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Consolidated Financial Results for the Three Months Ended May 31, 2025 [Japanese GAAP]

July 15, 2025

Company name: Serverworks Co.,Ltd.

Listing: Tokyo Stock Exchange

Securities code: 4434

URL: <https://www.serverworks.co.jp/>

Representative: Ryo Oishi

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Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

Representative Director, President
Back office executive officer

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Three Months Ended May 31, 2025 (March 1, 2025 to May 31, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended May 31, 2025	9,219	6.8	199	(55.0)	204	(49.7)	113	(59.0)
May 31, 2024	8,636	46.7	443	168.7	405	96.6	277	157.5

(Note) Comprehensive income: Three months ended May 31, 2025: ¥ 392 million [17.2%]
Three months ended May 31, 2024: ¥ 334 million [(11.1) %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2025	14.70	14.58
May 31, 2024	35.42	34.96

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of May 31, 2025	20,662	11,353	54.9
February 28, 2025	20,493	11,460	55.9

(Reference) Equity: As of May 31, 2025: ¥ 11,353 million
As of February 28, 2025: ¥ 11,460 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2025	-	0.00	-	0.00	0.00
Fiscal year ending February 28, 2026	-				
Fiscal year ending February 28, 2026 (Forecast)		0.00	-	0.00	0.00

(Note) Revision to the forecast for dividends announced most recently: None

(Note) Breakdown of the 1st quarter dividend for the fiscal year ending February 28, 2026 :

Commemorative dividend - yen
Special dividend - yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2026(March 1, 2025 to February 28, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	40,841	14.3	1,140	6.4	1,171	9.8	848	25.2	107.95

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 (Company name:)
Excluded: - (Company name:)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

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

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

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

May 31, 2025: 7,884,375 shares
February 28, 2025: 7,884,375 shares

2) Number of treasury shares at the end of the period:

May 31, 2025: 222,667 shares
February 28, 2025: 618 shares

3) Average number of shares outstanding during the period:

Three months ended May 31, 2025: 7,750,914 shares
Three months ended May 31, 2024: 7,837,972 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

Quarterly Consolidated Financial Statements and Primary Notes
Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of February 28, 2025	As of May 31, 2025
Assets		
Current assets		
Cash and deposits	6,051,973	5,666,419
Accounts receivable - trade, and contract assets	5,179,439	4,659,060
Securities	590,451	575,984
Advance payments to suppliers	3,151,105	3,750,846
Other	251,254	317,330
Allowance for doubtful accounts	(1,787)	(1,641)
Total current assets	15,222,436	14,968,000
Non-current assets		
Property, plant and equipment	111,045	109,594
Intangible assets		
Goodwill	797,330	770,148
Other	90,791	105,157
Total intangible assets	888,121	875,305
Investments and other assets		
Investment securities	3,806,775	4,363,526
Shares of subsidiaries and associates	318,965	195,000
Distressed receivables	466	6,371
Deferred tax assets	50,370	50,370
Other	96,071	100,416
Allowance for doubtful accounts	(466)	(6,371)
Total investments and other assets	4,272,183	4,709,313
Total non-current assets	5,271,350	5,694,214
Total assets	20,493,787	20,662,214

(Thousands of yen)

	As of February 28, 2025	As of May 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	5,153,028	4,676,730
Contract liabilities	2,555,073	3,218,760
Income taxes payable	196,187	103,997
Provision for bonuses	283,119	112,877
Provision for bonuses for directors (and other officers)	5,920	5,920
Provision for loss on orders received	85,698	91,838
Other	430,146	622,345
Total current liabilities	8,709,173	8,832,469
Non-current liabilities		
Deferred tax liabilities	309,875	462,388
Asset retirement obligations	14,310	14,310
Total non-current liabilities	324,185	476,698
Total liabilities	9,033,359	9,309,168
Net assets		
Shareholders' equity		
Share capital	3,270,337	3,270,337
Capital surplus	3,154,660	3,154,660
Retained earnings	3,760,938	3,874,884
Treasury shares	(2,724)	(502,693)
Total shareholders' equity	10,183,211	9,797,189
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,279,039	1,545,146
Deferred gains or losses on hedges	(1,822)	10,709
Total accumulated other comprehensive income	1,277,216	1,555,856
Total net assets	11,460,428	11,353,045
Total liabilities and net assets	20,493,787	20,662,214

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

For the three months ended May 31, 2025

(Thousands of yen)

	For the three months ended May 31, 2024	For the three months ended May 31, 2025
Net sales	8,636,097	9,219,480
Cost of sales	7,515,319	8,294,394
Gross profit	1,120,777	925,085
Selling, general and administrative expenses	677,324	725,510
Operating profit	443,453	199,575
Non-operating income		
Interest income	-	5,849
Dividend income	17,053	23,392
Foreign exchange gains	-	9,784
Subsidy income	-	24,000
Other	1,186	60
Total non-operating income	18,240	63,087
Non-operating expenses		
Share of loss of entities accounted for using equity method	10,455	24,617
Loss on investments in investment partnerships	15,515	21,292
Foreign exchange losses	29,458	-
Other	619	12,745
Total non-operating expenses	56,050	58,656
Ordinary profit	405,643	204,006
Extraordinary losses		
Loss on valuation of investment securities	-	1,944
Total extraordinary losses	-	1,944
Profit before income taxes	405,643	202,062
Income taxes	111,214	88,116
Profit	294,428	113,946
Profit attributable to non-controlling interests	16,776	-
Profit attributable to owners of parent	277,652	113,946

Quarterly Consolidated Statement of Comprehensive Income
For the three months ended May 31, 2025

(Thousands of yen)

	For the three months ended May 31, 2024	For the three months ended May 31, 2025
Profit	294,428	113,946
Other comprehensive income		
Valuation difference on available-for-sale securities	40,437	266,107
Deferred gains or losses on hedges	-	12,532
Total other comprehensive income	40,437	278,639
Comprehensive income	334,866	392,586
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	318,089	392,586
Comprehensive income attributable to non-controlling interests	16,776	-