

*Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.*



April 14, 2025

To whom it may concern

Company name: Serverworks Co., Ltd.  
Representative Representative Director,  
President Ryo Oishi  
(Securities code: 4434 Tokyo Stock Exchange)  
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### **Notice Regarding the Formulation of the Medium-Term Management Policy**

Serverworks Co., Ltd. hereby announces the formulation of “Medium-Term Management Policy” covering the three-year period from the fiscal year ending February 28, 2026 to the fiscal year ending February 28, 2028, which was resolved at a meeting of our Board of Directors held on April 14, 2025.

Please refer to the attached “Medium-Term Management Policy” for details of the Medium-Term Management Policy.

The information provided in this “ServerWorks Group Medium-Term Management Policy (FY26-FY28)” contains “forward-looking information. Forward-looking statements and projected figures are based on information available to the Company at the time of preparation of this document, as well as facts that have been recognized, analyzed, and evaluated based on such information. Please be aware that performance figures, results, performance and achievements may differ from the forecast figures and forward-looking statements and declarations contained in this document, and no guarantee is given that future forecasts or prospects will be realized.

FY02/26 ➡ FY02/28

# Serverworks Medium-Term Management Policy

Serverworks Co., Ltd.

April 14, 2025

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# 1. Executive Summary

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# Executive Summary

Targeting listing on  
the TSE Prime Market\*

Increase  
absolute profit

Business  
growth

Shareholder  
return

## 1. Business Strategy

- Maximize customer lifetime value by focusing resale efforts on most critical business areas
- Further accelerate execution of our strategic collaboration agreement (SCA) with AWS
- Expand into strategic areas such as security, generative AI, and overseas markets

## 2. Financial Strategy

- Build a foundation for absolute profit growth while stepping up investment
- Achieve ROE that exceeds the cost of shareholder equity
- Implement a balanced cash allocation prioritizing both growth and shareholder returns

## 3. Non-Financial Strategy

- Leverage our strengths in recruitment, training, and employee retention to maximize the value of our human capital
- Pursue sustainability initiatives that address social challenges while enhancing corporate value

\*At present, we have not established a specific date for our application targeting a relisting on the TSE Prime Market.

# Consolidated Performance Targets\*1

**In comparison with FY02/25, we aim to achieve growth of over 50% for sales and all profit metrics. Meanwhile, we will target cumulative operating and ordinary profit totals of 3.0 billion yen for FY02/27 and FY02/28, while striving to attain an ROE of 10%.**

(JPYmn)	FY02/25 results	FY02/26 forecast*2	FY02/27 targets	FY02/28 targets	Versus FY02/25
Net sales*3	35,717	40,841	47,349	56,092	157.0%
Gross profit	4,104 (11.5%)	4,617 (11.3%)	5,359 (11.3%)	6,358 (11.3%)	154.9%
Operating profit	1,072 (3.0%)	1,140 (2.8%)	1,372 (2.9%)	1,659 (3.0%)	154.8%
Ordinary profit	1,066 (3.0%)	1,171 (2.9%)	1,422 (3.0%)	1,729 (3.1%)	162.2%

CAGR  
16.24%

ROE 10%

1. Targets may shift substantially due to fluctuation in foreign exchange rates.

2. Please refer to the full-year consolidated earnings forecast included in our "Consolidated Financial Results for the Year Ended February 28, 2025" release dated April 14, 2025.

3. When determining these performance targets, we applied an assumed exchange rate of 152.75 yen per US dollar, the actual average rate for FY02/25. We also applied this assumed rate when formulating our forecast for FY02/26.



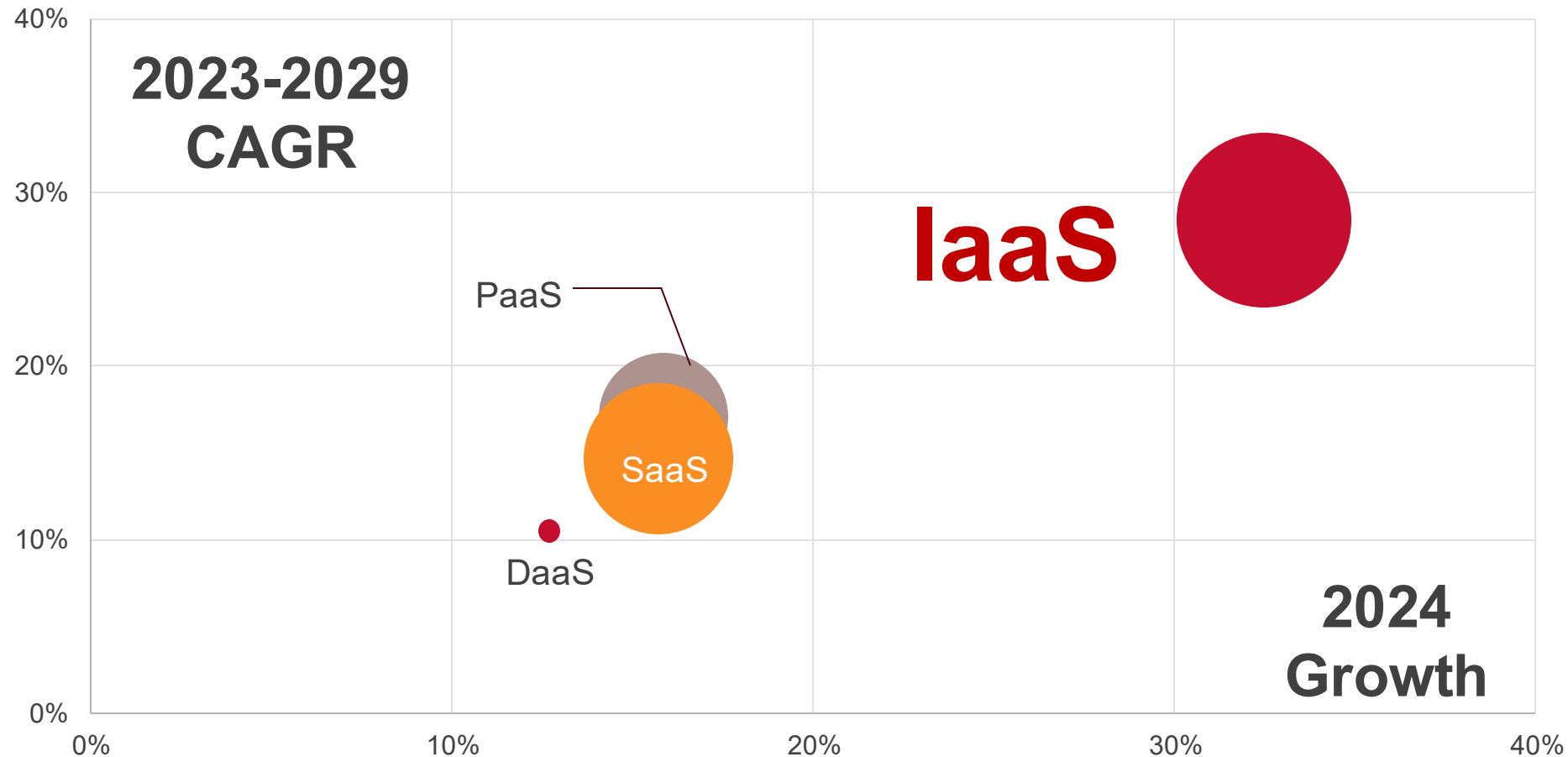
## 2. Business Strategy

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# Growth of IaaS Within Japan's Broader Cloud Computing Market

According to Gartner, Inc., **IaaS is the fastest-growing segment of Japan's cloud computing market.**  
**We will remain committed to maintaining our strong position as a pioneer in Japan's IaaS market.**



Graph created by Server Works based on Gartner research.

Source : [Forecast: Public Cloud Services, Worldwide, 2023-2029, 1Q25](#) Update, Hardeep Singh et al., 27 March 2025

PaaS: Cloud Application Infrastructure Services (PaaS), DaaS: Cloud Desktop as a Service (DaaS), SaaS: Cloud Application Services (SaaS), IaaS: Cloud System Infrastructure Services (IaaS), End-User Spending Constant Currency basis.

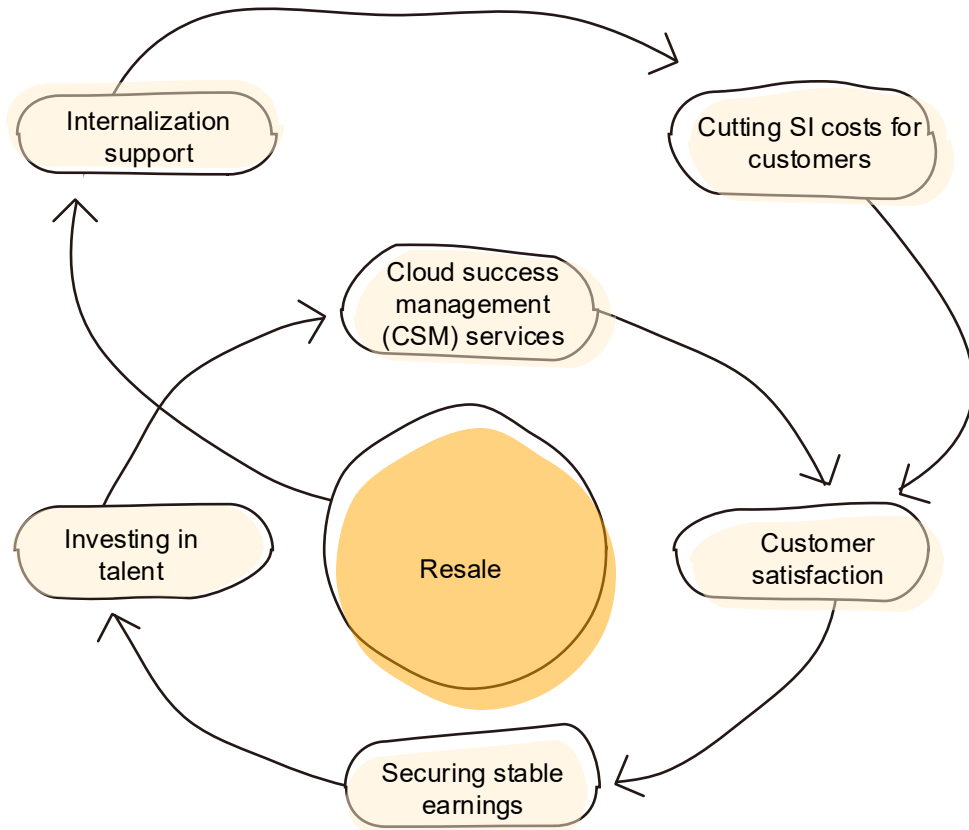
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# The Strategic Significance of Our Resale Business

Our resale solutions **enable customers to establish internal cloud capabilities** without exposure to unnecessary services or inflated costs, thereby **reducing their SI spending and raising their satisfaction**. By providing these benefits, we build trust-based relationships that **generate stable earnings, which we reinvest into talent**. This **favorable and mutually beneficial self-reinforcing cycle maximizes customer LTV**.

## Self-Reinforcing Growth Cycle of Our Business



## LTV

Minimal churn and ongoing annual growth in transaction volume

(JPYmn)

20,000

15,000

10,000

5,000

0

# Beyond the Cloud: Our Strategic Entry into Generative AI and Security

Serverworks can also apply the experience and expertise it has accumulated providing cloud services to generative AI. By pairing these advantages with managed security services offering both robust functionality and affordability, we are pursuing expansion within the enterprise sector.



# Becoming a Strategic Partner Who Delivers Comprehensive Cloud Computing, Artificial Intelligence, and Cybersecurity Support

Building on the **experience and expertise we have accumulated** deploying cloud-based technology, we aim to become a trusted strategic partner by providing **reliable security services and establishing environments where customers can fully utilize generative AI.**

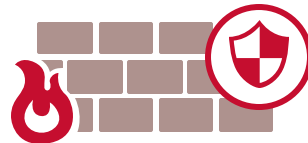


**Serverworks is uniquely capable of delivering integrated cloud, generative AI, and security solutions.**



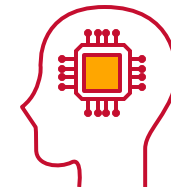
## Cloud services

We establish resilient and modern information systems on the secure and advanced AWS and Google Cloud platforms.



## Security services

We deliver round-the-clock security services that enable safe, secure, and uninterrupted cloud operations.



## Generative AI

The combination of robust cloud infrastructure and thorough cybersecurity controls enables companies to safely consolidate their corporate data, establishing the foundation needed to adopt generative AI technologies effectively and responsibly.

# Further Advancing Our Strategic Collaboration Agreement (SCA) with AWS

- In 2023, we concluded a strategic collaboration agreement with AWS to target the creation of \$215 million in new business over four years.
- **We achieved 239% of our cumulative performance target over the first two years of this agreement, and results continue to be favorable.**
- As the **central pillar of our medium-term management policy**, our SCA with AWS will remain a principal target for investment moving forward.

## Four focus areas

1

Development of common cloud infrastructure for large enterprises

2

AWS cloud utilization and DX promotion for small and medium sized enterprises

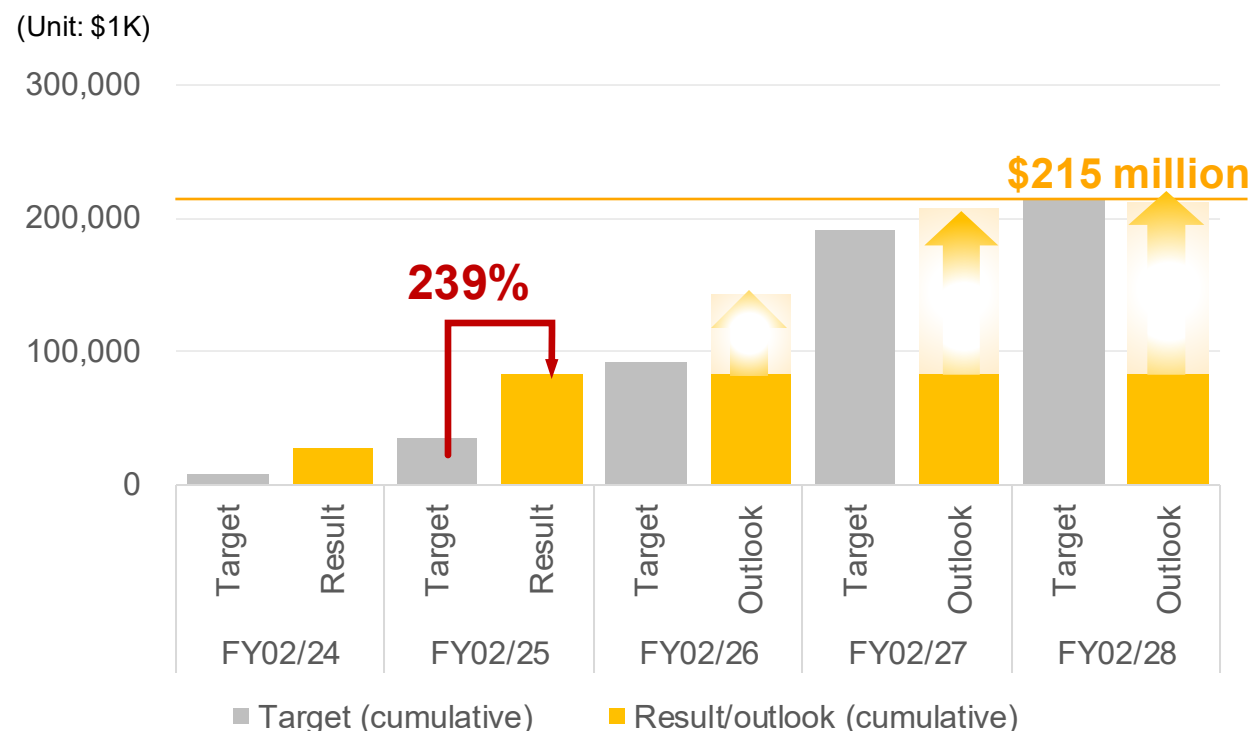
3

Cloud contact center construction support

4

Further strengthening of digital human resource development

## SCA: Current Progress and Future Targets



Notes: Cumulative figures for May 2023 through February 2025  
FY02/24 covers May 2023 through February 2024, and FY02/28 corresponds to March and April 2027.

## 3. Financial Strategy

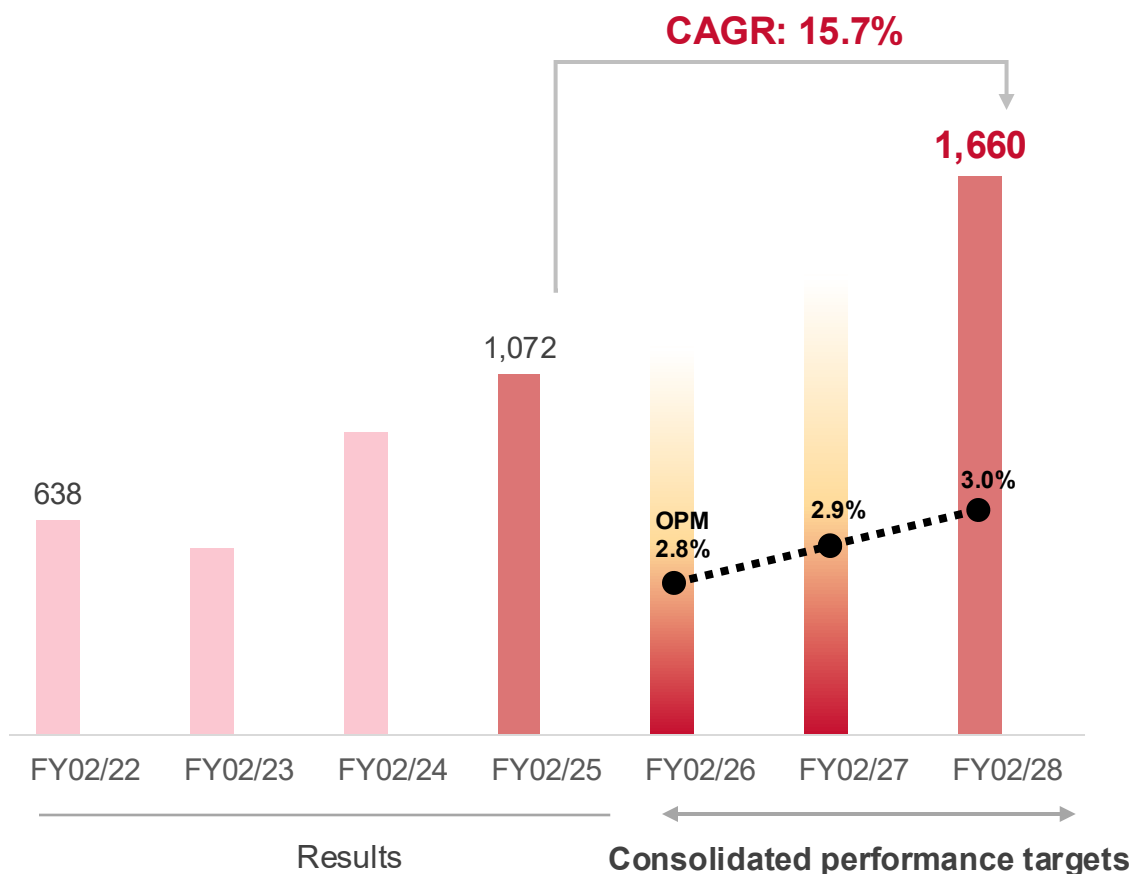
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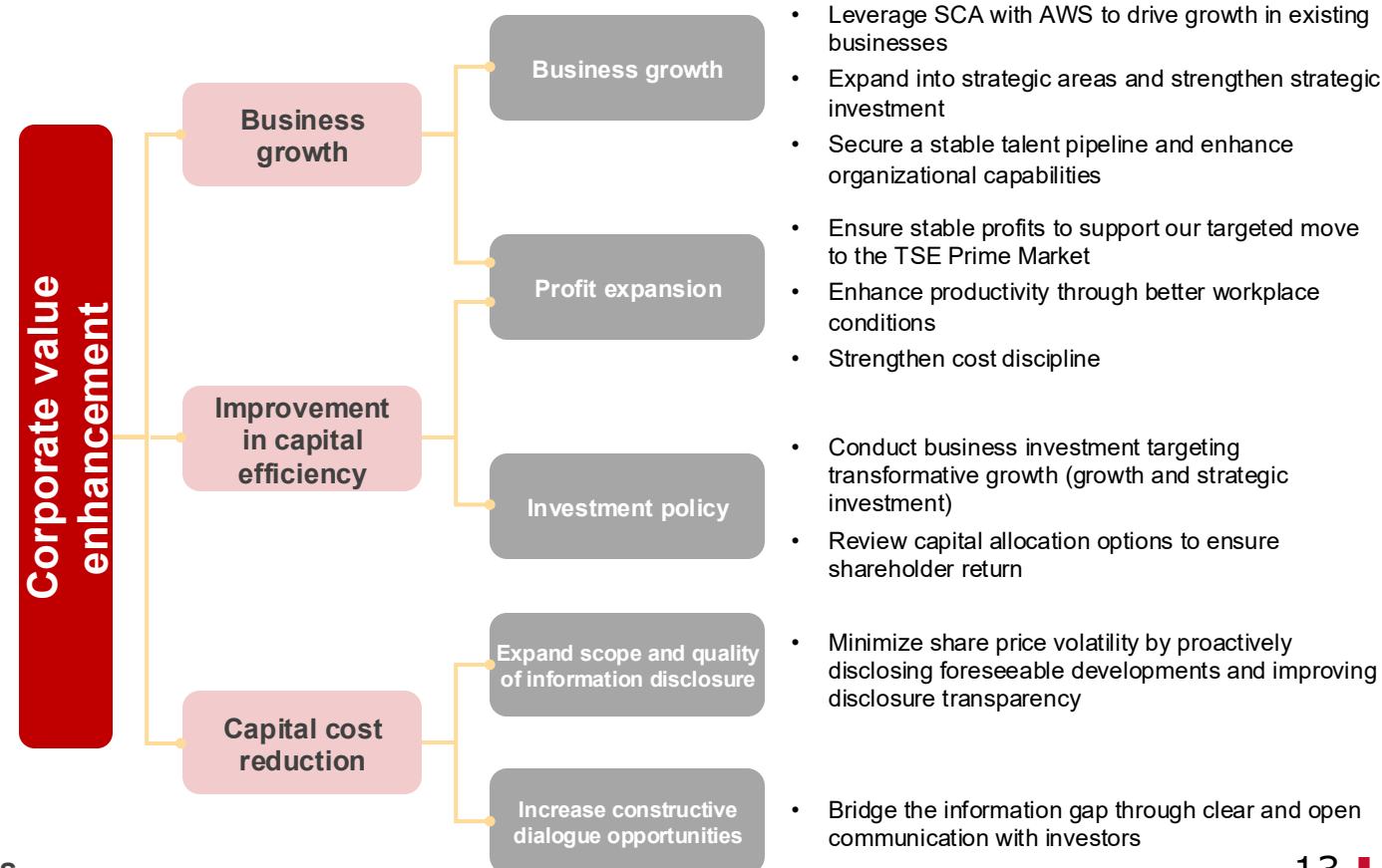
# Core Principles of Our Financial Strategy

We aim to enhance corporate value by **proactively investing**, improving labor productivity, and strengthening cost discipline, thereby laying a solid foundation for **sustainable profit expansion**.

## Operating Profit Performance and Targets



## Comprehensive Overview of Corporate Value Enhancement Initiatives

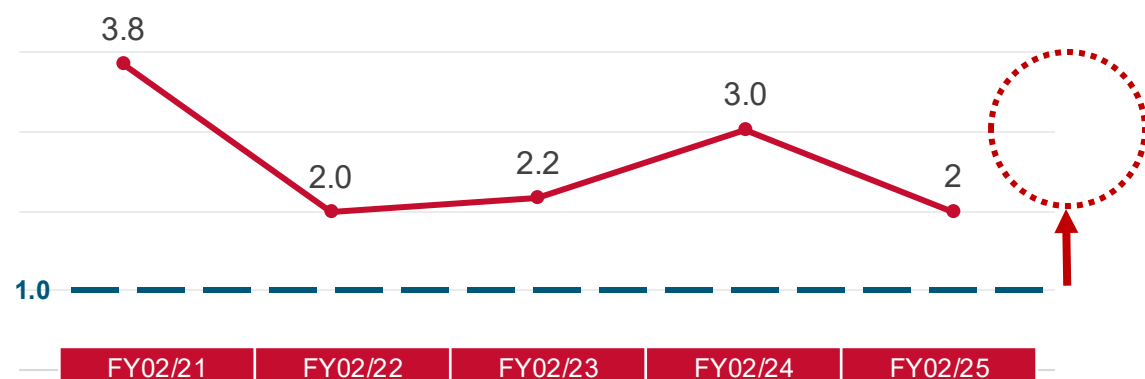




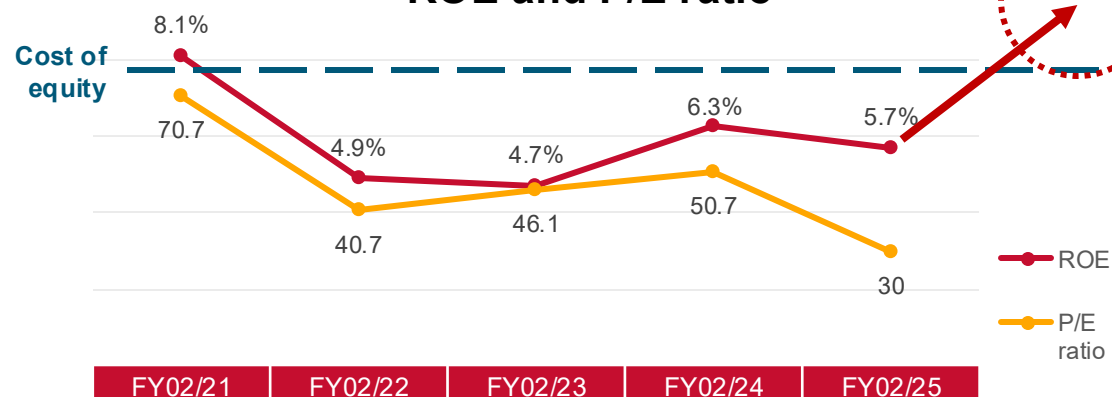
# Management Conscious of Capital Costs and Share Prices

We aim to **maintain a P/B ratio above 1.0** and **improve our ROE to a target of 10%**, which is higher than our **cost of equity**. In parallel, we seek to drive **continuous EPS growth** through shareholder returns and improved profitability—ultimately **enhancing corporate value by lowering capital costs**.

P/B ratio



ROE and P/E ratio



## Targeting Ongoing EPS Growth from Profitability, Rather Than Merely from Buybacks

		FY02/2022	FY02/2023	FY02/2024	FY02/2025 (Current fiscal year)
Net sales	(thousand yen)	10,920,831	17,295,718	27,510,746	35,717,021
Ordinary profit	(thousand yen)	653,514	624,153	1,032,687	1,066,240
Profit attributable to owners of parent	(thousand yen)	442,353	453,580	638,359	677,331
Basic earnings per share	(yen)	57.74	58.64	81.76	86.21
Total assets	(thousand yen)	11,673,081	14,743,930	18,056,854	20,493,787
Net assets	(thousand yen)	9,088,819	9,683,593	10,667,336	11,460,428
Net assets per share	(yen)	1,176.20	1,246.40	1,360.54	1,453.68

Note: EPS has been calculated using average shares outstanding for each period, while net assets per share has been determined using end-of-period share totals.

# Funding Strategy and Investment Policy

We will **prioritize strategic investment in business growth** while leveraging our **flexible funding options** and the **steady operating cash flow we generate** through our recurring revenue business model. Meanwhile, **as we aim to list on the TSE's Prime Market**, we will explore options for allocating capital to dividends and other forms of shareholder return.

## Funding Strategy

### Operating cash flow

- We will **generate operating cash flow through sustained profit growth** driven by business expansion

### Reduction of cross-shareholdings

- To improve capital efficiency, we will **reduce our cross-shareholdings by approximately 10% to 20% annually** and utilize the proceeds to finance future growth.

### Cash on hand

- We plan to **redeploy unspent funds** originally raised in 2020 for M&A, capital alliances, and talent development.

### Interest-bearing debt

- Given our sound financial position and ample funding headroom, we **may selectively utilize interest-bearing debt** to finance M&A or other strategic investments.

## Investment Policy

### Growth investment in existing businesses

- We will **continue investing in our existing SCA-based partnership with AWS** as we target future SCA renewal and expansion.
- We plan to invest in **cloud security and generative AI** as natural extensions of our existing business activities.

### Growth-oriented investment in human capital

- By investing in **proactive recruitment** and competitive compensation, we will aim to secure top talent.
- Through investment in retention, talent development, **organizational capability enhancement, and improvements to the working environment**, we will aim to strengthen our human capital.

### Strategic investment targeting inorganic growth

- We plan to invest in **expanding our business capabilities, particularly through M&A**.
- Strategic investment for **overseas expansion**.

### Shareholder return measures

- We will aim to improve our EPS through both profit growth and **share buybacks** while carefully evaluating our retained earnings to ensure financial stability.
- We plan to **explore our dividend policy options** as we aim to list on the TSE's Prime Market.

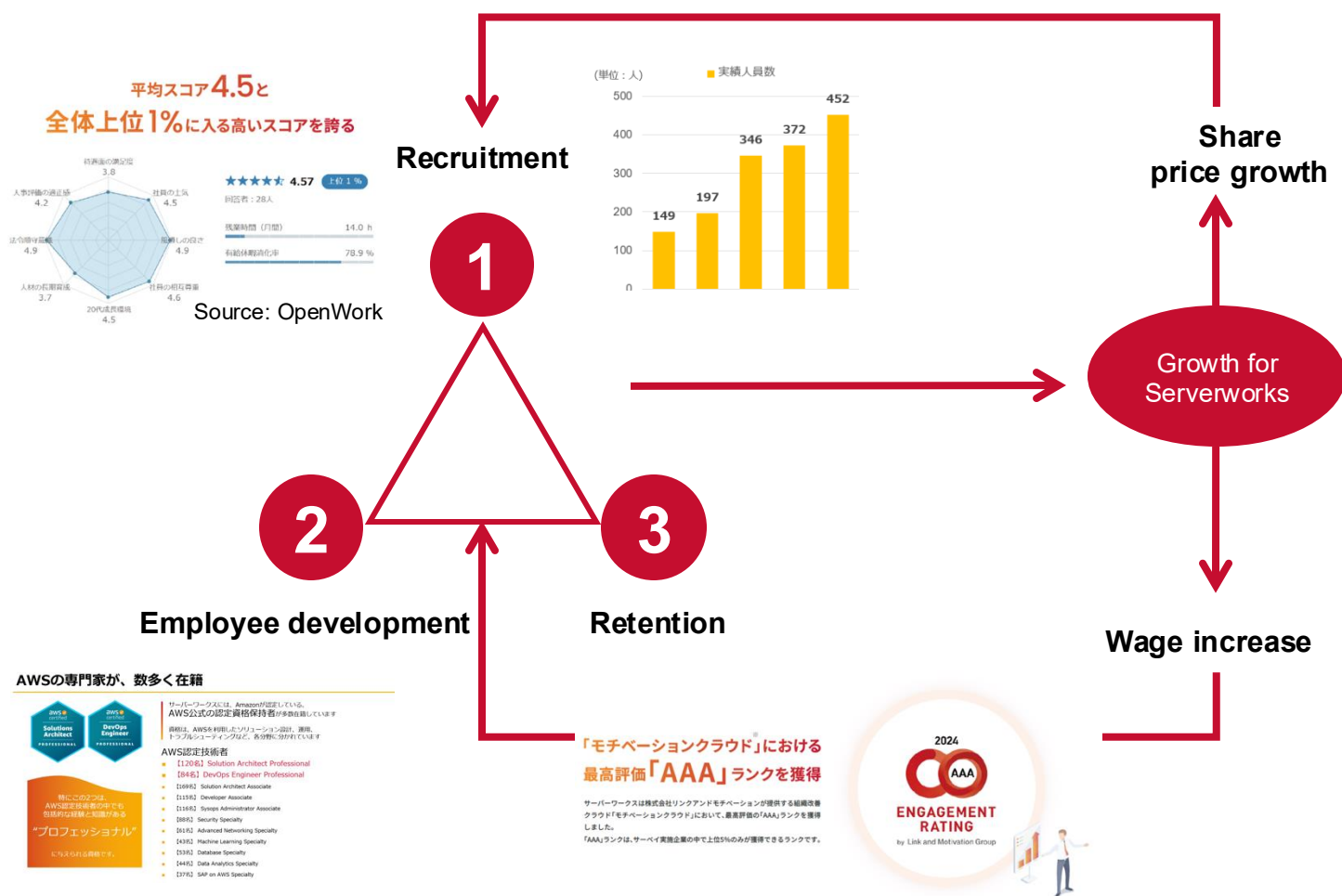
## 4. Non-Financial Strategy

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# Core Principles of Our Human Capital Strategy

By leveraging our strengths in **recruitment**, **employee development**, and **retention**, we will secure superior talent and **utilize our human capital to improve performance and achieve sustainable value creation.**



## OUTCOME

- Psychological satisfaction
- Growing spirit of co-creation and shared purpose
- Realization of personal growth
- Financial return
- Mental and physical well-being

# Core Principles of Our Sustainability Strategy

In addition to risk mitigation, our updated material priorities emphasize **resolving key societal challenges through our corporate group's core business operations**.

Serverworks Group Vision

Make the world more productive with the Cloud

	Foundation for growth			Strategy for further growth and social contribution	
Five major elements	Human capital base	Business foundation	Management base	Business growth strategy	Social contribution strategy
Current challenges	Elimination of labor shortages	Quality control for cloud services	Operational efficiency Pursuit of transparency	Mitigation of business risk and expansion into new business areas	Solving social issues while achieving business growth
Material priorities (critical issues)	<b>Materiality - 1</b> Creating a comfortable working environment and opportunities for growth and success   	<b>Materiality – 2</b> Delivery of high-quality cloud services   	<b>Materiality – 3</b> Enhancing and strengthening governance and compliance   	<b>Materiality – 4</b> Co-creation of new value and achievement of transformative growth    	<b>Materiality – 5</b> Providing economically efficient, environmentally responsible, and sustainable cloud-based infrastructure    
Ideal state	A company where employees feel secure, supported, and empowered to grow and thrive	A company that empowers customer cloud strategies through reliable, high-quality services	A company trusted by stakeholders that maintains and improves the efficiency and transparency of its management	A continuously evolving company that generates new value through co-creation while enhancing its knowledge and expertise	A strategic partner who enables customer innovation and growth through meaningful contribution



## 5. APPENDIX

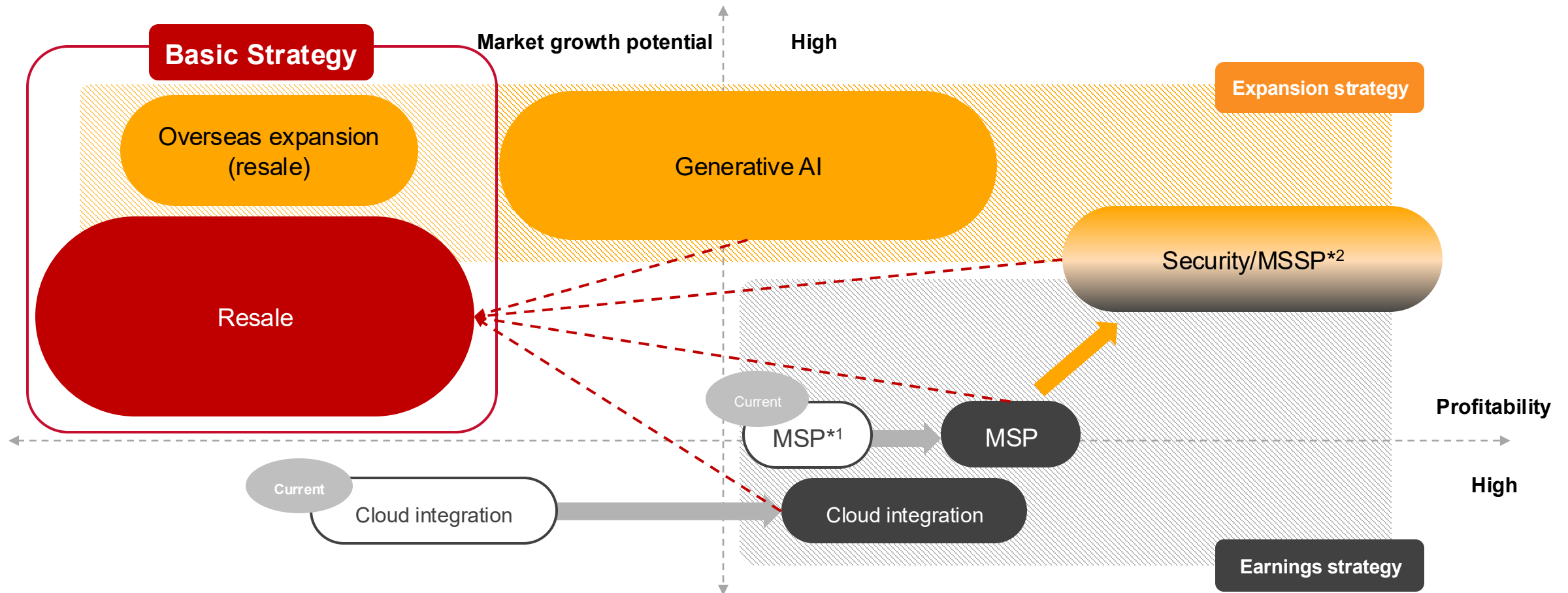
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# (Reference) Strategic Reassessment of Business Portfolio

**Achieving LTV maximization** through resale activities remains our strategic focus. However, we are also aiming to **improve the profitability** of our cloud integration, managed service provider, and managed security service provider operations by **enhancing productivity** and pursuing **growth in strategic areas** including security, generative AI, and overseas business.

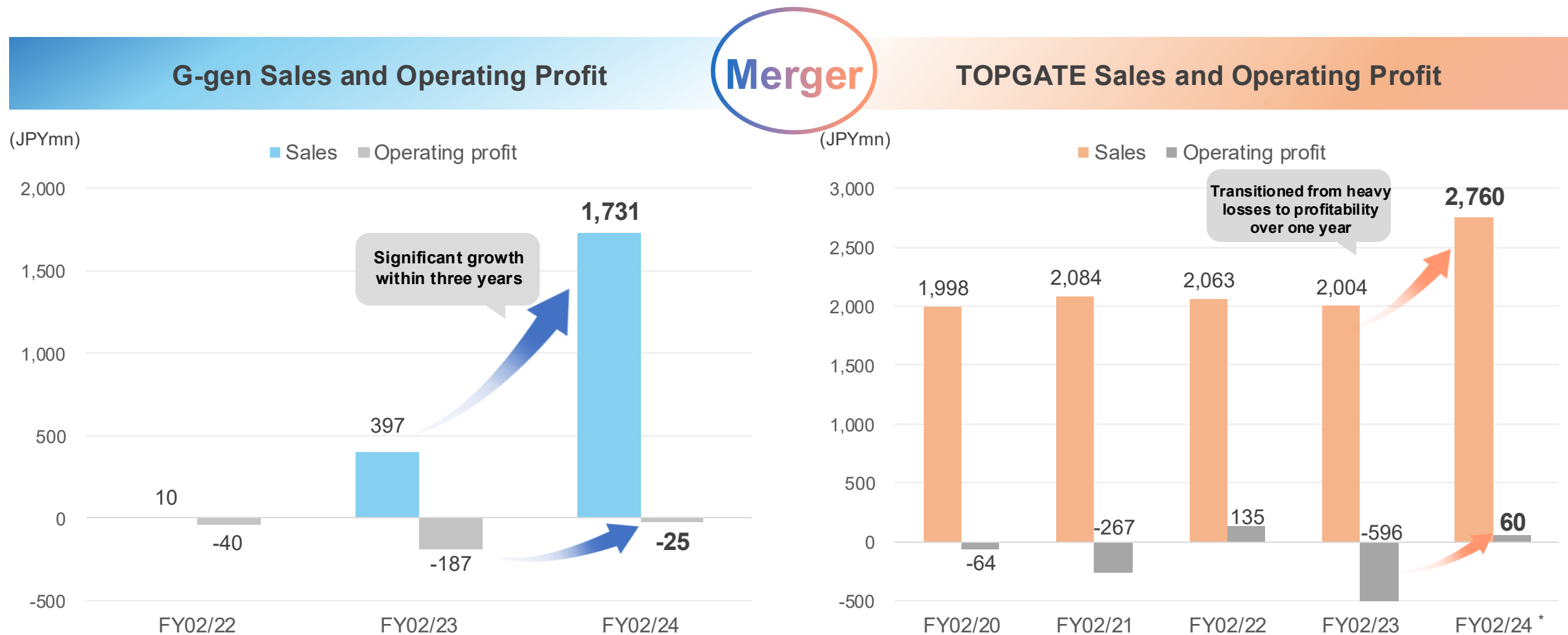


1. A managed service provider (MSP) handles the monitoring, operation, and maintenance of AWS-deployed virtual servers and networks on behalf of customers.

2. Under an IT service model, a managed security service provider (MSSP) provides end-to-end cybersecurity services ranging from the initial implementation of cybersecurity solutions to the oversight of day-to-day security operations for client IT systems.

# (Reference) Successful Examples of M&A and Subsidiary Management

Both G-gen and TOPGATE secured **significant and rapid sales growth, generating profitability after recently reporting heavy losses**. The two subsidiaries merged in July 2024 to form G-gen Co., Ltd., aiming to become Japan's leading Google Cloud services provider.



\*Until FY02/23, TOPGATE closed its books in December. Effective from FY02/24, it adopted the fiscal calendar of the Serverworks Group (ending with February). Due to this change, results for January and February 2023 have been omitted.

# (Reference) Cost of Capital Reduction Initiatives

We will aim to **reduce our cost of capital and maintain it at an appropriate level** by stepping up IR activities, fostering smooth engagement with equity markets, and ensuring investors understand and trust our operations enough to invest with confidence.

## FY02/25 investor communication activities

- Institutional investor meetings: **104**
- Meetings with sell-side analysts: **12**
- Financial results briefings: **4**

## Primary content covered

- Assumed exchange rate applied to financial forecasts
- SCA-related progress
- Status of subsidiaries
- Status of personnel recruitment
- Growth potential of the cloud market

## Expanding awareness

We will aim to maintain a stable and sustainable **trading volume and trading value** by broadening our equity market touchpoints and generating more investor attention.

- Increase the frequency of IR disclosures and actively participate in investor briefings and financial conferences
- Strengthen engagement with sell-side analysts

## Creating more frequent opportunities for constructive dialogue

Through meaningful two-way communication with investors, we will **encourage sustained medium- to long-term investment interest** in our company. Meanwhile, we will ensure investor feedback is relayed to management and applied to ongoing activities targeting **improvement in our management strategy and governance**.

- Share information in advance of investor meetings and proactively engage with high-potential investors
- Expand management participation in one-on-one meetings and IR briefings and raise the frequency of IR briefings for individual investors

## Improving and expanding disclosure

By enhancing the transparency of our disclosures, we will aim to **reduce share price volatility** and improve investor confidence—both key to **reducing our cost of capital**. Furthermore, by clearly communicating our growth potential, we will strive to **bring our market valuation in line with our underlying business fundamentals**.

- Continuously enhance earnings presentation materials and disclose introductory materials for new investors
- Modernize our IR website and provide extensive information, including responses to common and expected investor questions

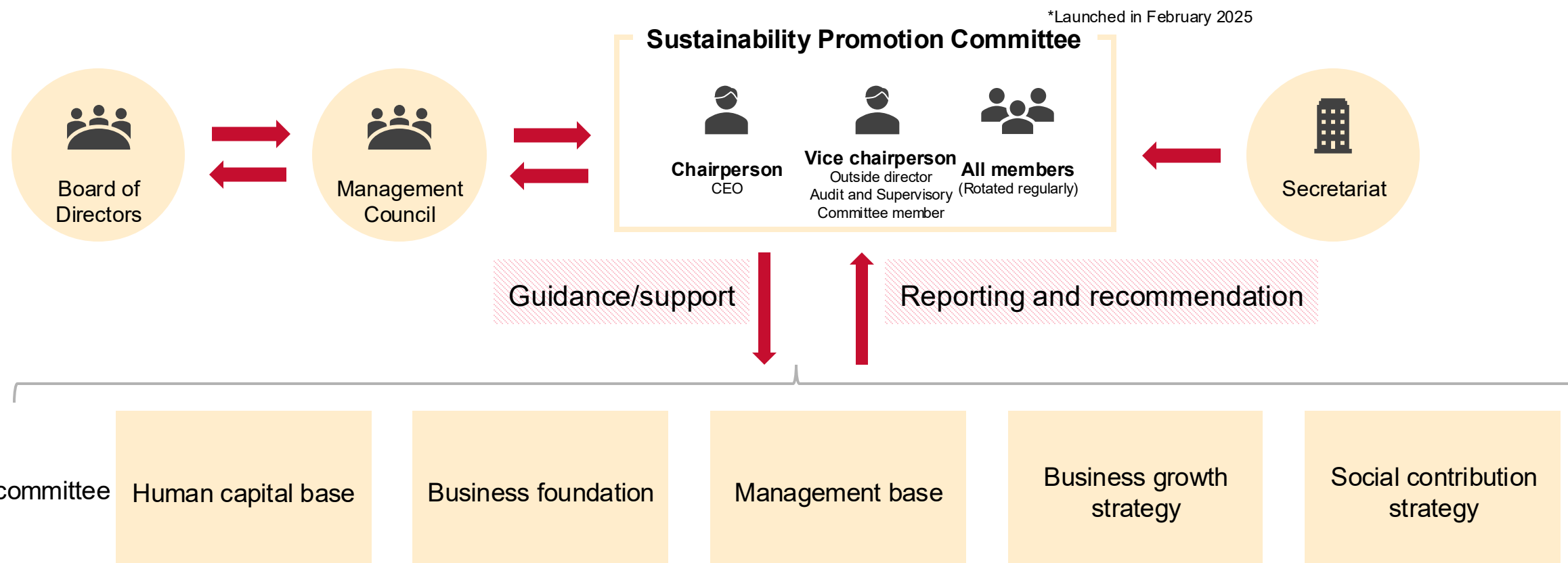
# (Reference) Human Capital Data

- Items marked with an asterisk (\*) represent key performance indicators in the context of human capital disclosure.
- All metrics apply to the parent company (Serverworks) only unless labeled with “consolidated.”

Item	FY02/25 result	Target
Employee count (consolidated)	449 (370 for FY02/24)	Dependent upon the recruitment plan for each term
Employees recruited (consolidated)	119 (68 for FY02/24) 89 mid-career hires; 15 new graduate hires	Dependent upon the recruitment plan for each term
Ratio of female managers*	17.9% (19.4% for FY02/24, as announced in May 2024)	30% by February 2030
Rate of paternity leave and childcare leave utilization among male employees*	100% (75% for FY02/24)	Maintain 100% through February 2027
Gender pay gap (ratio of female to male employee compensation)*	83.2% (86.4% for FY02/24)	90% or higher by February 2030
Employee turnover rate*	6.8% (8.1% for FY02/24)	Maintain at 10% or lower
Average length of employment	3.1 years	—
AWS certifications held*	1,288 (916 as of end-FY02/24)	2,216 by end-February 2027 (+1,300 over three years following end-FY02/24, when total was 916)
Engagement score*	AAA	Maintain AAA
Average annual salary	7.7 million yen	Explore options for higher compensation
Average employee age	36.6 (36.5 for FY02/24)	—
Paid leave utilization rate	65.2%	—

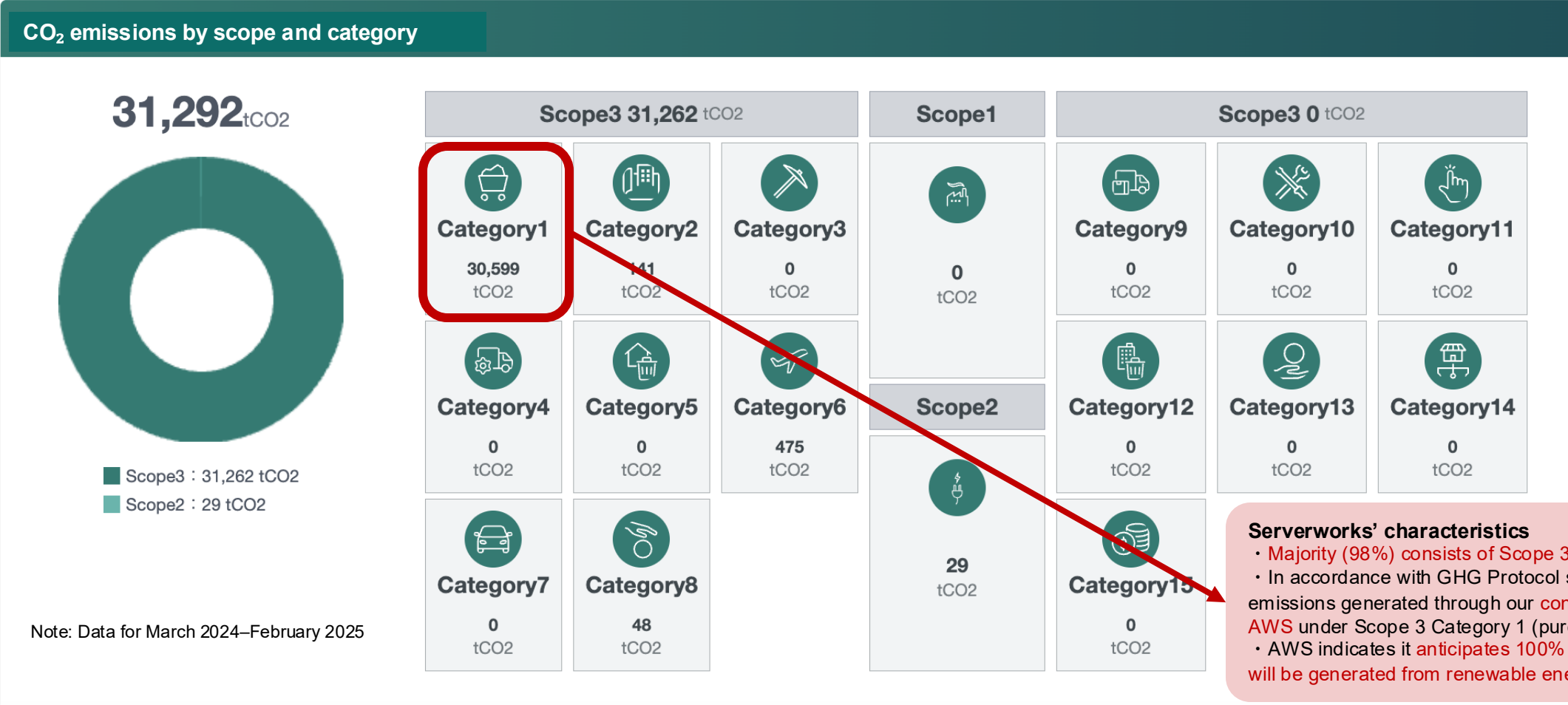
# (Reference) Sustainability Promotion Committee

In February 2025, Serverworks launched its Sustainability Promotion Committee, which is chaired by its CEO, with the aim of driving **initiatives that address social challenges while enhancing corporate value.**



# (Reference) A Business Growth-Aligned Sustainability Strategy: Cloud Services as a Sustainable Platform

By leveraging AWS’s advanced infrastructure design and operational expertise, we deliver IT systems that improve both environmental and cost efficiency, enabling our clients to achieve both **sustainable growth** and **environmental responsibility**.





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

**Make the world  
more productive  
with the Cloud**

