

# Translation

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## Summary of Non-Consolidated Financial Results for the Nine Months Ended November 30, 2019 (Based on Japanese GAAP)

January 14, 2020

Company name: Serverworks Co.,Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 4434 URL <https://www.serverworks.co.jp/>  
 Representative: Representative Director, President Ryo Oishi  
 Inquiries: Director, Chief Financial Officer Hiroyuki Oshio TEL 03(5579)8029  
 Scheduled date to file Quarterly Securities Report: January 14, 2020  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Non-consolidated financial results for the nine months ended November 30, 2019 (from March 1, 2019 to November 30, 2019)

#### (1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended November 30, 2019	4,741	57.1	312	52.4	315	48.8	250	(19.2)
Nine months ended November 30, 2018	3,018	–	205	–	211	–	310	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended November 30, 2019	74.45		72.04	
Nine months ended November 30, 2018	109.32		–	

#### (2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2019	4,284	3,017	70.4
As of February 28, 2019	3,171	1,736	54.8

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2019	–	0.00	–	0.00	0.00
Year ending February 29, 2020	–	0.00	–	–	–
Year ending February 29, 2020 (Forecast)	–	–	–	0.00	0.00

### 3. Forecast of non-consolidated financial results for the year ending February 29, 2020 (from March 1, 2019 to February 29, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	6,005	34.1	372	11.1	368	9.8	292	(17.9)	86.95

#### 4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: Yes

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of November 30, 2019	3,380,190 shares	As of February 28, 2019	2,980,000 shares
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Number of treasury shares at the end of the period

As of November 30, 2019	91 shares	As of February 28, 2019	– shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended November 30, 2019	3,364,050 shares	Nine months ended November 30, 2018	2,836,291 shares
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**Quarterly non-consolidated financial statements**  
**Non-consolidated balance sheets**

(Thousands of yen)

	As of February 28, 2019	As of November 30, 2019
Assets		
Current assets		
Cash and deposits	760,265	1,199,942
Accounts receivable - trade	662,701	901,785
Work in process	55,656	40,449
Other	491,436	691,812
Allowance for doubtful accounts	(6,821)	(6,978)
Total current assets	1,963,239	2,827,010
Non-current assets		
Property, plant and equipment	31,133	69,486
Intangible assets	114,828	100,458
Investments and other assets		
Shares of subsidiaries and associates	1,005,152	50,000
Investment securities	12,000	1,180,174
Other	45,561	56,955
Total investments and other assets	1,062,713	1,287,130
Total non-current assets	1,208,675	1,457,075
Total assets	3,171,914	4,284,085
Liabilities		
Current liabilities		
Accounts payable - trade	273,976	388,137
Short-term loans payable	300,000	—
Income taxes payable	185,871	6,791
Provision for bonuses	31,918	21,794
Provision for loss on order received	190	960
Other	390,060	515,626
Total current liabilities	1,182,017	933,309
Non-current liabilities		
Deferred tax liabilities	253,231	319,381
Asset retirement obligations	—	14,310
Total non-current liabilities	253,231	333,691
Total liabilities	1,435,249	1,267,000
Net assets		
Shareholders' equity		
Capital stock	169,100	609,597
Capital surplus	159,100	599,597
Retained earnings	776,560	1,027,000
Treasury shares	—	(900)
Total shareholders' equity	1,104,760	2,235,295
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	631,892	781,776
Total valuation and translation adjustments	631,892	781,776
Share acquisition rights	12	12
Total net assets	1,736,665	3,017,084
Total liabilities and net assets	3,171,914	4,284,085

# Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2018	Nine months ended November 30, 2019
Net sales	3,018,447	4,741,093
Cost of sales	2,437,130	3,940,975
Gross profit	581,316	800,118
Selling, general and administrative expenses	376,213	487,633
Operating profit	205,103	312,484
Non-operating income		
Commission fee	10,407	13,133
Foreign exchange gains	1,802	—
Other	636	65
Total non-operating income	12,847	13,198
Non-operating expenses		
Interest expenses	2,779	146
Share issuance cost	—	4,735
Going public expenses	2,000	2,000
Foreign exchange losses	—	3,632
Other	1,388	39
Total non-operating expenses	6,168	10,553
Ordinary profit	211,782	315,130
Extraordinary income		
Gain on sales of investment securities	—	37,943
Gain on sales of shares of subsidiaries and associates	207,053	—
Total extraordinary income	207,053	37,943
Profit before income taxes	418,835	353,073
Income taxes	108,774	102,633
Profit	310,061	250,439