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April 14, 2026

To whom it may concern

Company name:	Serverworks Co., Ltd.	
Representative	Representative Director, President	Ryo Oishi
	(Securities code: 4434 TSE Standard)	
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Notice Regarding Updates of Numerical Targets in the Mid-Term Management Policy

Serverworks Co., Ltd. (the "Company") hereby announces that at its Board of Directors meeting held today, the Company resolved to update the numerical targets of the Mid-Term Management Policy (covering fiscal years ending February 2026 through February 2028), which was announced on April 14, 2025, based on the latest business environment and strategic direction. Details are as follows.

１． Details of the Update

Numerical Targets (Consolidated Performance Targets)

(million yen)	FY02/2026	FY02/2027	
	Results	Initial Targets	Updated Targets (FY02/2027 Guidance)
Net sales	40,006	47,349	47,184
Gross Profit	3,644	5,359	4,832
Operating Profit	625	1,372	1,310
Ordinary Profit	766	1,422	1,398

２． Reasons for the Update

The Company currently positions FY02/2027 as a “preparatory period for dramatic growth through AI implementation.” While maintaining the framework of the originally formulated mid-term management policy, we have updated our numerical targets based on the following strategic decisions to secure dominance in the rapidly evolving AI market.

Furthermore, regarding the earnings guidance for the current fiscal year (FY02/2027), in order to unify management metrics and conduct business in a manner more closely aligned with actual conditions, we will base the figures on our latest internal plans rather than the target figures from the original mid-term management policy (Mid-Term Plan). Consequently, we are updating the guidance for FY02/2027 to serve as the numerical targets for the new Mid-Term Plan. The reasons for this update and the discrepancies with the Mid-Term Plan are as follows.

1. Policy Shift Toward Strategic Resale Acquisition to Maximize Future AI Revenue

   The key to maximizing revenue during the future era of widespread AI adoption lies in gaining control over our customers’ cloud infrastructure in terms of both quality and quantity. We are currently prioritizing the acquisition of large-scale enterprise projects by leveraging strategic partnership agreements (SCAs) with AWS and other initiatives.

Although these large-scale projects will lead to a short-term decline in resale (cloud usage fee) margins, they represent a strategic investment aimed at improving long-term LTV (Customer Lifetime Value) by securing a leading position in the "foundation on which AI operates." We have reflected the fluctuation in gross profit margin resulting from this policy change.

2. Controlling SG&A Expenses and Maintaining Ordinary Profit Margin Through AI Adoption

   To offset the decrease in gross profit resulting from the aforementioned strategic resale acquisition, we will control SG&A expenses by improving operational efficiency through the internal adoption of AI and other measures. Through this, we plan to absorb the shortfall in gross profit and maintain the target level for the final ordinary profit margin set forth in our initial mid-term management policy.

The update to the numerical targets in this Mid-Term Management Policy is not merely a revision of earnings forecasts. It represents an update driven by a clear strategic intent: while strategically lowering gross profit margins to prioritize capturing resale market share (expansion) in order to capture future AI demand, we are committed to maintaining the original mid-term management policy level for the ordinary profit margin through cost containment achieved by utilizing our own AI and other measures. Please refer to the attached materials for details.

Please note that forward-looking statements in this announcement are based on information available as of the date of this announcement and do not constitute a guarantee of future performance. Actual performance and results may vary due to various factors in the future.

FY02/26 ➡ FY02/28
Serverworks Group Medium-Term Management Policy

– FY02/26 Review / FY02/27 Update –

Serverworks Co., Ltd.

April 14, 2025

Translation

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Executive Summary

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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

As Announced on April 14, 2025

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.

Executive Summary

		FY27 Update
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	• **No changes to the overall business strategy** • **Implementing tactical-level updates in response to current AI trends**
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**	• **No changes** • **Regarding a listing on the Prime Market, we are carefully evaluating the optimal timing to demonstrate to the market the sustainable growth and corporate value befitting a Prime-listed company over the medium to long term**
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**	

Consolidated Performance Targets*1

Update of numerical targets for FY02/27

To better reflect actual conditions, we have shifted our management indicators to guidance based on the latest internal plans, moving away from the original medium-term targets (previous targets).
The ordinary profit margin remains unchanged.

(JPYmn)	FY02/26 results	FY02/27 previous targets	FY02/27 Guidance new targets*2	FY02/28 Target (Unchanged)	FY02/29 Not yet announced
Net sales*3	40,006	47,349	47,184	56,092	–
Gross profit	3,644 (9.1%)	5,359 (11.3%)	4,832 (10.2%)	6,358 (11.3%)	–
Operating profit	625 (1.6%)	1,372 (2.9%)	1,310 (2.8%)	1,659 (3.0%)	–
Ordinary profit	766 (1.9%)	1,422 (3.0%)	1,398 (3.0%)	1,729 (3.1%)	–

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, 2026” release dated April 14, 2026.

2. FY2026 (Year 1 of Mid-term Plan) Review

FY2026 Consolidated Performance Targets Review

Although sales declined due to the impact of yen appreciation resulting from U.S. tariff policies in the spring of 2025, the business continued to perform well
On the other hand, while profits turned negative due to a combination of special factors, measures have largely been completed to ensure these issues do not carry over into FY02/27

(JPYmn)	FY02/26 previous targets	FY02/26 results	Difference	Comments on the differences
Net sales	**40,841**	**40,006**	**-835**	• Impact of yen appreciation (significant impact) • Impact of unprofitable projects (minor impact)
Gross profit	**4,617** (11.3%)	**3,644** (9.1%)	**-972** (-2.2%)	• Impact of reduced sales due to yen appreciation (minor impact) • Impact of increased costs due to new unprofitable projects (significant impact)
Operating profit	**1,140** (2.8%)	**625** (1.6%)	**-514** (-1.2%)	• Impact of the decrease in gross profit • On the other hand, SG&A expenses were curbed (positive impact)
Ordinary profit	**1,171** (2.9%)	**766** (1.9%)	**-405** (1.0%)	• Impact of the decline in operating profit

FY2026 Business Strategy Review

Resale

Reselling is not just about selling infrastructure;
it remains our most powerful touchpoint for maximizing Customer Lifetime Value (LTV)

1 Shift in Resale Strategy (From Profit Margin to Total Profit Amount)

- As revenue growth accelerates through the acquisition of major clients (strategic pricing) and the utilization of the AWS Marketplace (low-margin segments), gross profit margins will inevitably decline temporarily. However, in line with our fundamental policy of “increasing total profit amount,” which we have upheld from the outset, we will prioritize the accumulation of total profit amount.

2 Expanding Current Market Share to Grow Future AI Revenue

- To maximize future AI revenue, we are shifting our strategy once again to prioritize “market share acquisition” through resale acquisitions using strategic pricing.
- We are building a model that starts with acquiring entry-level customers, builds up CI and MSP fees, and ultimately adds “AI revenue” as the final component

FY2026 Business Strategy Review

Strategic Collaboration Agreement (SCA) with AWS

**A significant increase in lead generation has been achieved through aggressive marketing investments driven by the SCA,
and given the steady progress in results, discussions have begun regarding the next SCA**

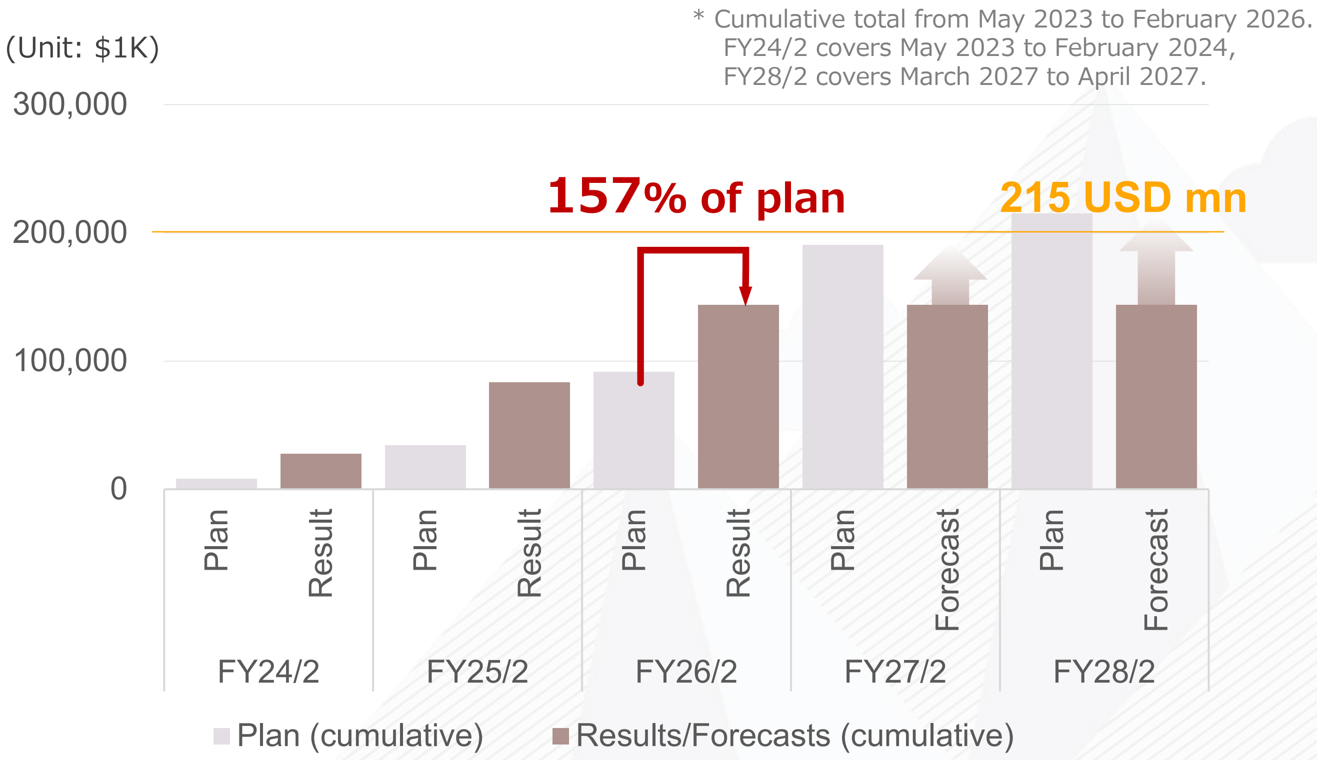
SCA KPIs

- New project generation ▶ **Target achieved**
- Utilization of the Marketing Fund*
  ▶ **Progressing smoothly**
- Number of AWS Certifications
  ▶ **Increasing steadily**

Future Outlook

- Based on our track record to date
  Discussions are currently underway regarding SCA 2.0 (the next contract phase)

Progress in generating new business through SCA



* Marketing fund generally refers to joint marketing funds provided by manufacturers to retailers for promotional activities (such as trade shows, advertisements, and seminars) related to the manufacturer's own products. Our strategic partnership agreement with AWS also stipulates financial support from AWS to us as a partner.

FY2026 Business Strategy Review AI

Amid a positive cycle where AI advancement drives continuous cloud growth, we are securing our future AI revenue through strategic milestones, including our agreement with Anthropic and a growing portfolio of AI projects

1 Three Types of Cloud Demand Driven by AI

①**Data Aggregation** : Cloud-based data aggregation is essential to maximize the power of AI

②**AI Development Infrastructure Utilization** : To deploy AI-developed applications through in-house development or replacement of SaaS solutions, utilize our proprietary cloud infrastructure

③**Secure Deployment of AI Agents** : We are promoting Bedrock as the optimal solution for operating AI agents while ensuring safety

2 Strengths unique to Serverworks

①**Data Infrastructure** : Proven track record with enterprise-grade solutions such as Databricks and Gemini Enterprise

②**AI Development** : Extensive experience with Amazon Connect and expertise in replacing internal SaaS solutions with AI-driven alternatives

③**AI Agents** : Technical expertise to maximize Bedrock’s performance through our partnership with Anthropic

FY2026 Business Strategy Review

Security

By establishing dedicated departments and operational subsidiaries, we are enhancing our 24/7 security infrastructure to ensure that customers can adopt cloud and AI technologies with complete confidence

1 Establish a dedicated department

- Establish a new dedicated security department and invest in initial costs

2 Establish Serverworks Smart Operations and Improve Profit Margins

- Established as a subsidiary to improve in-house operational efficiency and gradually contribute to improved profit margins

3 License Acquisition and Strengthening of Partnerships

- Recognized for the advanced expertise of "SabaSock," our security operations support service for AWS environments, we obtained the MSSP (Managed Security Service Provider) competency
- By entering into partnership agreements with security companies, including CrowdStrike, we have further strengthened our comprehensive security infrastructure

FY2026 Business Strategy Review

Overseas Expansion

With the launch of the AWS Bangkok Region in Thailand in 2025, we will accelerate our entry into the Thai cloud market and expedite preparations to establish a revenue base in the ASEAN market.

1 Initiated Preparations for Opening the Bangkok Office

- We have dispatched employees to the site to begin preparations for opening the new location. Moving forward, we plan to conduct local hiring and establish a local subsidiary

2 Market Environment and Entry Opportunities

- We aim to capture the growing demand for cloud migration and AI by leveraging the shift away from on-premises systems and the increasing focus on AI integration

3 Competitive Advantage

- The only Japanese Premier Partner capable of providing "hands-on" support to local companies
- Proven track record in enterprise and large-scale migrations cultivated in the Japanese market

FY2026 Financial Strategy Review

**Due to a combination of special factors resulting in a net loss, the financial strategy did not proceed as planned,
However, regarding shareholder returns, we are vigorously promoting improved capital efficiency and continuous profit distribution**

1 Increase in Total Profit Amount

- Although a combination of one-time factors led to a temporary decline in profits, demand in the cloud market remains strong and the business foundation is stable

2 ROE Exceeding the Cost of Equity

- Efforts to improve ROE will focus on expanding total profit levels first, rather than simply reducing capital
- Meanwhile, from the perspective of capital efficiency, we optimized capital to an appropriate level by utilizing share buybacks and reviewing strategic equity holdings, while balancing necessary working capital and growth investments

3 Balancing Growth Investment and Shareholder Returns

- We completed the repurchase of a total of 522,000 shares (approximately 1,116 million yen) in two tranches in April 2025 and January 2026
- In October 2025, we announced our first dividend policy and began direct shareholder returns

FY2026 Non-Financial Strategy Review

In FY2026, we prioritized initiatives directly linked to business growth while simultaneously building a foundation for non-financial goals. We will continue to phase in measures aimed at enhancing corporate value over the medium to long term

1 Utilization of Human Capital

- While continuing our recruitment and training initiatives, we will explore ways to improve productivity through the use of AI and other technologies, and work to strengthen the organizational foundation that supports sustainable growth

2 Sustainability Activities

- Renamed the Sustainability Promotion Office to “Compassionate Design Office”
- We are advancing these initiatives within reasonable limits while prioritizing alignment with our business operations, and plan to continue rolling out effective measures in phases

3. FY2027 (Year 2 of Mid-term Plan) Update

FY2027 Strategy Update

To unify management metrics, we have updated the targets in the medium-term management plan to align with the FY2027 guidance.
Although the gross profit margin is expected to decline strategically, we will maintain the levels of the previous mid-term plan on an ordinary income basis

1 Update to FY27 Financial Targets

- The differences compared to the previous medium-term plan are due to changes in exchange rate assumptions; if compared using the same exchange rate conditions as the previous plan, both revenue and ordinary income would remain at the levels of the previous plan (see next section)
- Although the gross profit margin will decline due to changes in the resale strategy, we will strictly control SG&A expenses to firmly maintain the originally projected level of ordinary income

2 Business Strategy

- No changes to the overall business strategy
- To maximize future AI revenue, the strategy has been revised once again to prioritize “market expansion” through strategic pricing to capture resale opportunities in the near term

3 Financial and Non-Financial Strategy

- No changes
- Regarding the listing on the Prime Market, we will carefully evaluate the optimal timing not merely to meet formal criteria, but to demonstrate to the market our sustainable growth potential and corporate

Analysis of Differences Between the New and Old Mid-Term Management Policies

(JPYmn)	① Previous Mid-Term Plan FY2027 (Year 2)	② New Mid-Term Plan FY2027 Guidance	③ (Ref.) Assuming the same exchange rate as in the former Mid-Term Plan	Comments
Exchange Rate	152.75 yen	150.22 yen (-2.53 compared to ①)	152.75 yen (±0 compared to ①)	• Exchange rate sensitivity (1 yen) Net sales 278 million yen/year Profit 26 million yen/year
Net sales	47,349	47,184 (-165)	47,889 (+539)	• **The decline in sales** in the new mid-term plan ② is **due to differences in exchange rate assumptions**; if the exchange rate were set to the same level as in the previous mid-term plan, sales would increase
Gross Profit	5,359	4,832 (-527)	4,898 (-461)	• **The decline in gross profit margin** in the new med-term plan (②, ③) is due to **a change in strategic policy prioritizing resale acquisition**
Gross Profit Margin	11.3%	10.2%	10.2%	
Operating Profit	1,372	1,310 (-62)	1,376 (+4)	• Despite a decrease in gross profit under the new mid-term plan (②), **ordinary profit remained at the same level as under the previous mid-term plan** by **controlling SG&A expenses** • Cost reduction due to the elimination of the impact of goodwill (SG&A) of approximately 108 million yen/year • Cost reductions achieved through the appropriate allocation of SG&A expenses, including the use of AI
Operating Profit Margin	2.9%	2.8%	2.9%	
Ordinary Profit	1,422	1,398 (-24)	1,464 (+42)	
Ordinary Profit Margin	3.0%	3.0%	3.1%	

Shareholder Return Policy

Previously Announced

While striving to further strengthen financial soundness alongside growth investments and to maintain a balance between growth and stability in management,
we aim to provide stable and continuous returns on profits based on a comprehensive assessment of operating results and other factors for each fiscal year

1 Guidelines for the Dividend Payout Ratio and Total Return Ratio

- We aim for a consolidated dividend payout ratio of approximately 20% to 30% of net income attributable to owners of the parent, excluding one-time gains or losses on asset sales and gains or losses not accompanied by an increase in cash and cash equivalents. We also consider the repurchase of treasury stock as an option, and aim for a total return ratio of 25% to 50%

2 Dividend Payout Ratio Guideline

- To ensure dividend stability during periods of temporary fluctuations in earnings and to minimize dependence on short-term performance, we aim for a minimum Dividend on Equity (DOE) ratio of 1.0

3 Dividend-to-Operating Cash Flow Ratio Guideline

- To secure the financial flexibility necessary for growth investments, we will closely monitor operating cash flow and strive to maintain a balance between growth investments and shareholder returns by keeping the ratio of total dividends to operating cash flow within the range of approximately 10% to 30%

4 Dividends

- The year-end dividend for FY02/2026 is 25 yen per share. For FY02/2027, we plan to increase the dividend by a total of 30 yen, with an interim dividend of 15 yen and a year-end dividend of 15 yen

4. FY2028 (Year 3 of Mid-term Plan) and Beyond

FY2028 and Beyond

The rapid pace of AI evolution and surging demand make it challenging to conduct precise simulations at this stage
Our decision is not about withholding information for negative reasons, but about our responsibility to avoid releasing unverified estimates

1 Regarding FY28

- While we intend to follow the basic policy of FY2027, the rapid evolution of AI and expanding demand make it challenging to conduct precise simulations at this stage
- At this time, we will not update our consolidated earnings targets; instead, we will deliberately maintain the targets from the previous medium-term plan and plan to promptly update the numerical targets once the situation becomes somewhat more predictable

2 Regarding FY29

- While we will refrain from disclosing numerical targets at this time, this is not a matter of withholding information for negative reasons, but about our responsibility to avoid releasing unverified estimates

Make the world
more productive
with the Cloud

Serverworks