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October 15, 2025

Consolidated Financial Results for the Six Months Ended August 31, 2025 (Under Japanese GAAP)



Company name: Serverworks Co.,Ltd.

Listing: Tokyo Stock Exchange

Securities code: 4434

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

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Representative Director, President

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Scheduled date to file semi-annual securities report: October 15, 2025

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

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

1. Consolidated financial results for the six months ended August 31, 2025 (from March 1, 2025 to August 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2025	18,736	8.4	90	(85.0)	121	(79.0)	(903)	-
August 31, 2024	17,291	38.6	602	49.6	577	29.8	355	54.0

Note: Comprehensive income For the six months ended August 31, 2025: ¥ (874) million [-%]
For the six months ended August 31, 2024: ¥ 524 million [(0.4) %]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
August 31, 2025	(117.08)	-
August 31, 2024	45.28	44.70

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
August 31, 2025	19,285	10,118	52.5
February 28, 2025	20,493	11,460	55.9

Reference: Equity

As of August 31, 2025: ¥ 10,118 million

As of February 28, 2025: ¥ 11,460 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal 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	-	0.00			
Fiscal year ending February 28, 2026 (Forecast)			-	25.00	25.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

Note: Breakdown of the second quarter dividend for the fiscal year ending February 28, 2026 :

Commemorative dividend - yen
Special dividend - yen

3. Consolidated financial result forecasts for the fiscal year ending February 28, 2026 (from 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	38,393	7.5	392	(63.4)	488	(54.2)	(877)	-	(113.72)

Note: Revisions to the financial result forecast most recently announced: Yes

* Notes

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

Newly included: 1 companies()
Excluded: - companies()

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

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

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of August 31, 2025	7,911,413 shares
As of February 28, 2025	7,884,375 shares

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

As of August 31, 2025	222,667 shares
As of February 28, 2025	618 shares

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

Six months ended August 31, 2025	7,713,472 shares
Six months ended August 31, 2024	7,842,150 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

Semi-annual Consolidated Financial Statements and Primary Notes
Semi-annual Consolidated Balance Sheet

(Thousands of yen)

	As of February 28, 2025	As of August 31, 2025
Assets		
Current assets		
Cash and deposits	6,051,973	5,546,903
Accounts receivable - trade, and contract assets	5,179,439	5,059,991
Securities	590,451	597,323
Advance payments to suppliers	3,151,105	3,103,051
Other	251,254	312,819
Allowance for doubtful accounts	(1,787)	(1,851)
Total current assets	15,222,436	14,618,238
Non-current assets		
Property, plant and equipment	111,045	106,454
Intangible assets		
Goodwill	797,330	-
Other	90,791	113,997
Total intangible assets	888,121	113,997
Investments and other assets		
Investment securities	3,806,775	4,132,363
Shares of subsidiaries and associates	318,965	189,447
Distressed receivables	466	6,371
Deferred tax assets	50,370	-
Other	96,071	124,701
Allowance for doubtful accounts	(466)	(6,371)
Total investments and other assets	4,272,183	4,446,512
Total non-current assets	5,271,350	4,666,964
Total assets	20,493,787	19,285,203

(Thousands of yen)

	As of February 28, 2025	As of August 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	5,153,028	4,944,785
Contract liabilities	2,555,073	2,522,907
Income taxes payable	196,187	42,789
Provision for bonuses	283,119	229,905
Provision for bonuses for directors (and other officers)	5,920	-
Provision for loss on orders received	85,698	304,287
Other	430,146	639,385
Total current liabilities	8,709,173	8,684,061
Non-current liabilities		
Deferred tax liabilities	309,875	468,079
Asset retirement obligations	14,310	14,310
Total non-current liabilities	324,185	482,389
Total liabilities	9,033,359	9,166,450
Net assets		
Shareholders' equity		
Share capital	3,270,337	3,286,738
Capital surplus	3,154,660	3,171,060
Retained earnings	3,760,938	2,857,816
Treasury shares	(2,724)	(502,693)
Total shareholders' equity	10,183,211	8,812,921
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,279,039	1,307,725
Deferred gains or losses on hedges	(1,822)	(1,894)
Total accumulated other comprehensive income	1,277,216	1,305,830
Total net assets	11,460,428	10,118,752
Total liabilities and net assets	20,493,787	19,285,203

Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statement of Income

(Thousands of yen)

	For the six months ended August 31, 2024	For the six months ended August 31, 2025
Net sales	17,291,818	18,736,207
Cost of sales	15,261,207	17,138,441
Gross profit	2,030,610	1,597,765
Selling, general and administrative expenses	1,427,633	1,507,299
Operating profit	602,976	90,465
Non-operating income		
Interest income	59,464	52,980
Dividend income	17,053	23,392
Foreign exchange gains	-	19,497
Other	1,752	25,312
Total non-operating income	78,271	121,183
Non-operating expenses		
Share of loss of entities accounted for using equity method	38,476	30,170
Loss on investments in investment partnerships	12,075	41,790
Foreign exchange losses	48,922	-
Other	4,125	18,554
Total non-operating expenses	103,599	90,515
Ordinary profit	577,648	121,133
Extraordinary income		
Gain on sale of investment securities	-	6,764
Total extraordinary income	-	6,764
Extraordinary losses		
Loss on valuation of investment securities	-	1,944
Amortization of goodwill	-	742,966
Non-recurring loss	-	98,848
Total extraordinary losses	-	843,759
Profit (loss) before income taxes	577,648	(715,861)
Income taxes	200,901	187,260
Profit (loss)	376,747	(903,121)
Profit attributable to non-controlling interests	21,680	-
Profit (loss) attributable to owners of parent	355,067	(903,121)

Semi-annual Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the six months ended August 31, 2024	For the six months ended August 31, 2025
Profit (loss)	376,747	(903,121)
Other comprehensive income		
Valuation difference on available-for-sale securities	148,080	28,686
Deferred gains or losses on hedges	-	(72)
Total other comprehensive income	148,080	28,614
Comprehensive income	524,827	(874,507)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	503,147	(874,507)
Comprehensive income attributable to non-controlling interests	21,680	-

Semi-annual Consolidated Statement of Cash Flows

(Thousands of yen)

	For the six months ended August 31, 2024	For the six months ended August 31, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	577,648	(715,861)
Depreciation	33,862	40,181
Amortization of goodwill	54,685	797,330
Increase (decrease) in allowance for doubtful accounts	1,430	5,968
Interest expenses	501	-
Loss (gain) on sale of investment securities	-	(6,764)
Increase (decrease) in provision for bonuses	(34,811)	(53,213)
Increase (decrease) in provision for loss on orders received	45,495	218,588
Interest and dividend income	(76,518)	(76,373)
Foreign exchange losses (gains)	101,305	(29,616)
Share-based payment expenses	7,950	11,409
Share issuance costs	1,162	1,429
Share of loss (profit) of entities accounted for using equity method	38,476	30,170
Loss (gain) on investments in investment partnerships	12,075	41,790
Decrease (increase) in accounts receivable - trade, and contract assets	(259,755)	117,801
Decrease (increase) in deposits paid	(90)	350
Decrease (increase) in advance payments to suppliers	(98,575)	48,053
Increase (decrease) in trade payables	(13,411)	(208,242)
Increase (decrease) in provision for bonuses for directors (and other officers)	(22,117)	(5,920)
Allowance officer retirement special service money increase and decrease	(34,000)	-
Loss (gain) on valuation of investment securities	-	1,944
Loss (gain) on sale of shares of subsidiaries and associates	-	620
Increase (decrease) in accounts payable - other	(32,665)	128,709
Increase (decrease) in contract liabilities	523,419	(32,165)
Decrease (increase) in distressed receivables	(80)	(5,904)
Other, net	(90,242)	17,033
Subtotal	735,743	327,320
Interest and dividends received	76,518	76,373
Interest paid	(501)	-
Income taxes paid	(263,423)	(170,634)
Net cash provided by (used in) operating activities	548,336	233,059

(Thousands of yen)

	For the six months ended August 31, 2024	For the six months ended August 31, 2025
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,859)	(6,380)
Purchase of intangible assets	(28,082)	(52,416)
Proceeds from sale of intangible assets	5,000	-
Purchase of investment securities	(130,115)	(318,620)
Proceeds from sale of investment securities	-	21,178
Purchase of shares of subsidiaries and associates	(300,600)	-
Proceeds from sale of shares of subsidiaries and associates	-	98,727
Purchase of golf club membership	-	(14,400)
Payments of guarantee deposits	(9,197)	(1,528)
Other, net	(122)	(122)
Net cash provided by (used in) investing activities	(465,977)	(273,563)
Cash flows from financing activities		
Repayments of short-term borrowings	(100,000)	-
Proceeds from issuance of shares	3,546	10,785
Purchase of treasury shares	-	(504,967)
Proceeds from share issuance to non-controlling shareholders	450,020	-
Net cash provided by (used in) financing activities	353,566	(494,181)
Effect of exchange rate change on cash and cash equivalents	(101,305)	29,616
Net increase (decrease) in cash and cash equivalents	334,620	(505,070)
Cash and cash equivalents at beginning of period	6,880,619	6,041,973
Cash and cash equivalents at end of period	7,215,240	5,536,903