	94,457	75,824
Total current liabilities	8,312,907	10,571,903
Noncurrent liabilities		
Long-term debt	1,652,657	1,156,191
Retirement benefit liability	360,050	376,510
Provision for share-based remuneration	43,765	15,550
Deferred tax liabilities	-	426,187
Long-term accounts payable - other	64,648	64,648
Lease liabilities	6,052	-
Total noncurrent liabilities	2,127,173	2,039,088
Total liabilities	10,440,081	12,610,992
Net assets		
Shareholders' equity		
Capital stock	533,369	528,629
Retained earnings	2,832,614	3,034,365
Treasury shares	(467,366)	(445,571)
Total shareholders' equity	2,898,617	3,117,423
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	438	941,177
Deferred gains or losses on hedges	1,522	(20,528)
Foreign currency translation adjustment	81,235	38,036
Total accumulated other comprehensive income	83,197	958,686
Share subscription rights	60,932	77,097
Non-controlling interests	150,280	149,643
Total net assets	3,193,028	4,302,850
Total liabilities and net assets	13,633,110	16,913,842

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income for the Interim Period

Interim Consolidated Statement of Income

(Unit: Thousands of yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Net sales	8,410,685	10,000,990
Cost of sales	6,284,102	7,442,475
Gross profit	2,126,583	2,558,515
Selling, general and administrative expenses	1,779,712	1,873,490
Operating profit	346,870	685,025
Non-operating income		
Interest income and dividends	247	2,956
Foreign exchange gain	11,427	-
Surrender value of insurance	9,181	-
Subsidy income	5,606	5,296
Subsidy income	97	8,000
Gain on cancellation of derivatives	404,160	-
Others	1,480	3,225
Total non-operating income	432,200	19,478
Non-operating expenses		
Interest expenses	6,815	19,518
Guarantee commission	194	195
Foreign exchange loss	-	7,081
Loss on sale of securities	29,330	-
Other	3,218	33
Total non-operating expenses	39,559	26,828
Ordinary profit	739,511	677,675
Extraordinary income		
Gains on sales of investment securities	13,289	-
Total extraordinary income	13,289	-
Net income before income taxes	752,800	677,675
Income taxes - current	345,739	304,028
Income taxes-deferred	(35,207)	(39,433)
Total income tax	310,531	264,595
Net income	442,269	413,079
Net income attributable to non-controlling interests	8,222	10,317
Profit attributable to owners of parent	434,046	402,762

Interim Consolidated Statement of Comprehensive Income

(Unit: Thousands of yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Net income	442,269	413,079
Other comprehensive income		
Valuation difference on available-for-sale securities	36,505	940,738
Deferred gains or losses on hedges	662	(22,051)
Foreign currency translation adjustment	26,206	(51,862)
Total other comprehensive income	63,373	866,825
Comprehensive income	505,643	1,279,905
Profit attributable to		
Interim comprehensive income attributable to owners of the parent	493,251	1,278,250
Comprehensive income attributable to non-controlling interests for the interim period	12,391	1,654

(3) Interim Consolidated Statement of Cash Flows

(Unit: Thousands of yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Cash flows from operating activities		
Net income before income taxes	752,800	677,675
Depreciation	82,377	92,182
Amortization of goodwill	16,891	114,373
Share–based payment expenses	12,328	6,681
Increase (decrease) in provision for share awards	(18,152)	(8,868)
Increase (decrease) in allowance for doubtful accounts	(3,319)	2,330
Increase (decrease) in provision for bonuses for directors (and other officers) (- indicates decrease)	(15,820)	(10,540)
Increase (decrease) in liabilities for retirement benefits	21,510	16,657
Interest income and dividends income	(247)	(2,956)
Interest expenses	6,815	19,518
Loss (gain) on sale of securities	29,330	-
Loss (gain) on sale of investment securities	(13,289)	-
Foreign exchange loss	(109,165)	(105,037)
Decrease (increase) in trade receivables	199,269	(603,267)
Increase (decrease) in accounts receivable - other (- indicates increase)	(429,329)	(104,366)
(Increase) decrease in inventories	369,679	(977,092)
Decrease (increase) in advance payments to suppliers	(69,055)	(248,896)
Increase (decrease) in trade payables	524,371	1,289,969
Increase (decrease) in advances received	499,308	804,471
Other	351,743	(151,579)
Subtotal	2,208,046	811,254
Interest and dividends received	247	2,956
Interest paid	(6,518)	(19,489)
Income taxes paid	(123,719)	(330,321)
Cash flows from operating activities	2,078,056	464,399
Cash flows from investing activities		
Purchase of investment securities	(178)	(425)
Proceeds from the sale of investment securities	190,282	-
Purchase of property and equipment	(60,734)	(67,439)
Purchase of intangible assets	(4,552)	(31,634)
Payment for acquisition of subsidiaries resulting in change in scope of consolidation	(1,406,473)	-
Payments of leasehold and guarantee deposits	(1,523)	(6,213)
Proceeds from refund of leasehold and guarantee deposits	10,880	558
Cash flows from investing activities	(1,272,298)	(105,154)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	93,811
Proceeds from long-term borrowings	1,219,571	-
Repayment of long-term borrowings	(137,027)	(300,156)
Proceeds from issuance of shares	23	3
Acquisition of treasury shares	(1,053,019)	-
Proceeds from sale of treasury shares	13,223	15,038
Repayments of finance lease liabilities	(6,946)	(5,778)
Cash dividends paid	(168,340)	(189,878)

Cash flows from financing activities	(132,516)	(386,959)
Effect of exchange rate change on cash and cash equivalents	122,338	85,421
Increase (decrease) in cash and cash equivalents	795,579	57,707
Cash and cash equivalents at the beginning of the period	3,451,801	4,066,365
Cash and cash equivalents at the end of the interim period	4,247,381	4,124,072

(4) Notes to the Interim Consolidated Financial Statements

(Notes regarding the assumption of a going concern)

There are no applicable items.

(Notes in case of significant changes in the amount of shareholders' equity)

There are no applicable matters.

(Changes in accounting policies)

(Application of Accounting Standards for Income Taxes - Current, etc.)

"Accounting Standard for Income Taxes - Current, etc." (Accounting Standard No. 27, October 28, 2022), "Accounting Standard for Presentation of Comprehensive Income" (Accounting Standard No. 25, October 28, 2022), and "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (Implementation Guidance No. 28, October 28, 2022) have been applied from the beginning of the current interim consolidated accounting period. There is no impact on the interim consolidated financial statements as a result of this application.

(Segment Information, etc.)

As our group operates a single business segment, the IT Solutions business, segment information is omitted.

(Revenue recognition related)

Breakdown of revenue from contracts with customers

(Unit: Thousands of yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Solution Product Business	4,831,289	5,923,020
Solution Services Business	3,579,396	4,077,970
Total	8,410,685	10,000,990

(Significant Subsequent Events)

There are no applicable matters.