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Consolidated Financial Results for the Nine Months Ended November 30, 2022 [Japanese GAAP]

January 13, 2023

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 filing quarterly securities report: January 13, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

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

1. Consolidated Financial Results for the Nine Months Ended November 30, 2022 (March 01, 2022 to November 30, 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	%
Nine months ended November 30, 2022	11,961	53.9	489	(6.8)	565	3.0	433	13.0
Nine months ended November 30, 2021	7,772	-	525	-	549	-	383	-

(Note) Comprehensive income: Nine months ended November 30, 2022: ¥ 857 million [496.2%]
 Nine months ended November 30, 2021: ¥ 143 million [-%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
Nine months ended November 30, 2022	56.03	54.68
Nine months ended November 30, 2021	50.06	48.35

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
Nine months ended November 30, 2022	14,786	9,991	67.4
February 28, 2022	11,673	9,088	77.4

(Reference) Equity: As of November 30, 2022: ¥ 9,960 million
 As of February 28, 2022: ¥ 9,035 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, 2022	-	0.00	-	0.00	0.00
Fiscal year ending February 28, 2023	-	0.00	-		
Fiscal year ending February 28, 2023 (Forecast)				0.00	0.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 3rd quarter dividend for the fiscal year ending February 28, 2023 :

Commemorative dividend	- yen
Special dividend	- yen

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	16,987	55.6	491	(23.0)	558	(14.6)	433	(2.0)	56.07

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the nine months ended November 30, 2022

(changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New 1 (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

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

November 30, 2022: 7,746,962 shares

February 28, 2022: 7,681,948 shares

2) Total number of treasury shares at the end of the period:

November 30, 2022: 480 shares

February 28, 2022: 372 shares

3) Average number of shares during the period:

Nine months ended November 30, 2022: 7,729,779 shares

Nine months ended November 30, 2021: 7,656,163 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of February 28,2022	As of November 30,2022
Assets		
Current assets		
Cash and deposits	6,798,191	6,085,845
Notes and accounts receivable - trade	1,607,300	-
Notes and accounts receivable - trade, and contract assets	-	2,579,268
Work in process	82,344	-
Advance payments to suppliers	828,486	1,472,916
Other	95,157	205,661
Allowance for doubtful accounts	(1,717)	(1,315)
Total current assets	9,409,762	10,342,374
Non-current assets		
Property, plant and equipment	63,794	63,670
Intangible assets		
Goodwill	-	1,077,899
Other	115,283	110,132
Total intangible assets	115,283	1,188,031
Investments and other assets		
Investment securities	1,921,333	3,017,539
Shares of subsidiaries and associates	86,643	94,280
Other	76,264	81,032
Total investments and other assets	2,084,241	3,192,851
Total non-current assets	2,263,318	4,444,553
Total assets	11,673,081	14,786,927

(Thousand yen)

	As of February 28,2022	As of November 30,2022
Liabilities		
Current liabilities		
Accounts payable - trade	1,274,414	2,085,435
Income taxes payable	161,350	119,787
Advances received	605,406	-
Contract liabilities	-	1,435,481
Provision for bonuses	69,467	57,719
Short-term borrowings	-	64,184
Provision for loss on order received	19,814	18,199
Other	259,415	332,768
Total current liabilities	2,389,867	4,113,575
Non-current liabilities		
Long-term borrowings	-	279,301
Deferred tax liabilities	180,084	387,945
Asset retirement obligations	14,310	14,310
Total non-current liabilities	194,394	681,556
Total liabilities	2,584,261	4,795,132
Net assets		
Shareholders' equity		
Share capital	3,218,069	3,234,066
Capital surplus	3,208,795	3,224,791
Retained earnings	2,065,262	2,451,896
Treasury shares	(1,994)	(2,283)
Total shareholders' equity	8,490,132	8,908,470
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	544,952	1,052,261
Total accumulated other comprehensive income	544,952	1,052,261
Non-controlling interests	53,735	31,062
Total net assets	9,088,819	9,991,795
Total liabilities and net assets	11,673,081	14,786,927

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the nine months)

(Thousand yen)

	For the nine months ended November 30,2021	For the nine months ended November 30,2022
Net sales	7,772,540	11,961,585
Cost of sales	6,471,951	10,264,812
Gross profit	1,300,588	1,696,773
Selling, general and administrative expenses	775,086	1,207,077
Operating profit	525,502	489,695
Non-operating income		
Dividend income	7,772	16,337
Share of profit of entities accounted for using equity method	5,665	7,636
Commission income	39,704	67,591
Other	701	11,594
Total non-operating income	53,843	103,159
Non-operating expenses		
Interest expenses	-	2,694
Loss on investments in investment partnerships	18,909	17,865
Foreign exchange losses	8,601	3,202
Other	2,399	3,179
Total non-operating expenses	29,910	26,941
Ordinary profit	549,434	565,914
Extraordinary losses		
Special executive bonuses	10,000	-
Other	17	-
Total extraordinary losses	10,017	-
Profit before income taxes	539,417	565,914
Income taxes	162,226	216,039
Profit	377,191	349,875
Loss attributable to non-controlling interests	(6,038)	(83,210)
Profit attributable to owners of parent	383,229	433,085

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Thousand yen)

	For the nine months ended November 30,2021	For the nine months ended November 30,2022
Profit	377,191	349,875
Other comprehensive income		
Valuation difference on available-for-sale securities	(233,416)	507,309
Total other comprehensive income	(233,416)	507,309
Comprehensive income	143,774	857,184
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	149,812	940,395
Comprehensive income attributable to non-controlling interests	(6,038)	(83,210)