



Serverworks

FY02/24 Financial Summary

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1. FY02/24 Summary



Financial Highlights (Actual) FY02/24 - Consolidated

Benefiting from the continued positive impact of the exchange rate (depreciation of the yen), strategic collaboration with AWS, and steady growth of two subsidiaries,

we achieved results significantly higher than the full-year consolidated earnings forecast revised on February 28 and the previous year's figures.

Serverworks Consolidated

Net sales

27,510 million yen 159.1% YoY

Operating profit

897 million yen 162.6% YoY

 **Serverworks**

(Non-consolidated)
Serverworks Co., Ltd.

Net Sales

23,078 million yen (145.5% YoY)

Operating Profit

967 million yen (109.3% YoY)

 **Ggen**

(Consolidated subsidiary)
G-gen Co., Ltd.

Net Sales

1,731 million yen (435.7% YoY)

Operating Loss

-25 million yen (-% YoY)

 **TOPGATE**

(Consolidated subsidiary)
TOPGATE, Inc.

Net Sales

2,760 million yen (-% YoY)

Operating Profit

60 million yen (-% YoY)

 **Sky365**

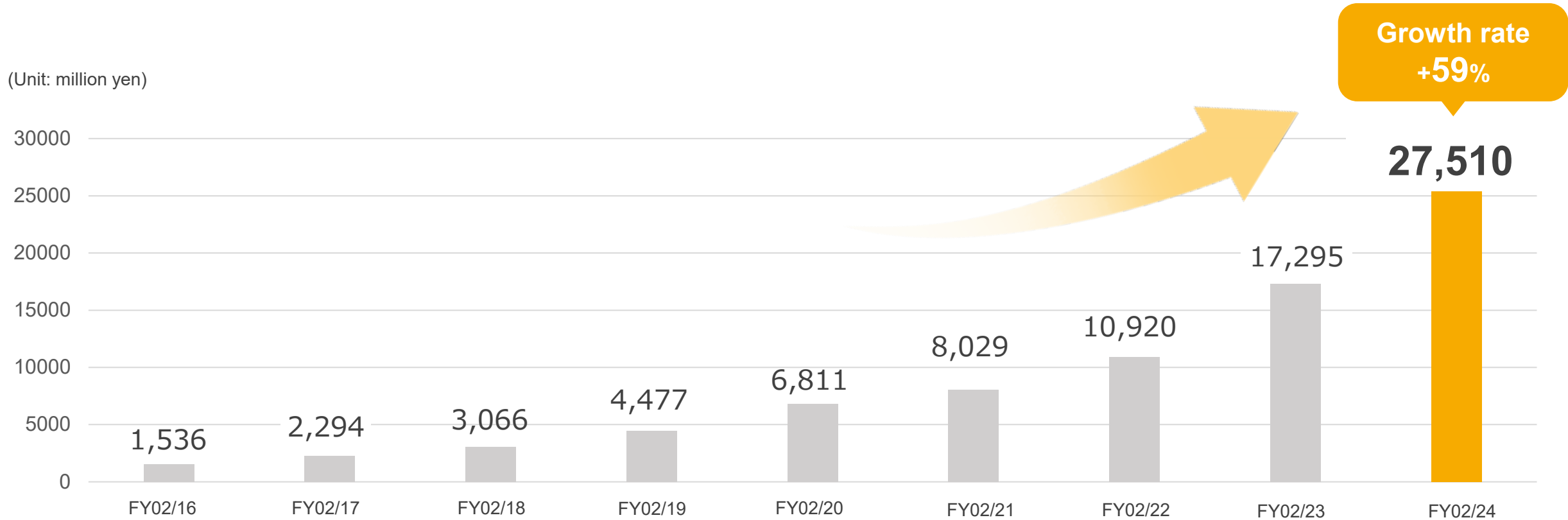
(Equity-method affiliate)
Sky365 Inc.

Equity in losses of affiliated companies of 1.7 million yen was recorded.

* TOPGATE, Inc. has consolidated its profit and loss statement from Q3 FY02/23. YoY comparisons are omitted for the sake of validity of comparative information.

Financial Highlights (Actual) FY02/24 - Consolidated

With increased demand due to expansion of the cloud market and expansion and growth of group organization through M&A and establishment of JVs, **we steadily increased sales and maintained high growth rate.**



Comparison with Full-year Consolidated Earnings Forecasts

(Unit: million yen)	FY02/24 *1				FY02/24		Achievement ratio *2 (Compared to 2/28 Revision)
	2023 10/13 Revision	Compositi on (%)	2024 2/28 Revision	Compositi on (%)	Results (Consolidated)	Composition (%)	
Net sales	25,495	100.0%	26,683	100.0%	27,510	100.0%	103.1%
Gross profit	3,305	13.0%	3,500	13.1%	3,535	12.9%	103.6%
Operating profit	536	2.1%	838	3.1%	897	3.3%	107.0%
Ordinary profit	595	2.3%	917	3.4%	1,032	3.7%	112.6%
Profit attributable to owners of parent	354	1.4%	449	1.7%	638	2.2%	141.9%

*1. We revised the full-year earnings forecasts on October 13, 2023 and February 28, 2024. For details, please refer to the "Notice Concerning Revision of Full-Year Earnings Forecasts" released respectively.

*2. Please refer to "Notice of Differences between Forecast and Actual Consolidated Financial Results and Difference between Non-Consolidated Financial Results for the Full Year and Actual Results for the Previous Year" released today for details on the difference between the consolidated earnings forecast and actual results for the full fiscal year.

Financial Highlights (Actual) FY02/24 - Consolidated

Serverworks Group

Comparison with the Previous Fiscal Year

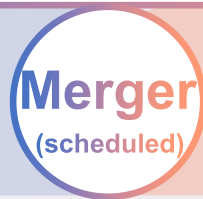
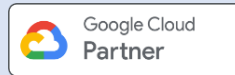
	FY02/23		FY02/24			
	Results (Consolidated)	Composition (%)	Results (Non-consolidated)	Results (Consolidated)	Composition (%)	Rate of YoY change
(Unit: million yen)						
Net sales	17,295	100.0%	23,078	27,510	100.0%	159.1%
Gross profit	2,299	14.2%	2,783	3,535	12.9%	153.8%
Operating profit	552	4.1%	965	897	3.3%	162.6%
Ordinary profit	624	4.7%	1,131	1,032	3.8%	165.5%
Profit	359	2.9%	577	624	2.3%	173.8%
Profit attributable to owners of parent	453	3.6%	—	638	2.3%	140.7%
EBITDA	679		1,029	1,077		

2. FY02/24 Key Topics

*Includes recent information concerning developments emerging after the closing date of the relevant period.

Key Topics

(Scheduled for July 1) Merge consolidated subsidiaries, G-gen and TOPGATE. Change the company name to "G-gen" and aim to be the number one Google Cloud business in Japan.



- Three synergies**
- 1 Efficient organizational management through resource sharing
 - 2 Google Cloud Knowledge Sharing
 - 3 Gain broad coverage from apps to infrastructure

Company Name	G-gen Co., Ltd.
Head Office Location	Shinjuku-ku, Tokyo
Capital	340 million yen
Investment Ratio	Serverworks 50% Bespin Global Japan 50%
Scheduled Merger Date	July 1, 2024 (scheduled)
Representative	Representative Director Takashi Hashiba
Business Domain	Development and operation of systems and applications utilizing cloud computing, seminars, training, and consulting

On March 1, established FUJIFILM Cloud, a joint venture with FUJIFILM Business Innovation

Established

FUJIFILM Cloud

Provide higher quality implementation and one-stop service for operation

FUJIFILM Business Innovation

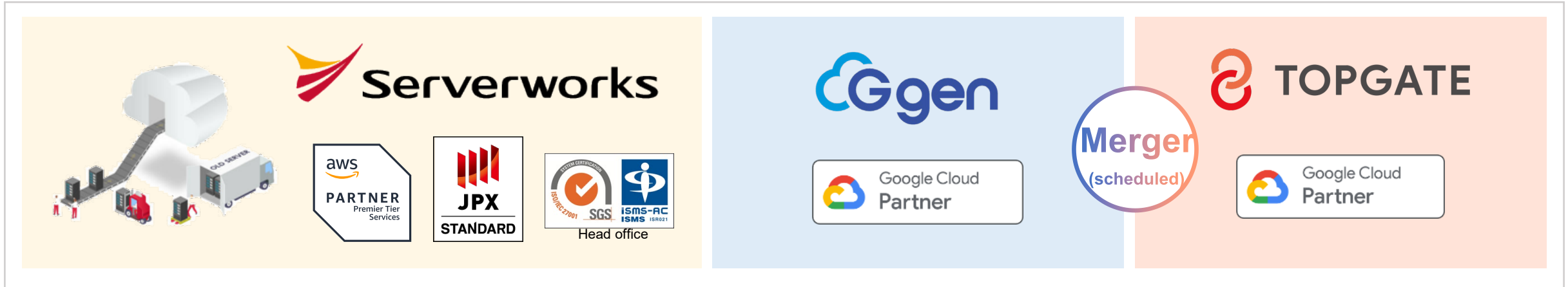
- Nationwide sales network covering medium / small companies
- Experience in IT management outsourcing, including on-premise (infrastructure and equipment)
- Microsoft Product Offerings

Serverworks

- Knowledge of cloud business and high technological capabilities
- Abundant experience with more than 1,270 companies
- Knowledge of AWS

Company Name	FUJIFILM Cloud Corp.
Head Office Location	Yokohama City, Kanagawa Prefecture
Capital	100 million yen
Investment Ratio	FUJIFILM Business Innovation 66% Serverworks 34%
Established	March 1, 2024
Representative	President and Representative Director Shuichi Sugaya
Business Domain	Support for implementation, operation and maintenance of cloud services, primarily AWS

Serverworks Group establishes comprehensive support structure for cloud business



Sales and sales channel development

FUJIFILM Cloud

Human Resource Development and Securing

PERSOL & Serverworks

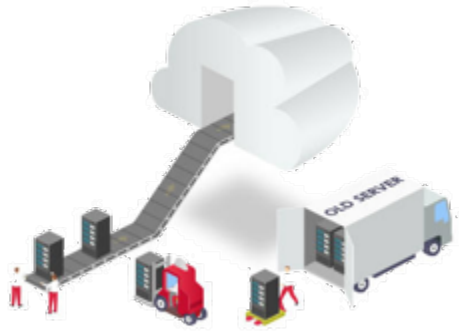
Subsidiary for investment purposes

SX Innovation Partners

Customer Support

Sky365

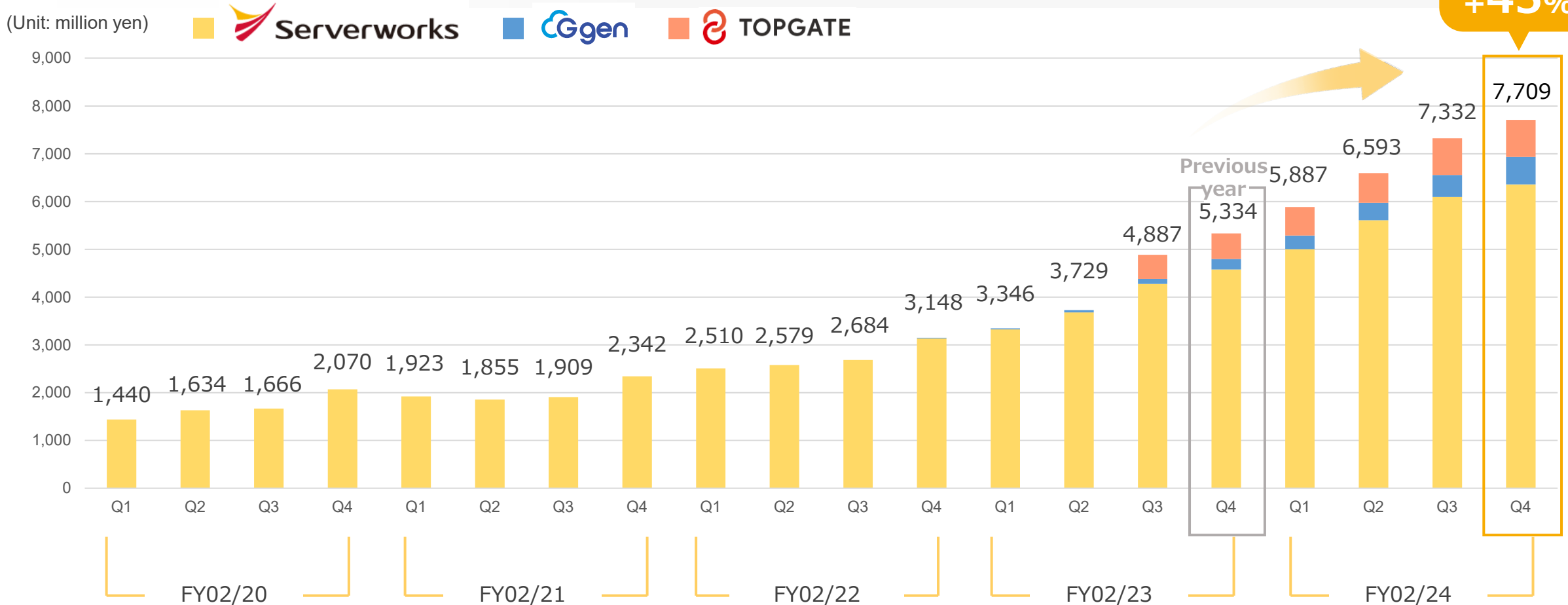
3. FY02/24 Financial Summary



Net Sales – Consolidated -

Net Sales reached a new high for the 13th consecutive quarter and grew at a very high rate of +45% YoY.

Growth rate
+45%



* The figures for each company have been adjusted to reflect the consolidation of internal transactions.

Net Sales

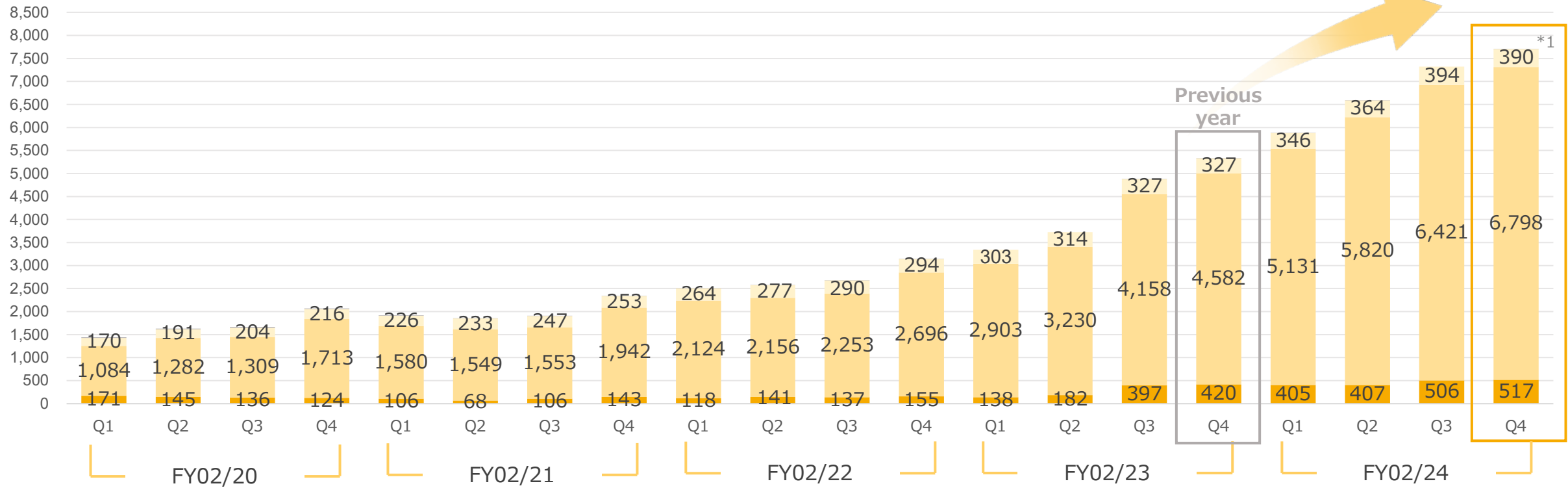
- by Product and Service Segment -

All services continue to grow steadily, rising significantly year on year.



(Unit: million yen)

■ Cloud integration
 ■ Resale (*)
 ■ MSP
 ■ Others



* For AWS Resale, total amount of usage fees are recorded as net sales, due to the nature of transactions.

*1. MSP sales decreased from the third quarter due to the change of service category from MSP to cloud integration in some projects starting January 2024

By Product and Service Segment

Serverworks Group

- Net Sales Year-on-Year Comparison -

Significantly higher results than in the previous year
in main product and service segments



(Unit: million yen)	FY02/23 Results (Consolidated)	Composition	FY02/24 Results (Consolidated)	Composition	Rate of YoY change
Cloud Integration	1,139	6.6%	1,836	6.7%	161.3%
Resale	14,875	86.0%	24,171	87.9%	162.5%
MSP (Managed Service Provider)	1,272	7.4%	1,495	5.4%	117.5%
Others	9	0.1%	7	0.0%	79.8%
Total	17,295	100.0%	27,510	100.0%	159.1%

By Product and Service Segment

- composition of each company -

Serverworks Group

All companies steadily accumulated resale sales, a stock business.



FY02/2024 Cumulative Sales by Service

(Unit: million yen)

	Serverworks	G-gen	TOPGATE
Cloud Integration	796	181	860
Resale	20,895	1,502	1,774
MSP (Managed Service Provider)	1,371	2	122
Others	3	0	4
Total	23,065	1,685	2,760

* The figures for each company have been adjusted to reflect the consolidation of internal transactions.

Strategic Collaboration Agreement (SCA) with AWS

We concluded a **strategic collaboration agreement** with Amazon Web Services in April 2023 with the aim of achieving accelerated growth as strategic partners. **Focusing on four priority areas**, we will facilitate digital transformation throughout Japan by providing services that improve customer productivity and expand customer businesses.

Four Priority Areas

1

Supporting the development and installation of common cloud infrastructure platforms for enterprises

2

Facilitating AWS cloud utilization and digital transformation for SMEs

3

Supporting the development of cloud contact centers

4

Strengthening the development of digital talent

Achieving Our Target through Strategic Collaboration

Through this SCA, we aim to create new businesses worth

215 million US dollars

over four years

(29.0 billion yen at a rate of 135 yen per US dollar)

Review of the SCA's First Year and Future Plans

Business creation results were 20% larger than expected, indicating a favorable first-year start. We plan to leverage the momentum from this first year to accelerate business in our four priority areas.

Four Priority Areas

1

Supporting the development and installation of common cloud infrastructure platforms for enterprises

- Progress exceeded initial projections
- Accelerated customer support activities through the “Cloud Sherpa” service
- Promoted generative AI-based projects in preparation for domestic investment from AWS

2

Facilitating AWS cloud utilization and digital transformation for SMEs

- Progress in line with expectations
- Launched FUJIFILM Cloud
- Accelerated digital transformation support for SMEs through FUJIFILM Cloud

3

Supporting the development of cloud contact centers

- Progress in line with expectations
- Efforts aimed at supporting Zendesk + Amazon Connect and Salesforce + Amazon Connect and expanding use cases in specific fields are currently underway

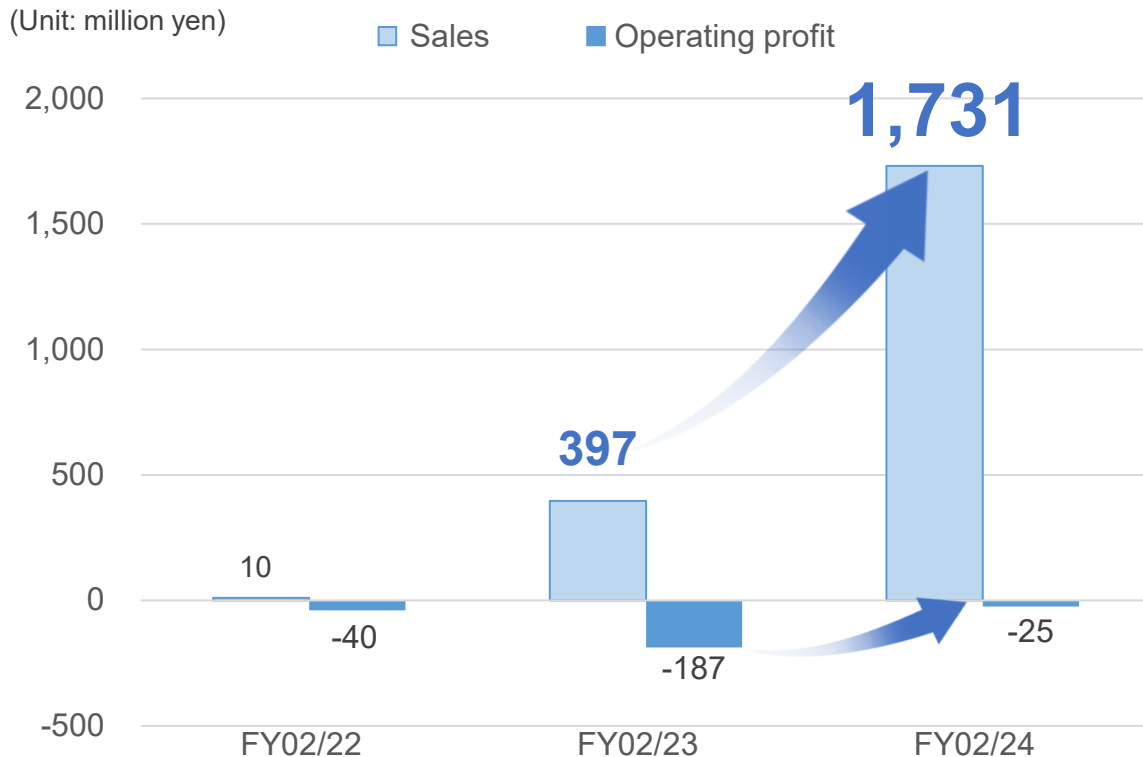
4

Strengthening the development of digital talent

- Acquired more certifications than expected during the agreement's first year
- Strengthened human resources with the launch of PERSOL & Serverworks
- Pushed forward with recruitment and supported certification acquisition

We achieved 435% YoY growth in sales, generated monthly profitability, and significantly narrowed losses.

G-gen Sales and Operating Profit



FY02/24 Summary

- 1 Expanded resale operations through the acquisition of enterprise customers**

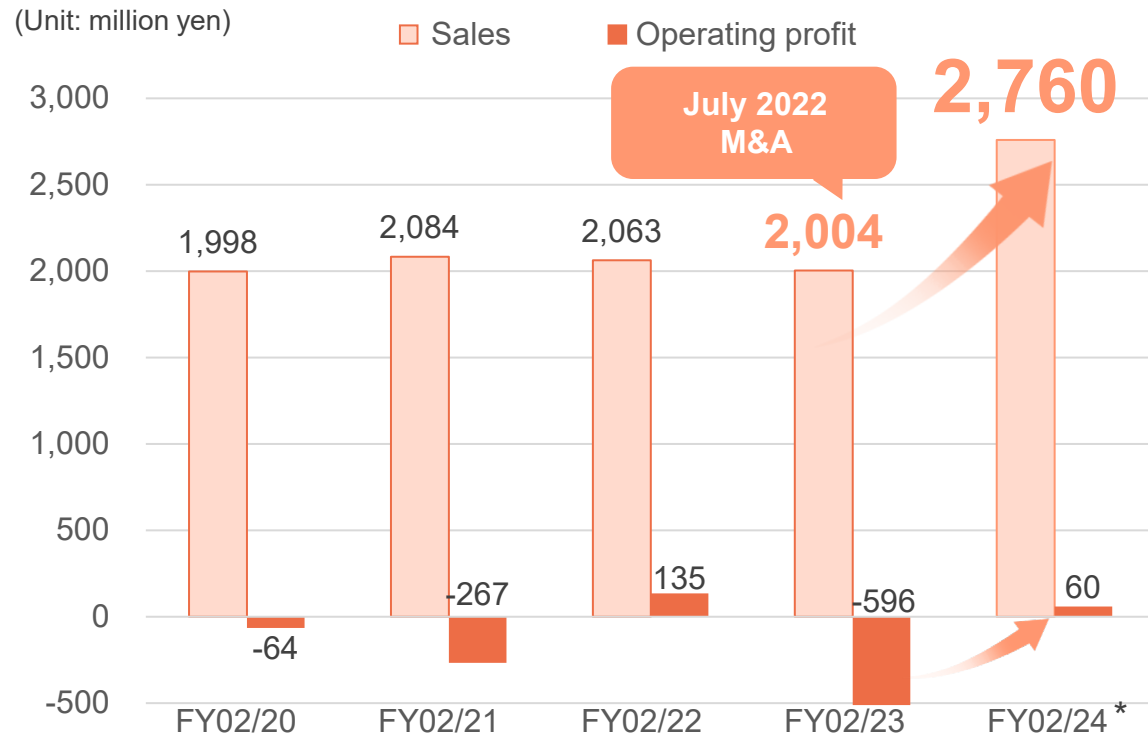
 - Acquired blockbuster retail businesses and exceptionally large real estate
 - Provided consistent and reliable professional services
- 2 Distributed technical information (ranked No. 1 in terms of technical blog postings)**

 - No. 1 partner in terms of blog postings
 - Contributed to rise in Google Cloud experts (No. 1 in terms of G-gen Certification Blog views)
- 3 Enhanced total partner lead output through the establishment of a marketing process**

 - Launched Gen activities targeting partner leads
 - Refined a consistent and coherent set of processes ranging from web marketing to project acquisition

We achieved a significant increase in sales and restored full-year profitability while generating extensive results through PMI.

TOPGATE Sales and Operating Profit



FY02/24 Summary

- 1 Expanded system integration and Google Cloud Platform operations**
 - Acquired more prospective projects than originally projected
 - Also generated resale growth
- 2 Raised engineer productivity**
 - Conducted gross profit management for each individual project while monitoring engineer workload
 - Achieved optimal companywide leadership and secured an adequate gross profit margin
- 3 Reduced SG&A expenses, withdrew from unprofitable businesses, etc.**
 - Reviewed all operations within our Business Development Office and executed withdrawals as necessary
 - Curtailed SG&A expenses
 - Cut down on personnel expenses

* TOPGATE, Inc. concluded FY02/23 and all previous fiscal years on December 31; however, starting with FY02/24, TOPGATE began concluding its fiscal years at the end of February in conformity with the Serverworks Group. To simplify year-on-year comparisons, results for January and February 2023 have been omitted.

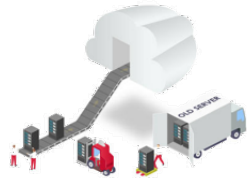
Percentage of Recurring Business

Serverworks Group

One-time Business

1

Cloud Integration



Recurring Business

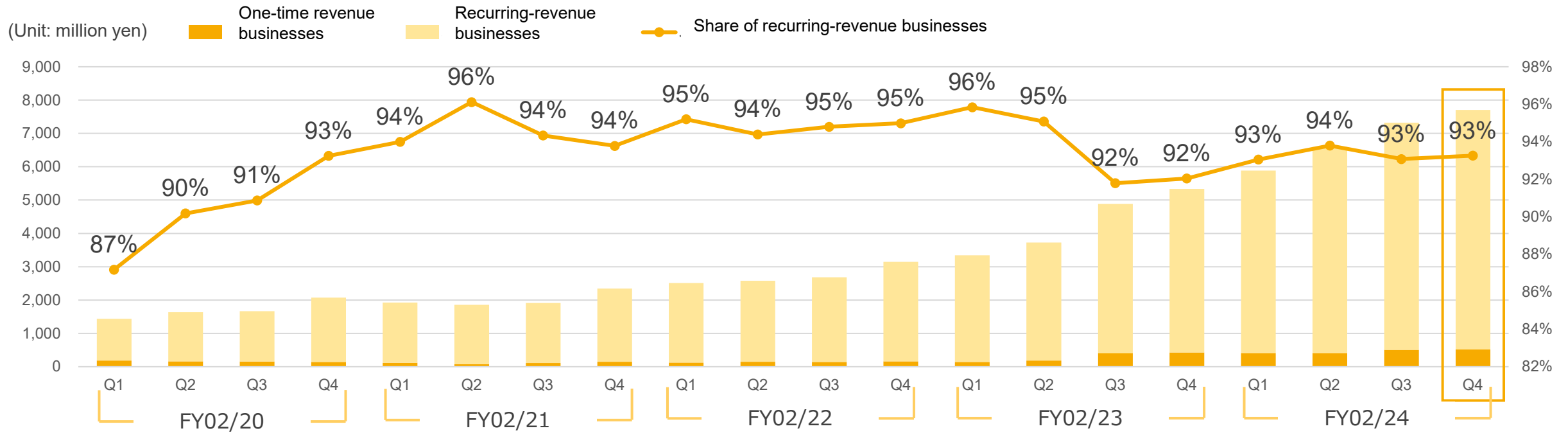
2

AWS Billing Services (Resale)



3

Operation and Monitoring Services (MSP)

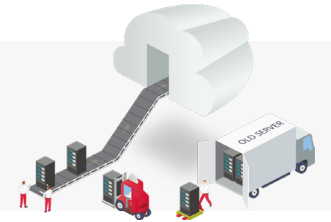


* One-time sales from Cloud Integration, where sales are recorded at the time of customer acceptance are recorded under One-time revenue businesses. Recurring sales from AWS monthly usage fees, monthly charges for proprietary services such as Cloud Automator, licensing fees for continued use of third-party software services, and MSP usage fees and maintenance fees for AWS server monitoring and backup services (all of which entail continued AWS usage by companies) are recorded as Recurring-revenue businesses

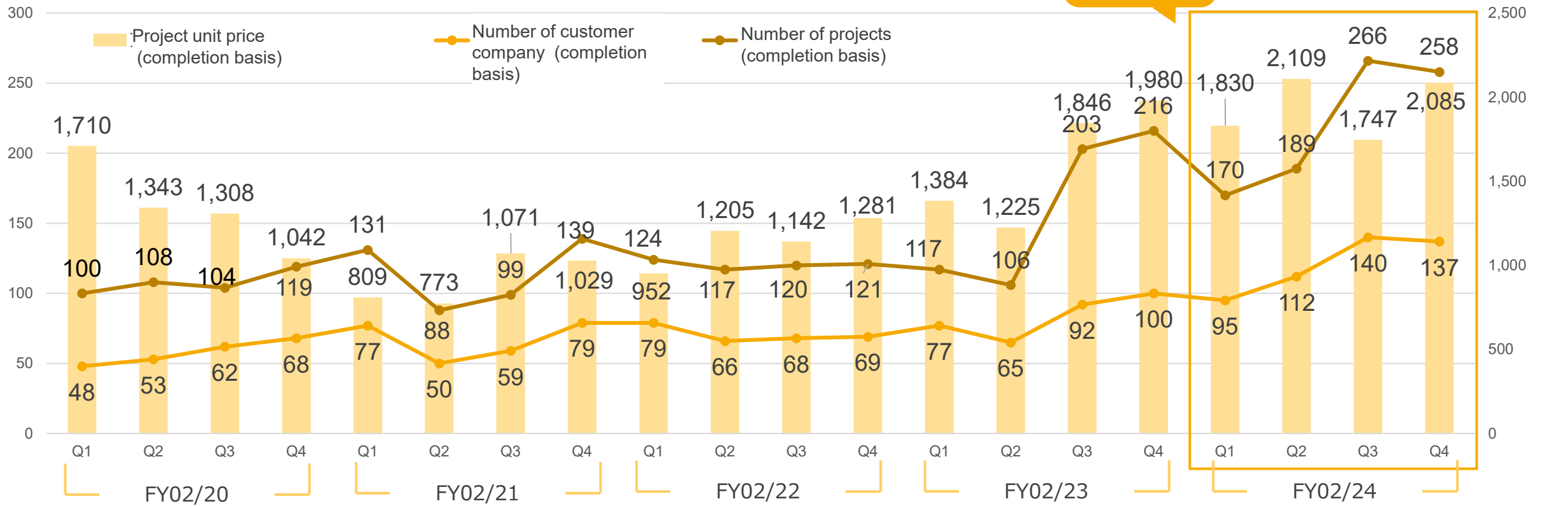
Cloud Integration

- Changes in Each Indicator -

Steady growth of group companies led to steady growth in each indicator.



of customers (companies) / # of projects



* In accordance with the application of the new revenue recognition standard, we have changed the method of recognizing revenue based on the degree of completion of performance obligations from FY2023, but this indicator is calculated based on the completion basis (old standard).

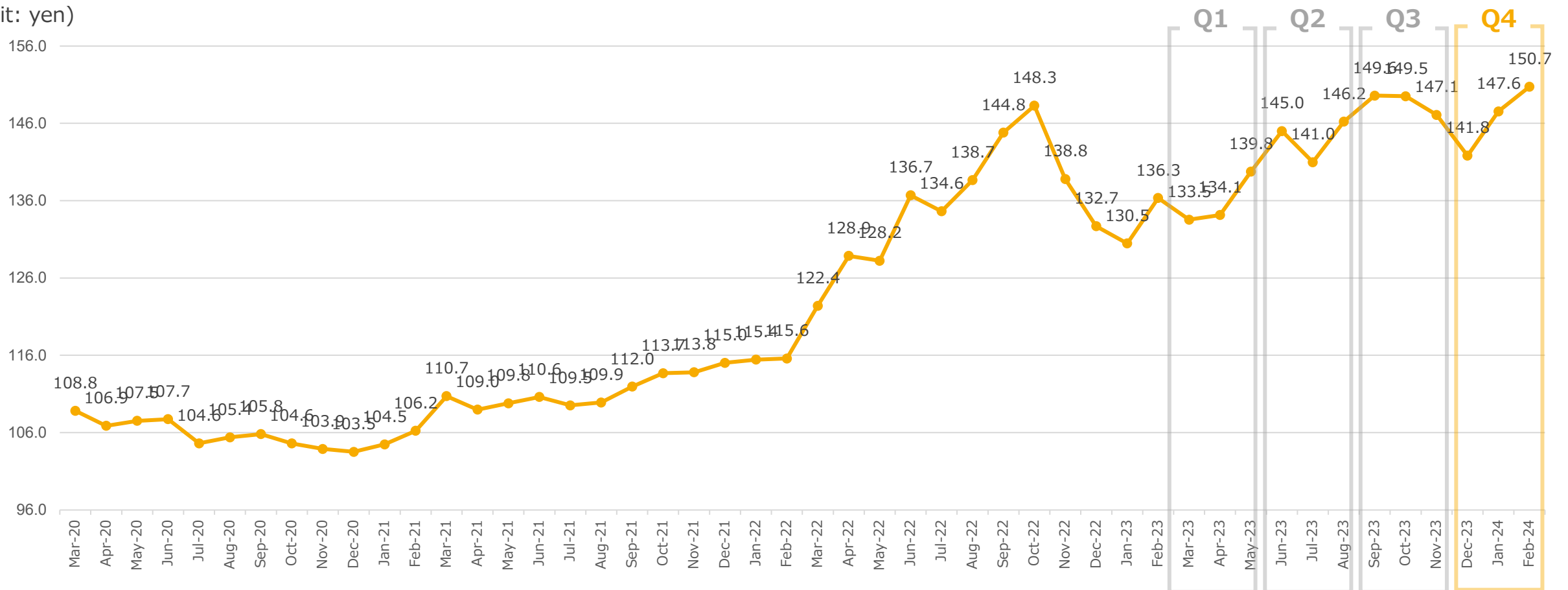
Resale - Exchange Rates Trends -

Continued yen depreciation contributed to higher sales and profits.

Even if sales increase or decrease due to exchange rate fluctuations, profit margins are unaffected because the purchase amount also increases or decreases in the same manner.



(Unit: yen)



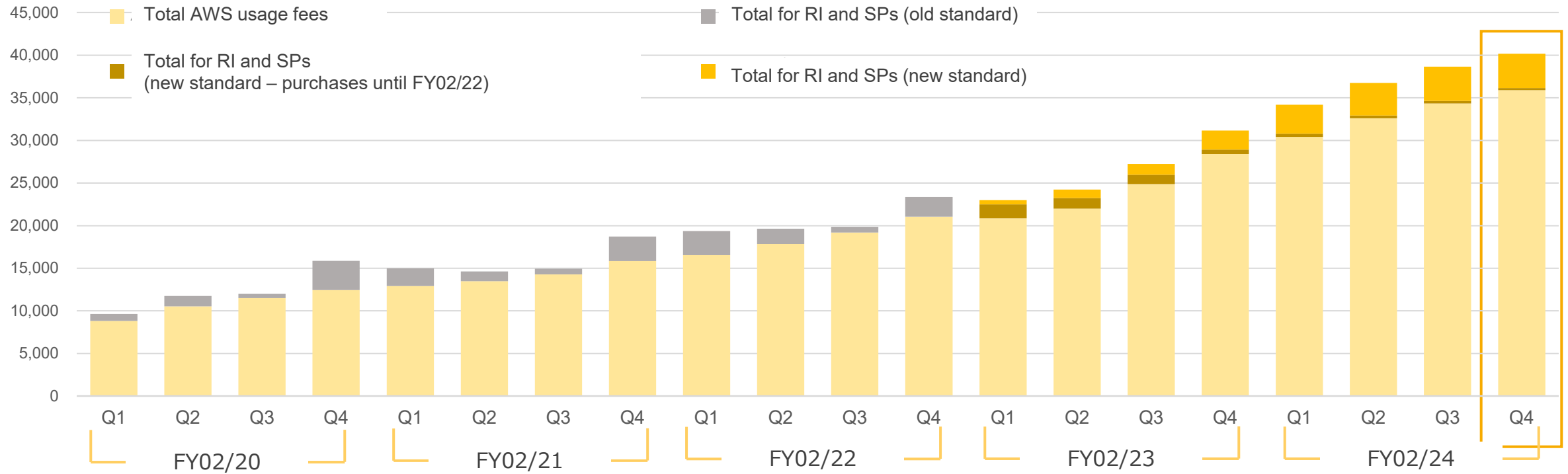
Due to progress with AWS adoption and customer usage, steady organic growth maintained.



Reserved Instances (RI)* and Saving Plans (SP)* had certain purchases as in previous years.

A new revenue recognition standard has been applied since FY02/23, which requires revenue to be recognized over a "discounted period."

(Unit: K.USD)



* RI and SPs are AWS services under which substantial discounts are offered to customers who pay a fixed reservation fee and commit to AWS usage for a certain period.

* For RI and SPs, we had recognized revenue at the time of purchase until FY02/22, but changed the method to recognize revenue over the applicable period in FY02/23.

Resale

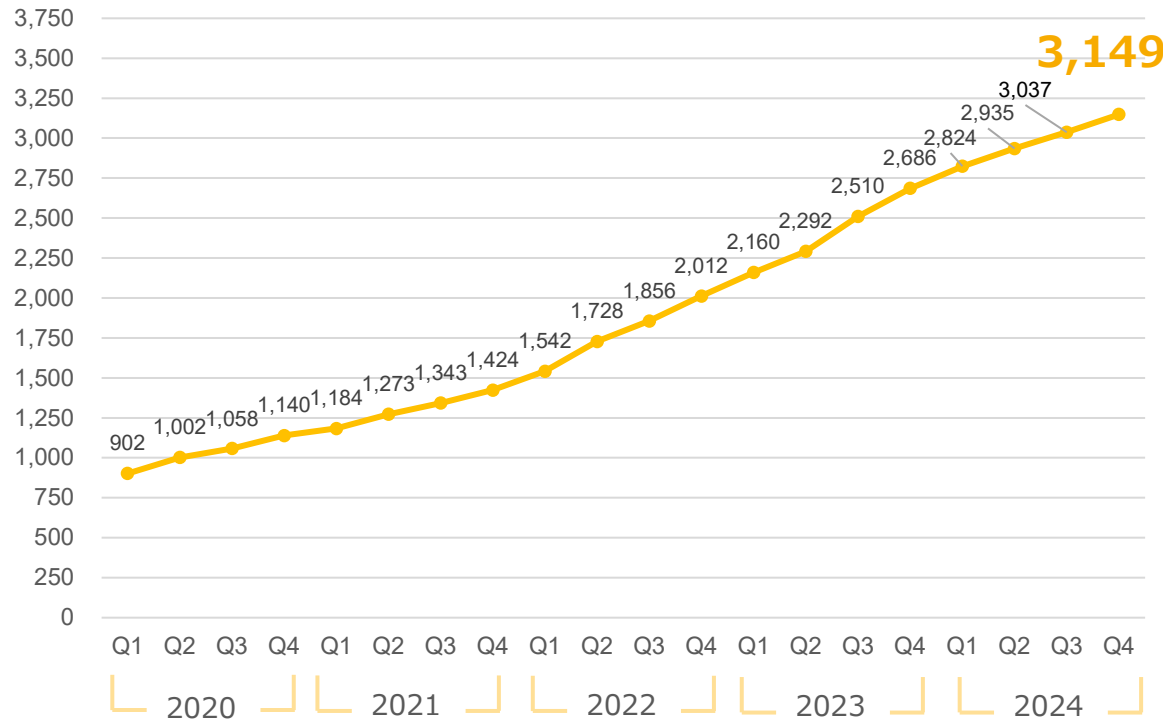
- Number of AWS Accounts and ARPU -

Steady increase in number of account and high ARPU maintained through promotion of AWS usage



Number of AWS accounts

(Unit: # of account)

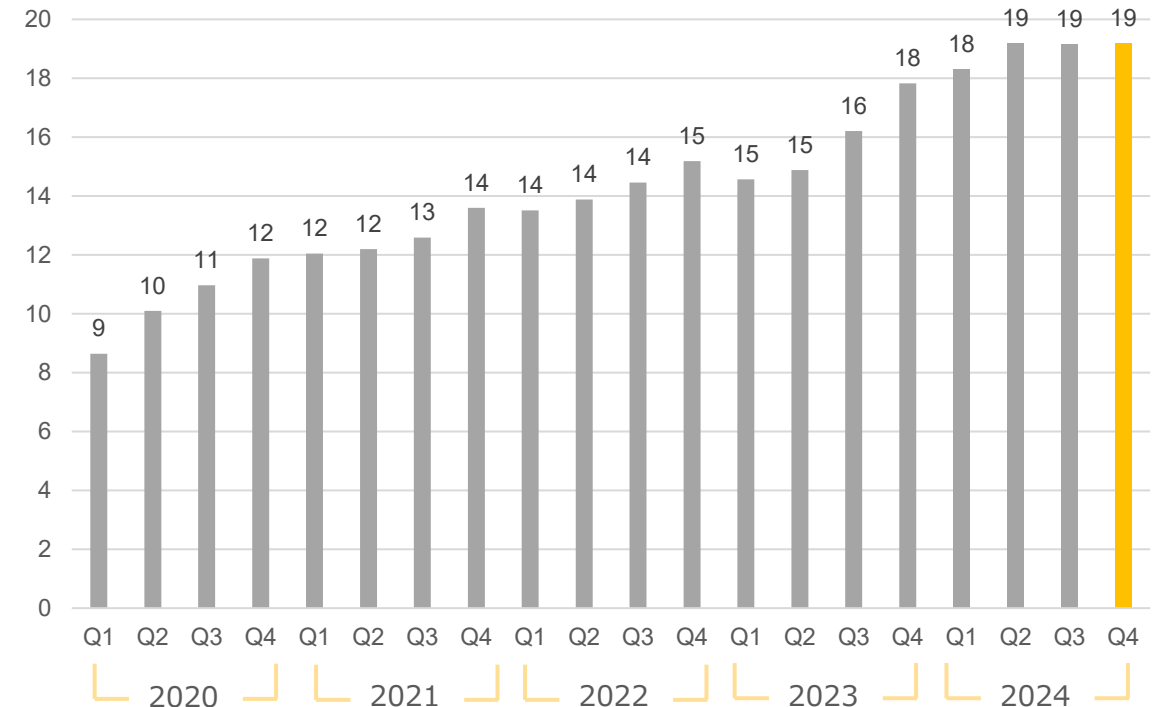


ARPU*

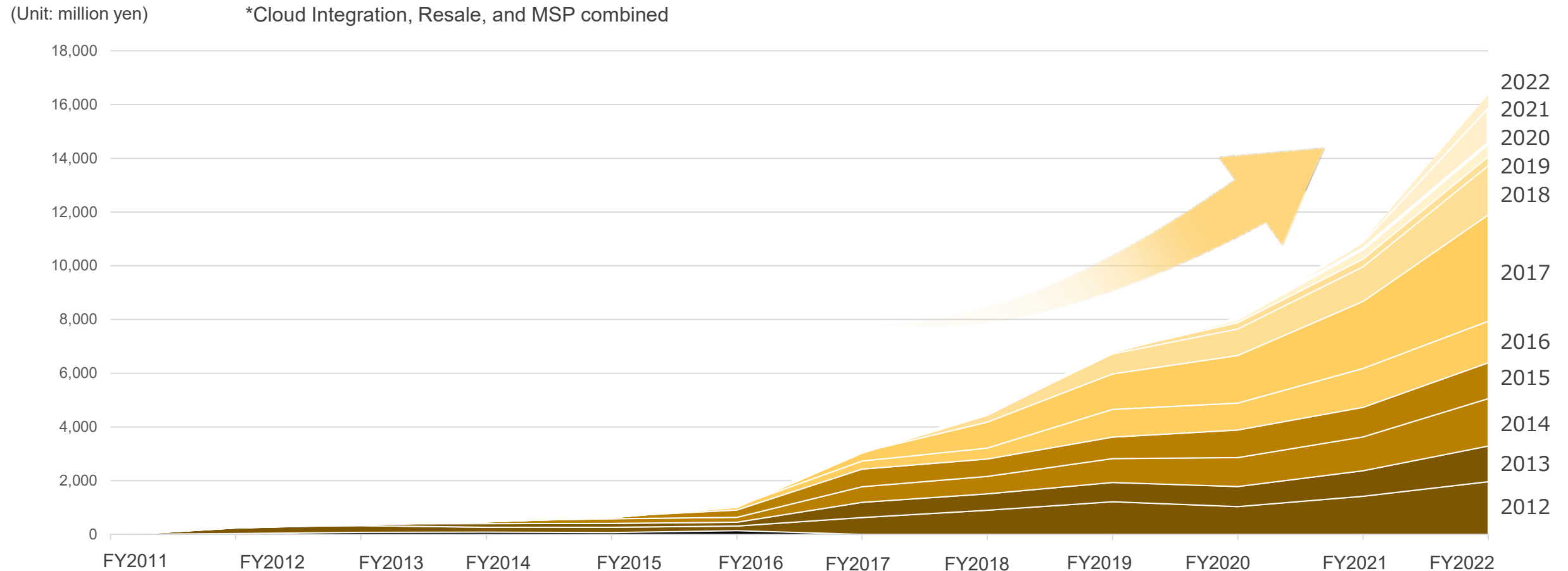
AWS usage fees for the quarter divided by the total number of customers for the quarter.

(Unit: K USD)

* Excluding Reserved Instances and Savings Plans



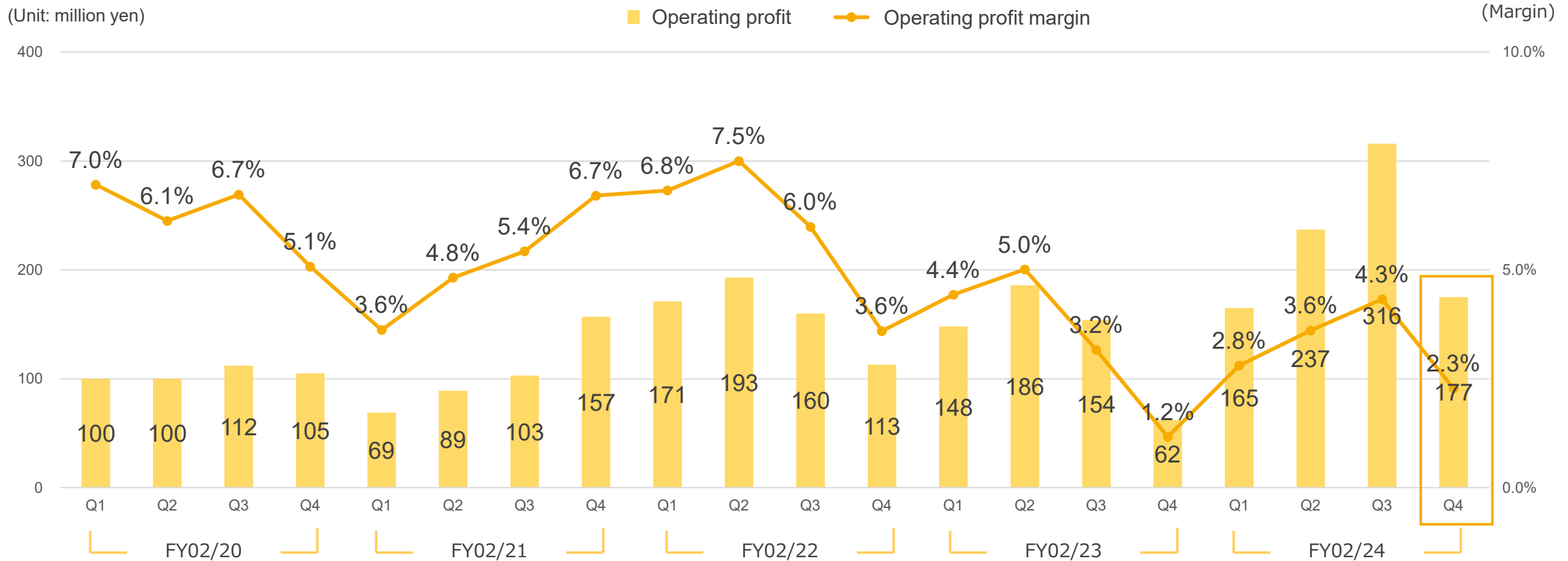
Existing clients that have signed contracts with us tend to increase their total sales over the years



* Revenues prior to the fiscal year ended February 29, 2017 are an approximate total of AWS resale revenues recalculated into a gross amount based on the most recent results.

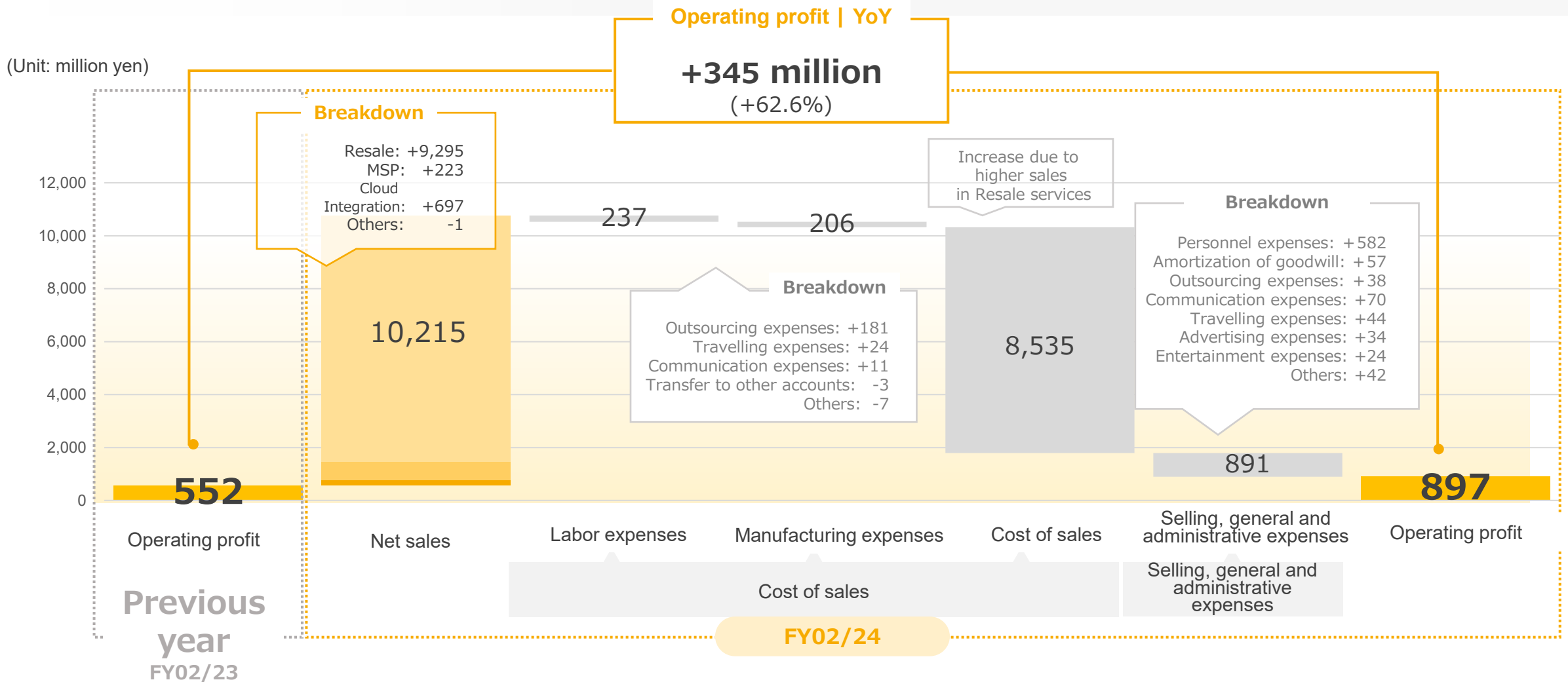
Operating Profit, Operating Profit Margin

It is our policy to continue to aggressively invest in costs that contribute to future growth, including investments related to human resources (hiring, wage increases, and engagement enhancement) and investments related to the strategic collaboration with AWS.



Analysis of Factors Affecting Operating Profit YoY

While investing in costs for growth, Operating income increased 62% YoY



Financial Condition: Balance Sheet Serverworks Group

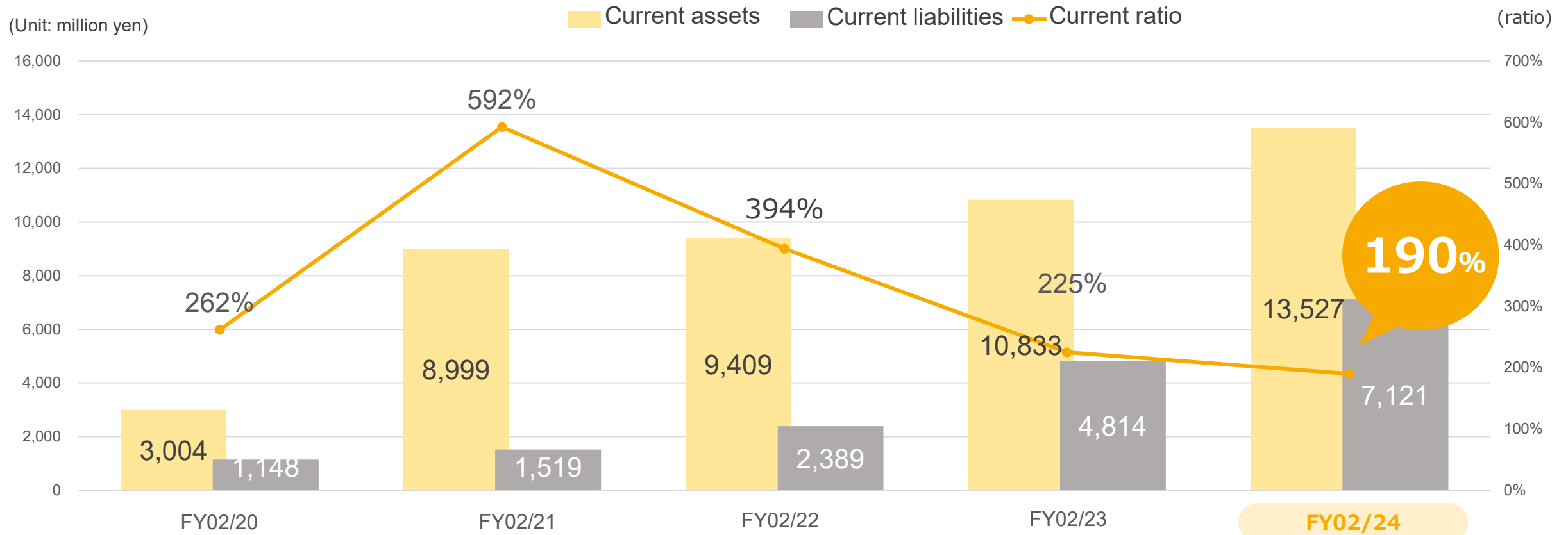
In addition to **increase in “Current assets”** due to increase in “cash and deposits” and “accounts receivable”, **increase in “Current liabilities”** due to increase in “accounts payable” and “contract liabilities”, and **increase in “Fixed assets”, “Fixed liabilities”, and “Accumulated other comprehensive income”** due to higher valuation of investment securities, **Retained earnings also steadily accumulated.**

Balance Sheet	FY02/23 Results (Consolidated)	FY02/24 Results (Consolidated)	Change
Current assets	10,833	13,527	2,694
Fixed assets	3,910	4,529	618
Property, plant and equipment	58	53	-5
Intangible assets	1,163	1,017	-145
Investments and other assets	2,688	3,458	769
Total assets	14,743	18,056	3,312
Total liabilities	5,060	7,430	2,370
Current liabilities	4,814	7,121	2,307
Non-current liabilities	245	309	63
Total net assets	9,683	10,626	942
Total shareholders' equity	8,931	9,540	609
Accumulated other comprehensive income	732	1,078	349
Non controlling interest	20	6	-13
Total liabilities and net assets	14,743	18,056	3,312

(Unit: million yen)

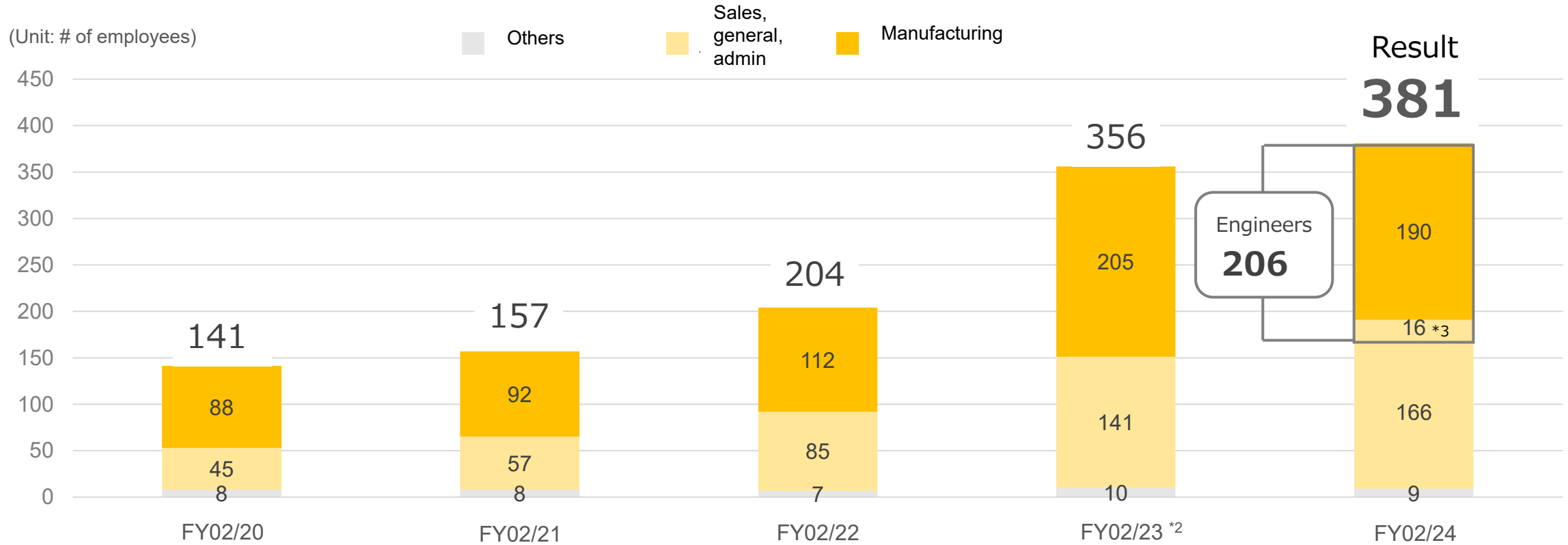
Current ratio

Good on-hand liquidity with a current ratio of 190



Group Headcount Trends*1

We continue to proactively recruit highly skilled personnel, especially cloud engineers. Steady increase in new hires.



*1. The number of employees includes the number of temporary (part-time) employees.

*2. Both manufacturing and SG&A staff increased significantly as a result of TOPGATE becoming a consolidated subsidiary.

*3. From FY 02/2024, the in-house SEs and engineers who provide training have been changed to the SG&A department. As a result, the number of employees in the manufacturing division decreased and the number of employees in the sales administration division increased.

FY02/25 Consolidated Financial Results Forecast*1

We will proactively develop our businesses and execute our business strategies while focusing in particular on our strategic collaboration agreement. Through these efforts, we will target **significant net sales growth** in FY02/2025. At the same time, we plan to continue managing foreign exchange risks and boldly investing in medium- to long-term growth (human resources, joint ventures); therefore anticipate **declines across all profit categories**.

(Unit: million yen)	FY02/2024		FY02/2025		Rate of YoY change
	Results	% of net sales	Forecast	% of net sales	
Net sales*2	27,510	100.0%	33,392	100.0%	121.4%
Gross profit	3,535	12.9%	4,034	12.1%	114.1%
Operating profit	897	3.3%	668	2.0%	74.5%
Ordinary profit	1,032	3.8%	492	1.5%	47.7%
Profit attributable to owners of parent	638	2.3%	254	0.8%	39.8%

*1. Please refer to the full-year consolidated earnings forecast disclosed on April 12, 2024 through our Consolidated Financial Results for the Year Ended February 29, 2024.

*2. Since our business is in a single segment (cloud business), we do not disclose segment earnings forecasts. For the forecast figures of Resale sales, we have adopted an average exchange rate of approximately 134 yen to the dollar.

Factors behind Expected Declines in FY02/25 Profits: (1) Exchange Rates

The assumed exchange rate for resale operations in the FY02/25 guidance is approximately 134 yen to the dollar, a difference of approximately 10 yen (exactly 9.82 yen) compared to the actual rate in FY02/24.

In terms of YoY change, this difference is expected to result in a negative impact on net sales of approximately JPY1,810 million and a **negative impact on operating profit of about JPY204 million.**

	FY02/24 average exchange rate	Result if the yen depreciates by a rate of JPY1/USD compared to the assumed FY02/25 average exchange rate	Average exchange rate assumed in FY02/25 guidance*3	Result if the yen appreciates by a rate of JPY1/USD compared to the assumed FY02/25 average exchange rate
(Unit: million yen)	JPY143.82	JPY135.00	JPY134.00	JPY133.00
Net sales*1	35,202	33,576	33,392	33,208
Operating profit*2	872	689	668	647

*1. Forex sensitivity toward the US dollar (sales impact when the JPY–USD exchange rate fluctuates by a difference of JPY1/USD) is approximately JPY184 million per year. Note that this impact applies only in the case of Serverworks.

*2. Forex sensitivity toward the US dollar (operating profit impact when the JPY–USD exchange rate fluctuates by a difference of JPY1/USD) is approximately JPY21 million per year. Note that this impact applies only in the case of Serverworks.

*3. Figures have been calculated using a median value determined based on FY02/24 forex outlook reports from financial institutions.

Factors behind Expected Declines in FY02/25 Profits:(2) Investment Costs

Human resource investment costs incurred through wage hikes, efforts targeting enhanced employee engagement, recruitment, and other initiatives are expected to **negatively impact operating profit by approximately JPY448 million**.

Meanwhile, the recognition of equity-method losses related to the establishment of two joint ventures is anticipated to **negatively affect ordinary profit by approximately JPY157 million**.

(Unit: million yen)	FY02/24	FY02/25
Net sales	27,510	33,392
Gross profit	3,535	4,034
Selling, general and administrative expenses	2,638	3,366
Operating profit	897	668
Ordinary profit	1,032	492
Profit attributable to owners of parent	638	254

Areas of Investment			
Strengthening recruitment and enhancing employee engagement efforts			
	FY02/24	FY02/25	YoY change
Hiring expenses	72	156	+84
Personnel expenses (headcount increase + wage hikes)	1,572	1,877	+305
Examination/course fees	13	52	+39
Welfare expenses (employee exchange expenses)	—	20	+20
Equity in the losses of two joint ventures (incurred upon their establishment)			
Equity in losses of affiliates	—	157	+157

Human Resource Investment and Anticipated Benefits

Proactive investment in “human resources” for future growth

Areas of investment	Details	Anticipated benefits
Hiring expenses	Aim to conduct at least 50% more hirings than in FY02/24	We will incur short-term cost increase due to rises in hiring and personnel expenses; however, we expect to be able to recover these costs in the future through growth in the share of sales generated through recurring revenue businesses.
Personnel expenses (headcount increase + wage hikes)	Raise wages to address impact from inflation and increasingly intense competition for recruitment	We anticipate long-term employment of high value-added human resources and lower turnover rates .
Examination/course fees	Enhance technical training and training for middle management; double the number of participants in re:Invent, an annual conference hosted by AWS	We plan to strengthen organizational capabilities by raising the skill levels of existing employees while stepping up recruitment.
Welfare expenses (employee exchange expenses)	Implementation of a companywide kickoff (in-person) and an employee travel program	We anticipate stronger engagement through expanded face-to-face employee communication.

Adoption of an Executive Officer System and Directors Slated for Departure

Expansion in the scale of our businesses and the size of our organization has necessitated swifter decision-making when executing operations or formulating management strategies. Accordingly, we have introduced an executive officer system to clarify administrative areas of responsibility and strengthen governance.

Executive officer lineup	Name	New positions and responsibilities at the company	Former positions and responsibilities at the company
	Ryo Oishi	Representative director and president / president and executive officer	Representative director and president
	Takashi Hashiba	Director / executive officer of solutions	Director
	Yuji Tamaki	Executive officer of services	General manager, Managed Services Department
	Akira Suzuki	Middle office executive officer	General manager, Marketing Department
	Toshiaki Okawa	Back office executive officer	General manager, Business Administration Department
Outgoing directors	Name	Current positions	Reason for departure
	Hiroyuki Oshio	Director (Representative director, TOPGATE) (Representative director, SX Innovation Partners)	Expiration of term of office
	Ichiro Terajima	Outside director and Audit and Supervisory Committee member	Personal reasons

* Please refer to our April 12, 2024 news release entitled "Notice regarding executive officer appointments in connection with the introduction of an executive officer system and planned director departures; the appointment of a representative director for subsidiaries; and the determination of director candidates for affiliates."

Personnel Changes among Subsidiaries and Affiliates

Serverworks Group

	Name	New position	Current position
Change of TOPGATE's representative director	Hiroyuki Oshio	—	Representative director
	Takashi Hashiba	Representative director	—
	Name	New position	Current position
Change of SX Innovation Partners' representative director	Hiroyuki Oshio	—	Representative director
	Toshiaki Okawa	Representative director	Director
Determination of candidates for director positions at affiliated companies	Name	New position	Position at Serverworks
FUJIFILM Cloud	Ryo Oishi	Outside director (new appointment)	Representative director and president / president and executive officer
	Takashi Hashiba	Outside director (new appointment)	Director / executive officer of solutions
PERSOL & Serverworks	Tetsuya Chiba	Outside director (new appointment)	General manager, Application Services Department
Sky365	Yuji Tamaki	Outside director (reappointment)	Executive officer of services

* Please refer to our April 12, 2024 news release entitled "Notice regarding executive officer appointments in connection with the introduction of an executive officer system and planned director departures; the appointment of a representative director for subsidiaries; and the determination of director candidates for affiliates."

5-1. Serverworks

*Includes recent information concerning developments emerging after the closing date of the relevant period.

Latest News

TOPICS – 01

Conclusion of a strategic partnership agreement with Cloudbase Inc., provider of the “Cloudbase” security service.

2024.02.02



- Cloud security-related incidents are on the rise both in Japan and abroad, and security enhancement demand is growing accordingly.
- Serverworks is strengthening the security initiatives it conducts as a managed security service provider (MSSP), and in furtherance of these efforts, the company has concluded a strategic partnership agreement with Cloudbase Inc., provider of Cloud Native Application Protection Platform (CNAPP).
- By leveraging the knowledge and experience we have accumulated in the field, we will facilitate the enhancement of our customers' security.

Serverworks



TOPICS – 02

AI-driven on-demand bus service adapts to user circumstances through a **24-hour phone-based reservation system**; automatic voice-based reservation system provides further convenience

Activities related to Next Mobility Co., Ltd.



- The Knowroute AI-driven on-demand bus service provides sustainable and highly convenient services designed to fit local lifestyles.
- The Amazon Connect cloud-based call center service has been selected to provide the fundamental infrastructure for the Knowroute automated voice reservation system, and Serverworks will handle system construction.
- Knowroute's 24-hour telephone reservation system improves user convenience, reduces the workload of call operators, and improves operational efficiency.

Solid Track Record

Serverworks



Our track record spans 19,600 projects for more than 1,270 companies,
(as of February 29,2024)
mainly large companies.

common infrastructure



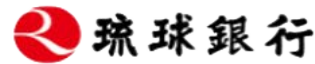
call center



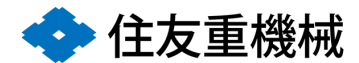
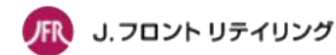
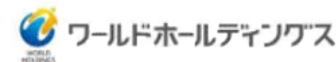
training



operational support



individual system



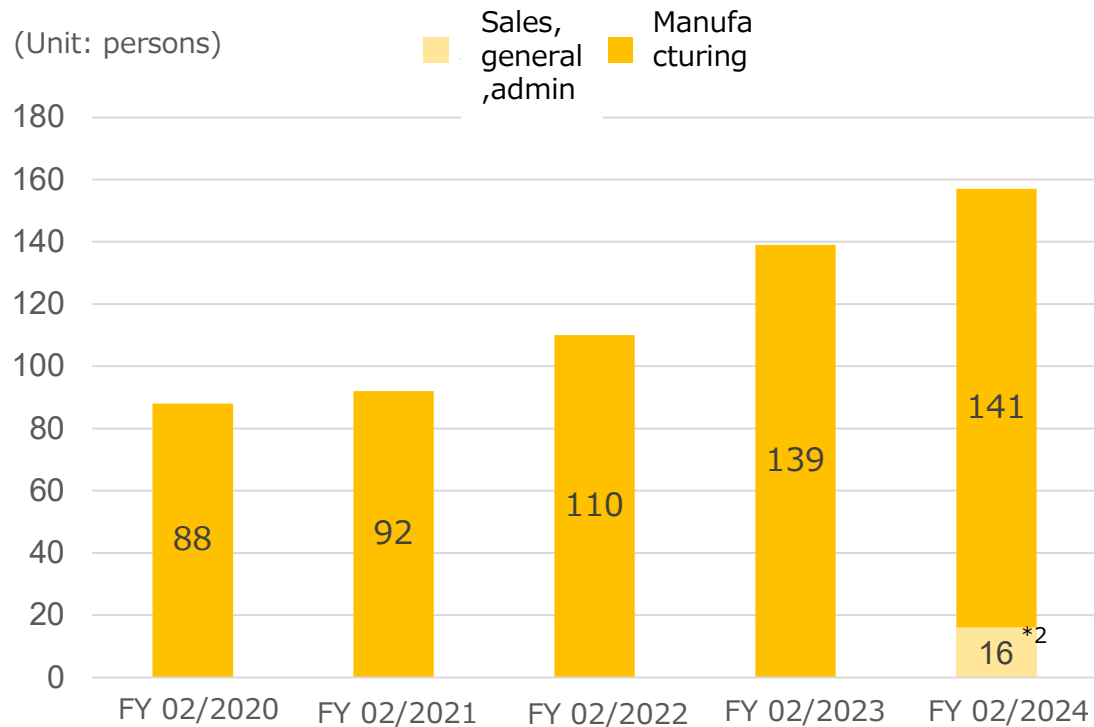
Promoting AWS Certifications for Engineers

Mid-career engineers with no AWS experience also obtain AWS certification early.

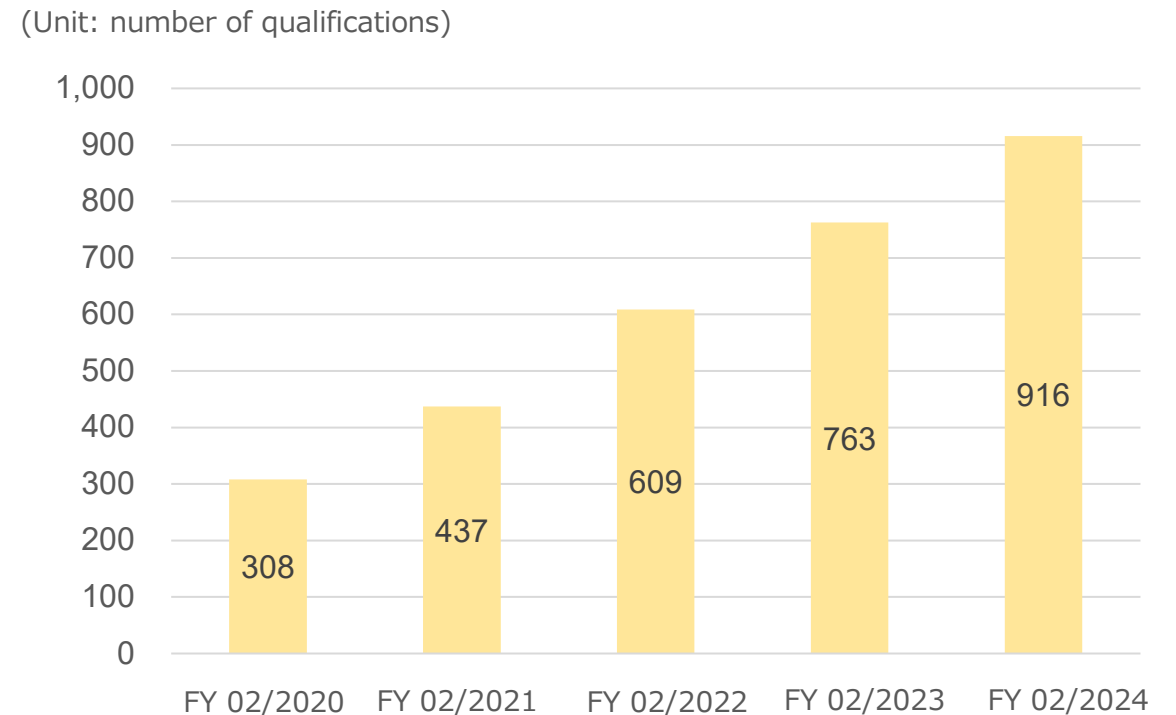
Over 900 AWS certifications



Number of engineers



Number of AWS certifications earned ^{*1}



*1 Cumulative number.

*2 From FY 02/24, the in-house SEs and engineers who provide training have been changed to the SG&A department.

5-2. Group Companies

*Includes recent information concerning developments emerging after the closing date of the relevant period.

TOPICS – 01

G-gen Co., Ltd.'s business partner count exceeds 400 companies

2024.03.10



- Since its establishment in August 2021, G-gen has steadily generated growth in its business partner count; since achieving a count of 200, it surpassed counts of 300 and 400 over the two immediately following six-month periods.
- Introduced Google Cloud and Google Workspace at over 400 companies as of March 2024



TOPICS – 02

Used the Cloud Run managed serverless platform offered by Google Cloud to create a new service aimed at leveraging data maintained through GC's BigQuery enterprise data warehouse

Activities related to Nishinippon Shimbun Media Lab, Inc.



- Google Cloud has been selected as the construction platform for the “Mekuruto” B2C site, which was built to integrate various services offered by the Nishinippon Shimbun and facilitate data utilization as a content hub.
- When gathering information regarding Google Cloud, Nishinippon Shimbun Media Lab discovered a blog post from G-gen and, due to the extensive content contained therein, subsequently reached out.
- Nishinippon Shimbun Media Lab requested that G-gen, which is capable of serving exclusively in a supporting capacity, provide collaborative assistance while undertaking the construction and development internally.
- Major issues occurred during load testing, but G-gen was able to identify and address the root causes of these problems by conducting thorough investigations of relevant infrastructures.

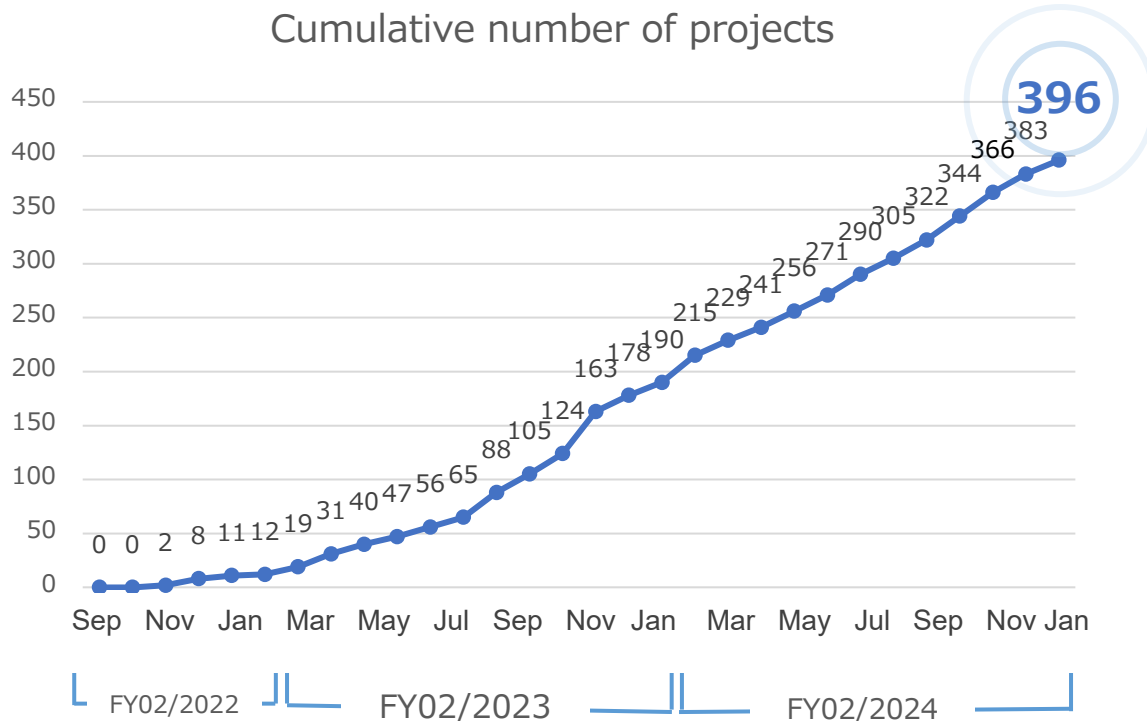
Number of Projects and Results of Service Delivery

G-gen



Steady increase in the number of projects, mainly for resale, and steady increase in the number of customers served

Number of projects (G-gen)
Number of projects from the start of operations



G-gen Major Business Results

For more information, visit our website

Results of service delivery examples of customers



Latest News -Results of Contracted Development Activities

TOPICS – 01

Vertex AI is used to facilitate proof-of-concept testing concerning **image recognition technology** for materials utilized in architecture and interior design

Activities related to Sangetsu Corporation



- TOPGATE developed a system that uses Vertex AI to select images of interior materials that are highly similar to a user-specified image and return output.
- TOPGATE built a system that allows users to conduct an image-based search of in-house wallpaper data to find comparable styles of wallpaper.
- TOPGATE developed this system within a short period of time to serve as proof of concept, and it generated opportunities for customers to reach management decisions regarding the creation of businesses incorporating AI technologies.

TOPGATE



TOPICS – 02

Developed **workflow for non-product orders** placed over the “OffSide” system used within the pharmaceutical industry

Activities related to Triumph21 Co., Ltd.

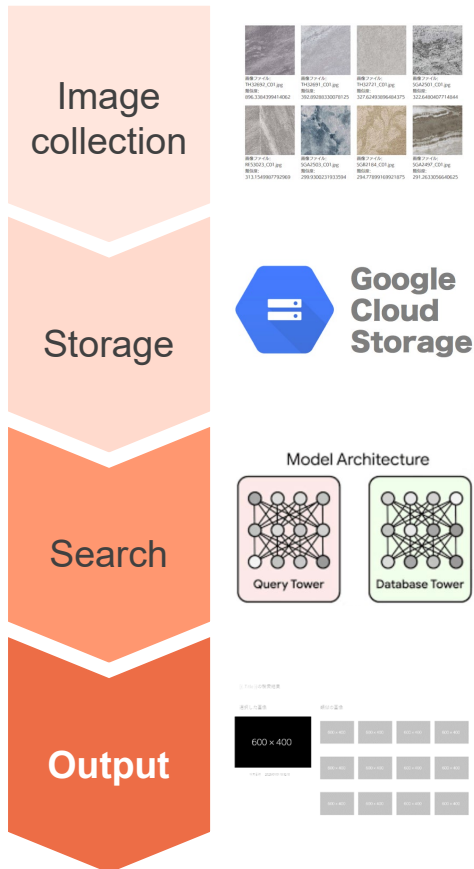


- Triumph21 provides OffSide, a specialized procurement/invoicing management system used by approximately 2,000 clients in the pharmaceutical industry.
- TOPGATE assisted Triumph21's efforts to upgrade the OffSide system by building a workflow for non-product orders (outsourcing agreements, etc.); previously, the OffSide system focused mainly on orders associated with indirect materials.
- By expanding the range of products it covers, Triumph21 aims to use OffSide as a foothold for expansion into other industries moving forward.

Leveraging Vertex AI Image Recognition Technology

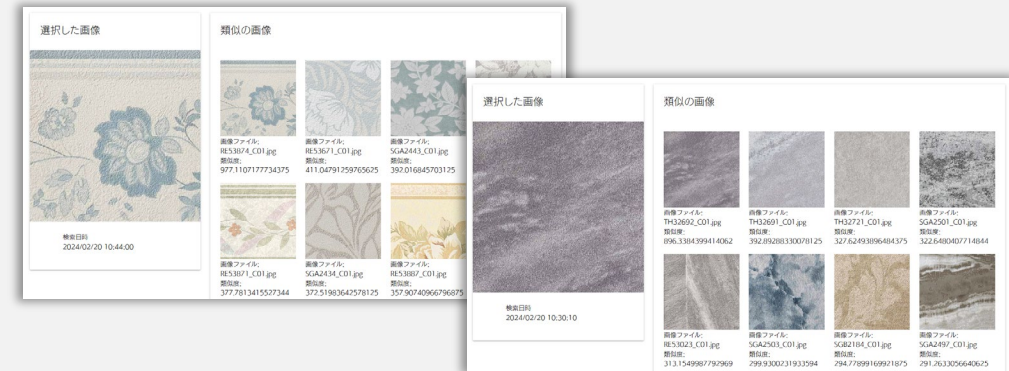
Extracts feature vectors from input images and builds models that allow retrieval and output of similar images

Application of Vertex AI



- Image data is collected to be presented as search results, or output.
- Before utilizing image data, feature values are calculated and the feature vectors derived from these images, rather than raw image data, are subsequently stored in Google Cloud Storage.
- Vertex AI Matching Engine is used to search for images similar to the input image.
- Resulting images are displayed by the browser in HTML format.

Sample search result images



- Achieves consistent accuracy without special tuning by combining existing models to build a general image processing model.
- Feature vector extraction can be improved by employing related models with abundant training data and through parameter tuning performed by engineers.

* Adopted models are capable of extracting feature vectors for general images effectively; however, the addition of more training data is not expected to result in improved accuracy.

Making the World More Productive with the Cloud



You can use computers to your advantage,
no matter where you are and without the necessity of ownership.

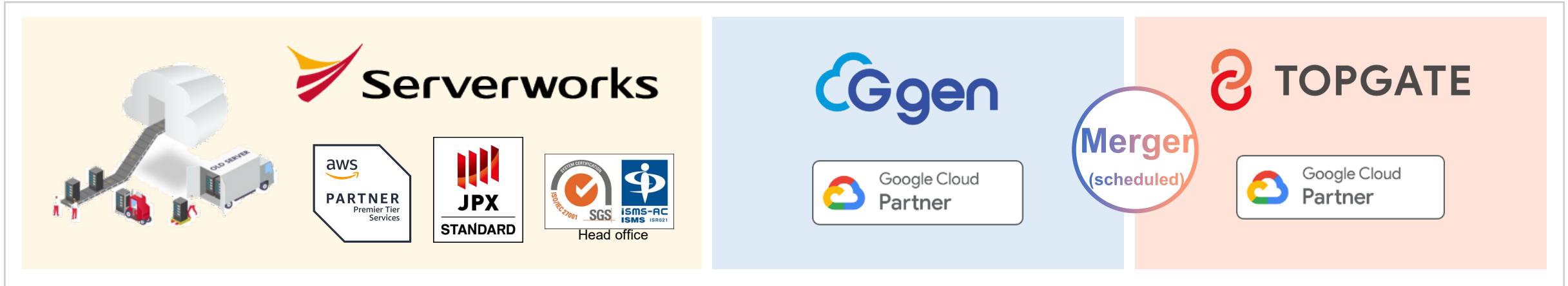
We are committed to further spreading this idea of the “cloud.”

Through cloud computing, we aim to create a society that helps more
companies enhance their competitive edge and makes everyone who
works there feel that

“This is a better place to work.”

We would like to share this vision with you.

Serverworks Group establishes comprehensive support structure for cloud business



Sales and sales channel development

FUJIFILM Cloud

Human Resource Development and Securing

PERSOL & Serverworks

Subsidiary for investment purposes

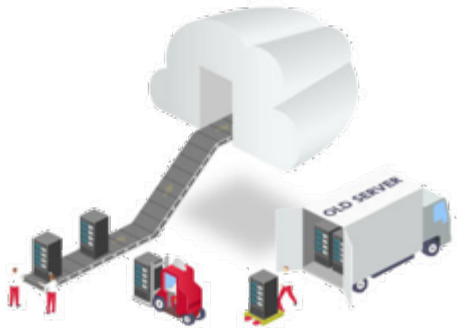
SX Innovation Partners

Customer Support

Sky365

Serverworks Group strongly supports clouds utilization
in any business through three main solutions

1 Cloud Integration



AWS implementation and migration support

2 AWS Billing Services (Resale)



Value-added service not included in the direct contract (AWS, Google Cloud)

3 Operation and Monitoring Services (MSP)



AWS utilization and operation support

Founded	February 21, 2000														
Capital	3,255,144,659 yen (as of February 29, 2024)														
Number of Employees	Non-consolidated: 270 (as of February 29, 2024) Consolidated: 381 (as of February 29, 2024)														
Business Domain	Cloud integrator specializing in AWS														
Management	<table border="0"> <tr> <td>Ryo Oishi</td> <td>CEO</td> </tr> <tr> <td>Takashi Hashiba</td> <td>Senior Vice President</td> </tr> <tr> <td>Hiroyuki Oshio</td> <td>Senior Vice President</td> </tr> <tr> <td>Mikiya Inoue</td> <td>Outside Director who is Audit and Supervisory Committee Member (Full-time)</td> </tr> <tr> <td>Yuko Tanaka</td> <td>Outside Director who is Audit and Supervisory Committee Member</td> </tr> <tr> <td>Ichiro Terashima</td> <td>Outside Director who is Audit and Supervisory Committee Member</td> </tr> <tr> <td>Hikari Fujimoto</td> <td>Outside Director who is Audit and Supervisory Committee Member</td> </tr> </table>	Ryo Oishi	CEO	Takashi Hashiba	Senior Vice President	Hiroyuki Oshio	Senior Vice President	Mikiya Inoue	Outside Director who is Audit and Supervisory Committee Member (Full-time)	Yuko Tanaka	Outside Director who is Audit and Supervisory Committee Member	Ichiro Terashima	Outside Director who is Audit and Supervisory Committee Member	Hikari Fujimoto	Outside Director who is Audit and Supervisory Committee Member
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Ichiro Terashima	Outside Director who is Audit and Supervisory Committee Member														
Hikari Fujimoto	Outside Director who is Audit and Supervisory Committee Member														
Certification	<ul style="list-style-type: none"> • AWS Premier Tier Service Partner • AWS Migration Competency • AWS Digital Workplace Competency • AWS Managed Service Provider Program • AWS Well-Architected Partner Program • ISO / IEC 27001 (JIS Q 27001) 														
Major Shareholders	Board members TerraSky Co., Ltd. NTT Communications Corporation NTT DATA Corporation														

Main Locations
 Tokyo (head office),
 Osaka, Sendai, Fukuoka



Management Team

Directors



Ryo Oishi, Founder & CEO

Oishi graduated from Tohoku University, where he majored in economics. He joined Marubeni Corporation, which is one of the biggest general trading companies.

He was involved in the establishment of a subsidiary related to communication networks, as well as the planning of internet business and sales. In February 2000, he founded Serverworks. After he started AWS business in 2009, Oishi became one of Japan's first "cloud evangelists," and he has continued to encourage Japan's use of cloud computing.



Takashi Hashiba, Senior Vice President

Hashiba graduated from Tokyo University of Agriculture, where he majored in agriculture. He joined a wholesale food processing company, working in a sales role.

After joining our company in April 2006, he became head of the sales and technical department and took part in numerous system installations. After the AWS business began, he continued working on numerous projects, contributing substantially to the company's expansion. He became senior VP in October 2013.



Hiroyuki Oshio, Director

Upon graduation from Kobe University, where he majored in economics, Oshio joined Marubeni Corporation. He engaged in planning and installation of internet-enabled systems.

Then, he joined a software venture company and became SVP at an overseas subsidiary, as well as general manager of marketing. Upon joining our company in October 2013, he served as the head of business development and led the administrative department. Oshio became senior VP in August 2014.

Management Team

Audit and Supervisory Committee Members (Outside Directors)



Mikiya Inoue

Full-time

After graduating from Keio University, where he majored in engineering, Inoue joined Marubeni Corporation. He worked primarily in the information and communication industry, engaging in a wide range of projects. These included time-sharing services, international VAN services, mobile communications services, packet switching networks, communications networks for the distribution industry, optical submarine cables, data centers, and ISPs. He also took part in related M&A projects. He has lived in London and Bangkok. He joined our company as outside auditor in May 2018. He became an outside director in May 2021.



Yuko Tanaka

Tanaka graduated from The University of Tokyo, where she majored in law. After working for Toyota Motor Corporation, A.T. Kearney, and Jupiter Shop Channel, she joined CrowdWorks, Inc. as an Executive Officer in 2014. Experienced IPO, and as General Manager, Corporate Planning Office, she was responsible for mid- to long-term strategy, budgeting, business management, financial accounting, public relations, IR, and M&A. Appointed as Director in 2019. She became independent in 2022 and currently serves as Representative Director at Yukott Inc. and as an outside director at Spacemarket, Inc. and Batonz Co., Ltd. She joined our company as outside director in May 2021.



Ichiro Terajima

Upon his graduation from The University of Tokyo, where he majored in engineering, Terajima joined Sekisui Chemical Co., Ltd. He also studied at MIT and established an in-company AI venture, experiencing a wide variety of business roles. He became general manager of the Information Systems Dept. and served as a chief of the information systems group. He joined TERRANET as a company representative. Terajima joined our company as outside director in November 2017.



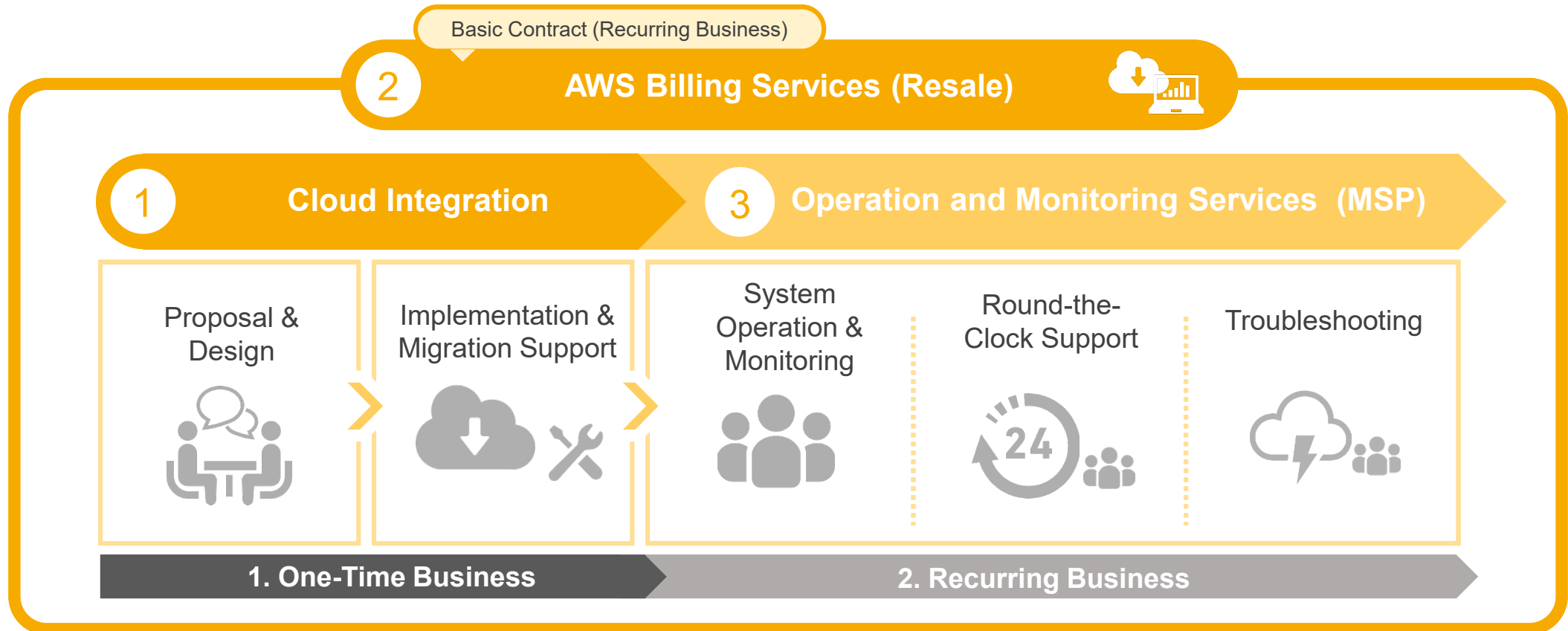
Hikari Fujimoto

Fujimoto graduated from Keio University, where she majored in economics, before joining Tohmatsu & Co. (current Deloitte Touche Tohmatsu LLC). She engaged in accounting audit work and stock listing support services. She struck out on her own in 2011, establishing Hikari Fujimoto Certified Public Accountant Office (current Hikari Fujimoto Certified Public Accountant and Tax Accounting Office) in 2013. She provides stock listing support, support for the establishment of internal controls, M&A support, and accounting tax advisory services for venture companies. Currently, she is an auditor for several companies. She joined our company as outside director in May 2021.

Serverworks has been an AWS specialist since the dawn of cloud computing in Japan.

We provide a full range of services, from AWS implementation to utilization and operation.

Today, as Serverworks Group, we provide strong support for the use of the cloud in all types of businesses through three main solutions

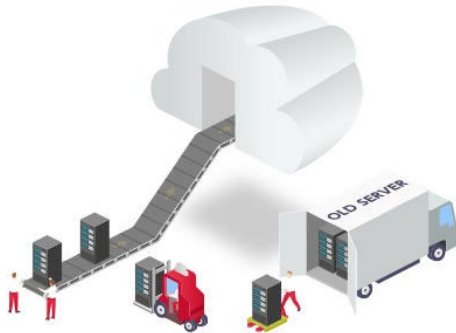


1 Cloud Integration



We provide AWS planning, design, construction, and implementation support promptly in accordance with customer requirements and environments.

Features of Serverworks' AWS Implementation and Migration Services



- ▶ Extensive project experience with more than 10,000 projects

Serverworks began providing cloud implementation support in 2008 and has been continuously certified as an AWS Premier Tier Service Partner, the highest tier of the AWS Partner Network (APN), since 2014.

- ▶ Be proactive and make suggestions even if they are unprecedented.

We value the attitude of being close to our customers, so we try to make positive proposals even for unprecedented consultations.

Case Studies



Customer support
Create an environment



Migrate on-premise environments to servers



Establish environments for **financial institutions and payment systems**



Provide in-house production support for AWS utilization

Note: We provide up-front estimates tailored to each request.

Basic Implementation Flow

- ▶ System capable of providing support from design to operation

We assess the customer's current situation and their goals for AWS migration. Then, we quickly develop an overall plan and implement the project.



② Billing Services (Resale)



Business Overview 2 Billing Services (Resale)

Providing a billing service that enables more convenient and secure use of AWS

In addition to technical support, we also provide operational automation tools, property insurance, and other services.

Advanced Plan delivers our unique value added on AWS.



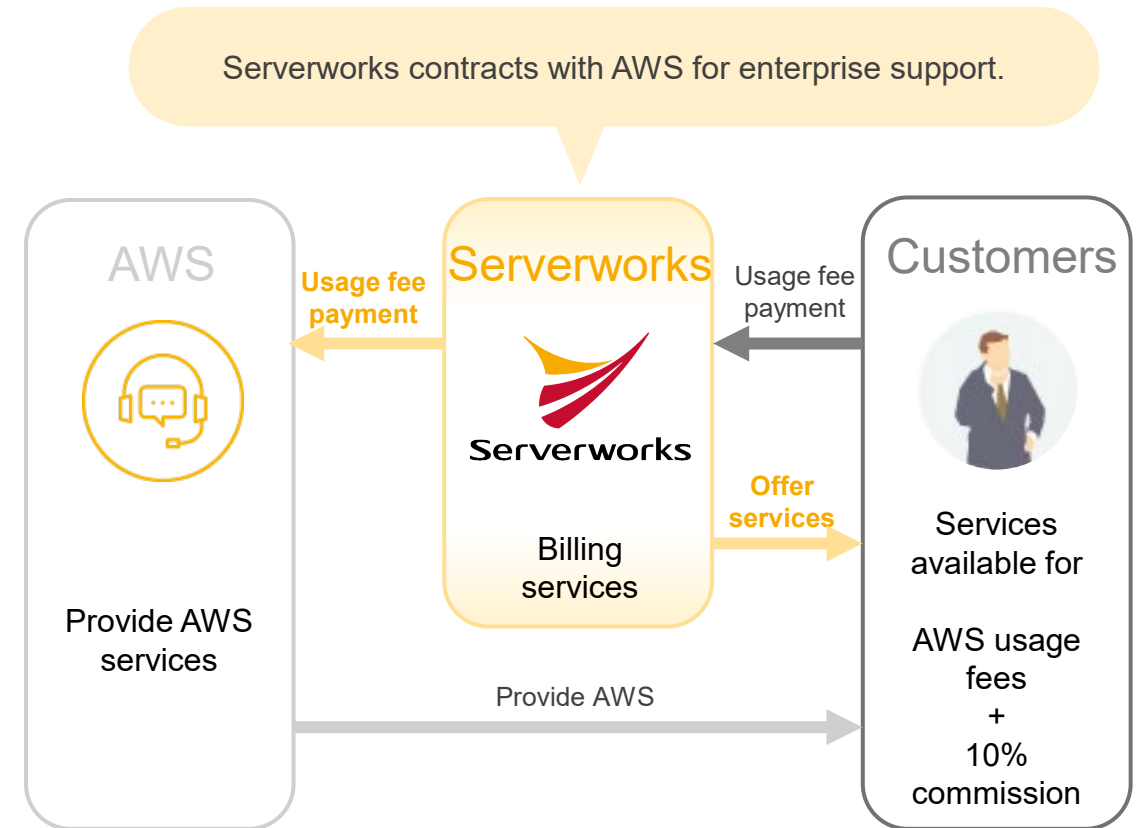
► About “AWS Advanced”

With only a billing agent fee of 10% of the AWS usage fee, this plan allows you to take advantage of the AWS operation automation tool, Cloud Automator. We also provide indemnity insurance in case of emergency, personalized support by our engineers, and various operation services, in addition to basic support.

AWS Advanced Plan

Technical Support	Cloud Automator
Invoicing in Japanese Yen	Migration and Operations Services*
Customer Portal	damage insurance

*Paid option



Available with
advanced service
agreement

Customer successes of Cloud Automator, operational optimization service



Cloud Automator automates
AWS operations

DIP Corporation

Achieved **30%** AWS cost
reduction target for half a year
in three months, and **50%**
monthly in six months

Feedback
PICK UP

Cloud Automator is also utilized to improve
AWS operational efficiency, which leads to
continuous and total efficiency and cost
reduction.

The logo for DIP Corporation, featuring the lowercase letters 'dip' in a bold, black, sans-serif font.

Kintetsu Real Estate Co., Ltd.

Intuitive and easy-to-use
No need for knowledge of AWS
or programming

Feedback
PICK UP

We have found it to be a very easy-to-use
and convenient tool, with backups and
other functions available in addition to
instant launch and stop.

The logo for Kintetsu Real Estate Co., Ltd., featuring a stylized blue circular icon followed by the Japanese text '近鉄不動産' in a bold, blue, sans-serif font.

3 Operation and Monitoring Services (MSP)



Round-the-clock operation and monitoring of systems built on AWS

Long-term support on how to operate and utilize AWS to evolve your business

Reduce operational burden and maximize AWS benefits



► What is "AWS Operation Agency and Monitoring Service"?

This reduces the burden of using and operating AWS and maximizes the benefits of using AWS without the time and effort of accumulating operational know-how in-house.

What our AWS operation and monitoring services can do

System Operation & Monitoring



Round-the-Clock Support



Troubleshooting



AWS operation and monitoring services



For example, do you have any of these problems?

Sudden troubles
Late at night, an unexpected server error

Long-term consultation
Consultation on future AWS operations and further utilization

MSP support center assists in troubleshooting

The team in charge of the project offers user-friendly suggestions and solutions



AWS Technical Support



AWS Operation Optimization Service



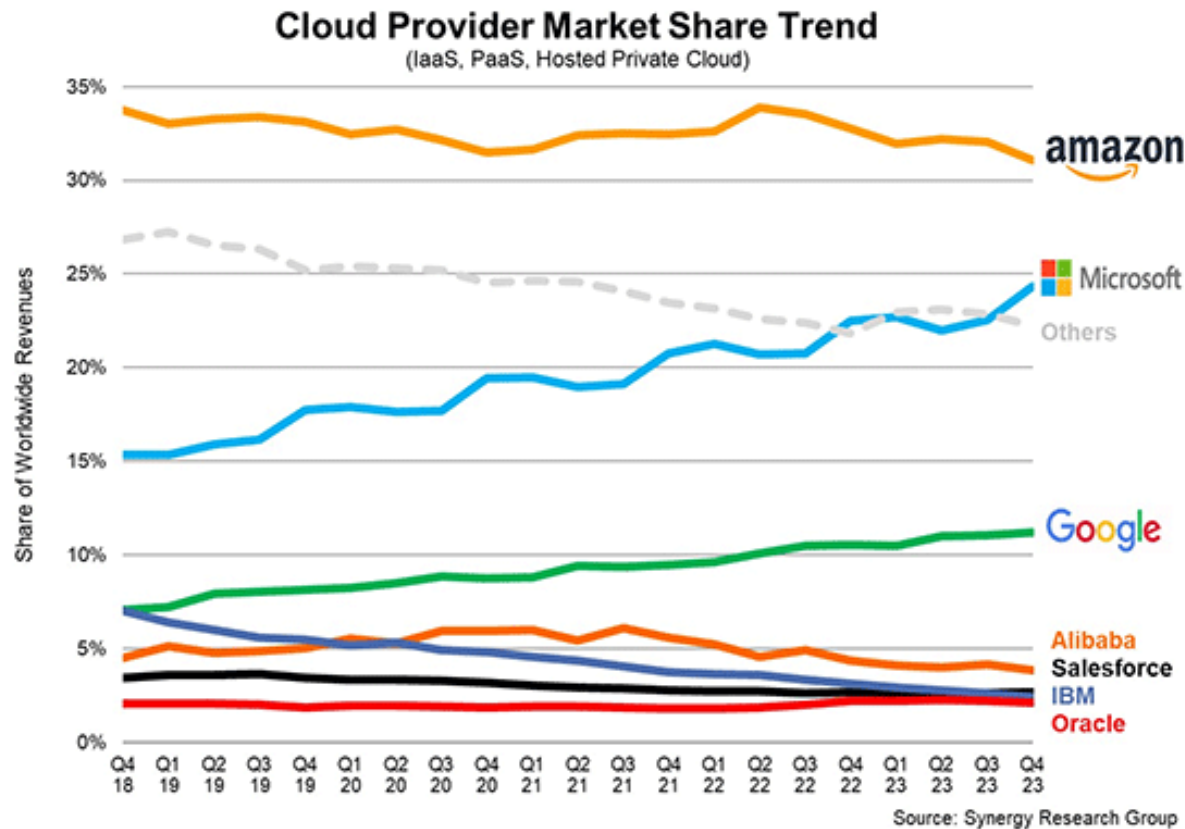
Round-the-Clock AWS Operation Services



Wide-range of Support for AWS utilization

Market Environment

In the global cloud infrastructure services market in Q4 2023, **Overall market growth of 20%** compared to last year, **2 percentage points higher** than the previous quarter

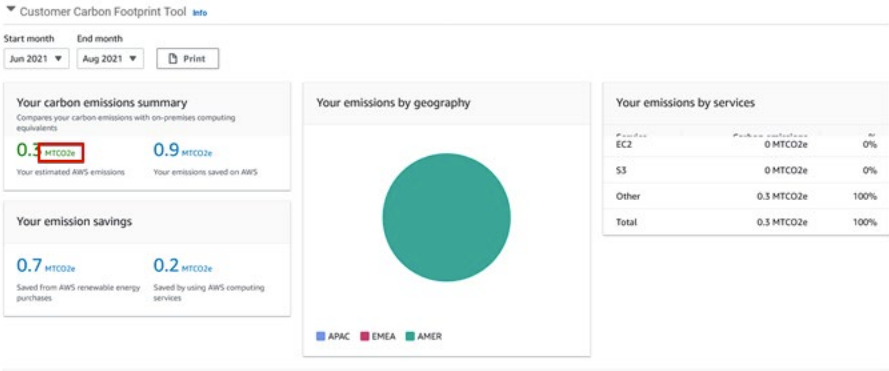
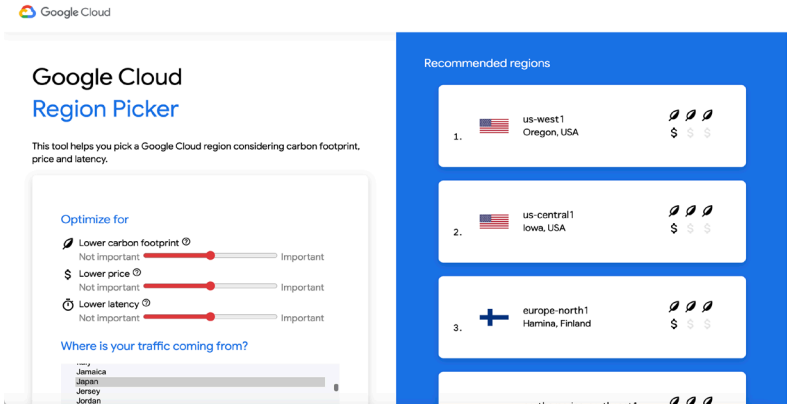


Data from Synergy Research Group shows in the global cloud infrastructure services market in Q4 2023, AWS controlled 31% of the total market, followed by Microsoft Azure at 24% and Google Cloud at 11%. The combined market share of the top three companies reached around 67%.

Source: https://www.publickey1.jp/blog/24/aws20234synergy_research.html

Reference - Carbon Emissions Measurement Tool for Each Cloud Service



Cloud Service	AWS	Google Cloud
Tool	Customer Carbon Footprint Tool	Google Cloud Region Picker
Feature	<p>As a performance against sustainability goals, measure estimated carbon</p> <ol style="list-style-type: none"> Using AWS reduces emissions, comparing to on-premise. CO2 emissions on a monthly, quarterly, and annual basis. Measure the projected change in annual CO2 emissions based on AWS usage within the account. 	<p>Google Cloud region can be selected taking variables like price, latency, and sustainability into account.</p> <ol style="list-style-type: none"> Identify regions with particularly low carbon impact. Indicate the usage rate of carbon-free energy and the carbon intensity index of the power grid.
		

Forward-Looking Statements

The materials and information provided in this document include so-called “forward-looking statements.” These are based on current expectations, projections, and risk assumptions, and include uncertainties that could cause actual results to differ from expectations.

Risks and uncertainties include general industry and market conditions, as well as general domestic and international economic conditions, such as interest rate and currency exchange fluctuations.

The Company is not obligated to update or modify these forward-looking statements, even in the event of new information and/or future events that could affect results.



Serverworks