

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

## Consolidated Financial Results for the Year Ended February 28, 2022 [Japanese GAAP]

April 14, 2022

Company name: Serverworks Co.,Ltd.

Stock exchange listing: Tokyo

Code number: 4434

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

Representative: Ryo Oishi

Representative Director, President

Contact: Hiroyuki Oshio

Director

Phone: 03 (5579) 8029

Scheduled date of Annual General Meeting of Shareholders: May 27, 2022

Scheduled date of commencing dividend payments: —

Scheduled date of filing annual securities report: May 27, 2022

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

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

### 1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2022 (March 01, 2021 to February 28, 2022)

#### (1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended February 28, 2022	10,920	-	638	-	653	-	442	-
February 28, 2021	-	-	-	-	-	-	-	-

(Note) Comprehensive income: Fiscal year ended February 28, 2022: ¥ 95 million [ -%]  
Fiscal year ended February 28, 2021: ¥ - million [ -%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended February 28, 2022	Yen 57.74	Yen 55.82	% 4.9	% 5.6	% 5.8
February 28, 2021	-	-	-	-	-

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended February 28, 2022: ¥ 6 million  
Fiscal year ended February 28, 2021: ¥ - million

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of February 28, 2022	Million yen 11,673	Million yen 9,088	% 77.4	Yen 1,176.20
February 28, 2021	-	-	-	-

(Reference) Equity: As of February 28, 2022: ¥ 9,035 million  
As of February 28, 2021: ¥ - million

#### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended February 28, 2022	Million yen 337	Million yen (1,067)	Million yen 101	Million yen 6,798
February 28, 2021	-	-	-	-

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
February 28, 2021	-	0.00	-	0.00	0.00	-	-	-
February 28, 2022	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending February 28, 2023 (Forecast)	-	0.00	-	0.00	0.00		-	

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2023 (March 01, 2022 to February 28, 2023)

(% indicates changes from the previous corresponding period.)

	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
Full year	13,485	23.5	429	(32.8)	453	(30.5)	373	(15.6)	48.74

### \* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- New - (Company name: )
- Exclusion: - (Company name: )
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
- 1) Total number of issued shares at the end of the period (including treasury shares):
- February 28, 2022: 7,681,948 shares
- February 28, 2021: 7,588,044 shares
- 2) Total number of treasury shares at the end of the period:
- February 28, 2022: 372 shares
- February 28, 2021: 340 shares
- 3) Average number of shares during the period:
- Fiscal Year ended February 28, 2022: 7,661,424 shares
- Fiscal Year ended February 28, 2021: 7,232,317 shares

Consolidated Financial Statements  
Consolidated Balance Sheets

(Thousand yen)

As of February 28,2022

<b>Assets</b>	
Current assets	
Cash and deposits	6,798,191
Notes and accounts receivable - trade	1,607,300
Work in process	82,344
Advance payments to suppliers	828,486
Allowance for doubtful accounts	(1,717)
Other	95,157
<b>Total current assets</b>	<b>9,409,762</b>
Non-current assets	
Property, plant and equipment	
Buildings	86,688
Accumulated depreciation	(32,515)
Buildings, net	54,173
Tools, furniture and fixtures	25,340
Accumulated depreciation	(15,719)
Tools, furniture and fixtures, net	9,621
<b>Total property, plant and equipment</b>	<b>63,794</b>
Intangible assets	
Trademark right	3,208
Software	94,954
Software in progress	17,044
Other	75
<b>Total intangible assets</b>	<b>115,283</b>
Investments and other assets	
Investment securities	1,921,333
Shares of subsidiaries and associates	86,643
Other	76,264
<b>Total investments and other assets</b>	<b>2,084,241</b>
<b>Total non-current assets</b>	<b>2,263,318</b>
<b>Total assets</b>	<b>11,673,081</b>

(Thousand yen)

As of February 28,2022

<b>Liabilities</b>	
Current liabilities	
Accounts payable - trade	1,274,414
Advances received	605,406
Provision for bonuses	69,467
Income taxes payable	161,350
Provision for loss on order received	19,814
Other	259,415
<b>Total current liabilities</b>	<b>2,389,867</b>
Non-current liabilities	
Asset retirement obligations	14,310
Deferred tax liabilities	180,084
<b>Total non-current liabilities</b>	<b>194,394</b>
<b>Total liabilities</b>	<b>2,584,261</b>
<b>Net assets</b>	
Shareholders' equity	
Share capital	3,218,069
Capital surplus	3,208,795
Retained earnings	2,065,262
Treasury shares	(1,994)
<b>Total shareholders' equity</b>	<b>8,490,132</b>
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	544,952
<b>Total accumulated other comprehensive income</b>	<b>544,952</b>
<b>Non-controlling interests</b>	<b>53,735</b>
<b>Total net assets</b>	<b>9,088,819</b>
<b>Total liabilities and net assets</b>	<b>11,673,081</b>

Consolidated Statements of Income and Comprehensive Income  
 Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended February 28,2022
Net sales	10,920,831
Cost of sales	9,174,498
Gross profit	1,746,333
Selling, general and administrative expenses	1,107,620
Operating profit	638,712
Non-operating income	
Dividend income	7,772
Share of profit of entities accounted for using equity method	6,075
Commission income	39,704
Other	2,713
Total non-operating income	56,265
Non-operating expenses	
Interest expenses	1,909
Loss on investments in investment partnerships	21,447
Foreign exchange losses	14,953
Other	3,152
Total non-operating expenses	41,463
Ordinary profit	653,514
Extraordinary losses	
Special executive bonuses	10,000
Other	128
Total extraordinary losses	10,128
Profit before income taxes	643,386
Income taxes - current	226,169
Income taxes - deferred	(4,596)
Total income taxes	221,572
Profit	421,813
Loss attributable to non-controlling interests	(20,539)
Profit attributable to owners of parent	442,353

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended February 28,2022
Profit	421,813
Other comprehensive income	
Valuation difference on available-for-sale securities	(326,089)
Total other comprehensive income	(326,089)
Comprehensive income	95,724
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	116,264
Comprehensive income attributable to non-controlling interests	(20,539)

Consolidated Statements of Changes in Net Assets  
For the fiscal year ended February 28,2022

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,201,973	3,191,973	1,592,212	(1,866)	7,984,292
Changes during period					
Issuance of new shares	16,096	16,096			32,193
Capital increase of consolidated subsidiaries		725			725
Change in scope of equity method			30,696		30,696
Profit attributable to owners of parent			442,353		442,353
Purchase of treasury shares				(128)	(128)
Net changes in items other than shareholders' equity					
Total changes during period	16,096	16,822	473,049	(128)	505,840
Balance at end of period	3,218,069	3,208,795	2,065,262	(1,994)	8,490,132

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	871,041	871,041	-	8,855,333
Changes during period				
Issuance of new shares				32,193
Capital increase of consolidated subsidiaries				725
Change in scope of equity method				30,696
Profit attributable to owners of parent				442,353
Purchase of treasury shares				(128)
Net changes in items other than shareholders' equity	(326,089)	(326,089)	53,735	(272,353)
Total changes during period	(326,089)	(326,089)	53,735	233,486
Balance at end of period	544,952	544,952	53,735	9,088,819

## Consolidated Statements of Cash Flows

(Thousand yen)

For the fiscal year  
ended February 28,2022

Cash flows from operating activities	
Profit before income taxes	643,386
Depreciation	63,635
Share-based payment expenses	499
Increase (decrease) in allowance for doubtful accounts	(431)
Increase (decrease) in provision for bonuses	12,298
Increase (decrease) in provision for loss on order received	18,000
Interest and dividend income	(7,839)
Interest expenses	1,909
Foreign exchange losses (gains)	(375)
Share of loss (profit) of entities accounted for using equity method	(6,075)
Loss (gain) on change in equity	128
Loss (gain) on investments in investment partnerships	21,447
Decrease (increase) in trade receivables	(410,374)
Decrease (increase) in inventories	(41,603)
Decrease (increase) in advance payments to suppliers	(556,164)
Increase (decrease) in trade payables	428,044
Increase (decrease) in accounts payable - other	99,879
Increase (decrease) in advances received	293,457
Other, net	(6,340)
Subtotal	553,481
Interest and dividends received	7,839
Interest paid	(1,909)
Income taxes paid	(221,463)
Net cash provided by (used in) operating activities	337,948
Cash flows from investing activities	
Purchase of property, plant and equipment	(933)
Purchase of intangible assets	(56,148)
Purchase of investment securities	(1,009,977)
Other, net	(245)
Net cash provided by (used in) investing activities	(1,067,305)
Cash flows from financing activities	
Proceeds from issuance of shares	26,174
Proceeds from share issuance to non-controlling shareholders	75,000
Purchase of treasury shares	(128)
Net cash provided by (used in) financing activities	101,046
Effect of exchange rate change on cash and cash equivalents	375
Net increase (decrease) in cash and cash equivalents	(627,934)
Cash and cash equivalents at beginning of period	7,426,126
Cash and cash equivalents at end of period	6,798,191