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October 28, 2025

Summary of Financial Results for the Second Quarter Ended September 30, 2025 (Interim Period) (Consolidated)

Company name: SAKURA internet Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 3778
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 Scheduled date to file semiannual report: November 11, 2025
 Scheduled date to commence dividend payment: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and securities analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2025 (Interim Period: from April 1, 2025, to September 30, 2025)

(1) Consolidated operating results (YTD)

(%: Changes from the corresponding interim period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2025 (interim period)	15,631	17.8	(920)	-	(811)	-	(626)	-
Six months ended September 30, 2024 (interim period)	13,271	28.3	1,295	419.4	1,102	538.2	710	305.4

Note: Comprehensive income Six months ended September 30, 2025 (interim period) ¥(569) million [-%]
 Six months ended September 30, 2024 (interim period) ¥ 636 million [89.1%]

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2025 (interim period)	(15.66)	-
Six months ended September 30, 2024 (interim period)	18.64	-

(2) Consolidated financial conditions

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
Six months ended September 30, 2025 (interim period)	80,260	29,611	36.6
Fiscal year ended March 31, 2025	81,419	30,257	36.9

Reference: Shareholders' equity Six months ended September 30, 2025 (interim period) ¥29,400 million
 Fiscal year ended March 31, 2025 ¥30,055 million

2. Cash dividends

	Cash dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	-	0.00	-	4.00	4.00
Fiscal year ending March 31, 2026	-	0.00			
Fiscal year ending March 31, 2026 (forecast)			-	5.00	5.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated forecast for the fiscal year ending March 31, 2026 (from April 1, 2025, to March 31, 2026)

(%: Changes from the corresponding period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	36,500	16.2	350	(91.6)	400	(90.1)	200	(93.2)	5.00

Note: Revisions to the most recently announced earnings forecast: None

* Notes:

(1) Material changes in subsidiaries during this period: None

Newly included: - company

Excluded: - company

(2) Application of accounting methods specific to the preparation of interim consolidated financial statements: None

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

Six months ended September 30, 2025 (interim period)	41,890,700 shares
Fiscal year ended March 31, 2025	41,890,700 shares

(ii) Number of treasury shares at the end of the period

Six months ended September 30, 2025 (interim period)	1,868,528 shares
Fiscal year ended March 31, 2025	1,889,458 shares

(iii) Average number of shares of common stock during the six months

Six months ended September 30, 2025 (interim period)	40,011,006 shares
Six months ended September 30, 2024 (interim period)	38,098,328 shares

Note: The Company has introduced Stock Benefit Trust (J-ESOP). The shares of the Company's stock held by the Stock Benefit Trust are included in treasury shares which are deducted when calculating the number of treasury shares at year-end and the average number of shares during period.

* Interim financial results reports are exempt from audits conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

- These forward-looking statements, including forecasts, in this material are based on data currently available to management and certain assumptions that management believes are reasonable, and are not intended as a guarantee that the Company will achieve these targets. The actual results may differ materially from those projected herein depending on various factors. For the conditions underlying earnings forecasts and notes on using earnings forecasts, please refer to "(3) Explanation of consolidated earnings forecasts and other forward-looking information" in "1. Qualitative Information on the Interim Financial Results" on page 3 of the attached document.
- The Company plans to hold a financial results briefing for institutional investors and analysts on Tuesday, October 28, 2025. The presentation materials used on the day, along with an audio recording of the briefing, are scheduled to be promptly posted on the Company's website following the event.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of operating results

During the six months ended September 30, 2025, the Japanese economy was expected to continue its gradual recovery, supported by improvements in the employment and income environment and the effects of various policies. However, the risk of economic conditions worsening has been heightening due to the impact of the U.S. trade policy. In addition, there are potential risks that could negatively impact the Japanese economy, including the effect of ongoing inflation on personal consumption due to factors such as a decline in consumer sentiment. Furthermore, continued attention must be paid to the impact of financial and capital market volatility, etc.

The cloud and internet infrastructure market is expected to see increased investment in the utilization of generative AI, cloud migration, and digital business amid growing momentum related to generative AI. We anticipate that investment will continue to expand, driven by growing expectations for domestic public clouds.

In these circumstances, the Group aims to support the realization of what customers “want to do” by providing the Group’s one-stop services from system integration and development, and provision, maintenance, operation and customer support, etc. of internet infrastructure services. With the main goal of realizing the success of more than 480,000 existing customers and potential customers, the Company focuses on expanding cloud services that have high growth potential in the future.

Despite the expiration of a large-scale national governmental project at the end of the previous fiscal year, net sales were 15,631,162 thousand yen (up 17.8% year on year), due to strong sales of GPU infrastructure services, including the contribution of GPU investment in the previous fiscal year and the current fiscal year, as well as an increase reflecting the acquisition of other services projects and the steady growth in cloud services sales.

Operating loss was 920,815 thousand yen (operating profit of 1,295,887 thousand yen in the same period of the previous fiscal year). While investment in human resources to strengthen efforts to develop Cloud service functions and promote sales progressed steadily, the delay in revenue growth in GPU infrastructure services, along with increases in depreciation, server maintenance expenses, data center rent, and electricity costs, resulted in the operating loss.

Ordinary loss was 811,762 thousand yen (ordinary profit of 1,102,108 thousand yen in the same period of the previous fiscal year) due to the recording of an operating loss and other factors.

Loss attributable to owners of parent was 626,763 thousand yen (profit attributable to owners of parent of 710,071 thousand yen in the same period of the previous fiscal year) mainly due to the posting of an ordinary loss.

The business conditions by service category are as follows: Effective from the six months ended September 30, 2025, the name of the “GPU Cloud Services” category was changed to “GPU Infrastructure Services” in order to provide a clearer representation of our business activities. In addition, certain services previously included in Physical Base Services were reclassified under GPU Infrastructure Services, while some services previously included in GPU Cloud Services were transferred to Cloud Services. The year-on-year figures below have been restated for comparison, reflecting this change in naming/categorization.

(i) Cloud services

Net sales of cloud services were 7,509,170 thousand yen (up 10.2% year on year) mainly

because SAKURA Cloud and SAKURA Web Hosting continued to perform favorably.

(ii) GPU infrastructure services

Net sales of GPU infrastructure services were 2,820,758 thousand yen (up 25.9% year on year) mainly due to sales contributions from GPU investment made in the previous fiscal year and the current fiscal year.

(iii) Physical base services

Net sales of physical base services were 1,577,929 thousand yen (down 4.1% year on year), mainly due to a decline in the use of the housing service and the exclusive server service.

(iv) Other services

Net sales of other services were 3,723,303 thousand yen (up 44.8% year on year) mainly due to the capturing of large-scale projects.

(2) Explanation of financial condition

Assets, liabilities and net assets at the end of the six months ended September 30, 2025, and the factors affecting them are as follows:

(i) Assets

Total assets at the end of the six months ended September 30, 2025, decreased 1,159,445 thousand yen (down 1.4%) from the end of the fiscal year ended March 31, 2025, to 80,260,025 thousand yen. This was mainly due to a decrease in cash and deposits resulting from the payment for debts for equipment related to generative AI services, and a decrease in accounts receivable - trade.

(ii) Liabilities

The balance of total liabilities at the end of the six months ended September 30, 2025, decreased 513,963 thousand yen (down 1.0% year on year) to 50,648,126 thousand yen. This was mainly due to a decrease in debts for equipment related to generative AI services.

(iii) Net assets

The balance of total net assets at the end of the six months ended September 30, 2025, decreased 645,481 thousand yen (down 2.1% year on year) to 29,611,899 thousand yen. This was mainly due to a decrease in retained earnings associated with the recording of loss attributable to owners of parent.

(3) Explanation of consolidated earnings forecasts and other forward-looking information

The consolidated results for the six months ended September 30, 2025, progressed generally within the range of the revised forecast.

Regarding the full-year consolidated earnings forecast, as we expect an increase in the number of projects toward the fiscal year-end through the expansion of generative AI services that address diverse customer needs, the acquisition of new customer segments, and the strengthening of our sales organization through organizational restructuring, we have decided to maintain the full-year consolidated earnings forecasts announced in the “Notice Regarding Revision of Earnings Forecast” dated July 28, 2025.

Note: If a revision of the earnings forecasts is considered necessary in accordance with future business developments, the Company will announce it immediately.

2. Interim Consolidated Financial Statements and Major Notes

(1) Interim consolidated balance sheets

	(Thousands of yen)	
	Fiscal year ended March 31, 2025 (as of March 31, 2025)	Six months ended September 30, 2025 (as of September 30, 2025)
Assets		
Current assets		
Cash and deposits	29,489,223	10,780,435
Notes and accounts receivable—trade, and contract assets	7,577,863	2,737,055
Merchandise and finished goods	30,845	34,058
Work in process	33,278	5,557
Supplies	468,449	402,060
Other	4,161,356	5,753,726
Allowance for doubtful accounts	(16,423)	(18,267)
Total current assets	41,744,592	19,694,627
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,282,028	8,955,968
Tools, furniture and fixtures, net	16,456,644	26,716,302
Leased assets, net	7,727,951	11,894,061
Other, net	3,002,921	3,624,613
Total property, plant and equipment	33,469,545	51,190,946
Intangible assets		
Other	1,259,893	1,565,479
Total Intangible assets	1,259,893	1,565,479
Investments and other assets		
Other	4,950,770	7,814,185
Allowance for doubtful accounts	(5,332)	(5,212)
Total investments and other assets	4,945,438	7,808,973
Total non-current assets	39,674,878	60,565,398
Total assets	81,419,470	80,260,025

(Thousands of yen)

	Fiscal year ended March 31, 2025 (as of March 31, 2025)	Six months ended September 30, 2025 (as of September 30, 2025)
Liabilities		
Current liabilities		
Accounts payable–trade	1,675,464	660,930
Short-term borrowings	9,261,668	10,675,668
Current portion of long-term borrowings	2,649,408	3,657,660
Income taxes payable	1,511,659	139,720
Advances received	6,147,881	6,801,252
Provision for bonuses	663,426	699,272
Provision for bonuses for directors (and other officers)	53,235	—
Other	18,384,747	11,560,128
Total current liabilities	40,347,490	34,194,632
Non-current liabilities		
Long-term borrowings	3,154,471	4,917,091
Lease liabilities	6,654,972	10,492,066
Asset retirement obligations	828,955	833,048
Provision for share awards	90,515	109,839
Provision for retirement benefits for directors (and other officers)	50,638	65,887
Retirement benefit liability	30,000	31,500
Other	5,046	4,060
Total non-current liabilities	10,814,598	16,453,494
Total liabilities	51,162,089	50,648,126
Net assets		
Shareholders' equity		
Share capital	11,283,167	11,283,167
Capital surplus	10,577,023	10,649,910
Retained earnings	9,177,688	8,389,835
Treasury shares	(1,106,853)	(1,094,615)
Total shareholders' equity	29,931,026	29,228,297
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	112,597	155,266
Foreign currency translation adjustment	11,643	11,521
Deferred gains or losses on hedges	11	5,228
Total accumulated other comprehensive income	124,253	172,016
Non-controlling interests	202,102	211,584
Total net assets	30,257,381	29,611,899
Total liabilities and net assets	81,419,470	80,260,025

(2) Interim consolidated statement of income and interim consolidated statement of comprehensive income

Interim consolidated statement of income
Six months ended September 30, 2025

	(Thousands of yen)	
	Six months ended September 30, 2024 (From April 1, 2024, to September 30, 2024)	Six months ended September 30, 2025 (From April 1, 2025, to September 30, 2025)
Net sales	13,271,670	15,631,162
Cost of sales	8,922,447	12,482,343
Gross profit	4,349,223	3,148,818
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	1,316	1,775
Salaries and allowances	918,054	1,295,234
Provision for bonuses	181,937	287,284
Provision for retirement benefits for directors (and other officers)	—	15,248
Retirement benefit expenses	—	1,500
Commission expenses	662,540	811,862
Other	1,289,486	1,656,727
Total selling, general and administrative expenses	3,053,335	4,069,633
Operating profit (loss)	1,295,887	(920,815)
Non-operating income		
Interest income	1,767	25,102
Share of profit of entities accounted for using equity method	—	40,356
Reversal of allowance for doubtful accounts	396	—
Subsidy income	45,358	262,961
Other	28,401	44,580
Total non-operating income	75,923	373,000
Non-operating expenses		
Share issuance costs	109,528	—
Interest expenses	113,459	234,043
Share of loss of entities accounted for using equity method	12,414	—
Other	34,300	29,903
Total non-operating expenses	269,703	263,947
Ordinary profit	1,102,108	(811,762)
Extraordinary income		
Gain on sale of non-current assets	34	—
National subsidies	3,709,381	6,283,839
Total extraordinary income	3,709,415	6,283,839
Extraordinary losses		
Loss on sale of non-current assets	—	875
Loss on retirement of non-current assets	128	13,755
Loss on valuation of investment securities	29,999	—
Loss on tax purpose reduction entry of non-current assets	3,709,381	6,283,839
Total extraordinary losses	3,739,509	6,298,471
Profit (loss) before income taxes	1,072,013	(826,393)
Income taxes - current	494,726	19,187
Income taxes - deferred	(130,872)	(228,300)
Total income taxes	363,854	(209,113)
Profit (loss)	708,158	(617,280)
Profit (loss) attributable to non-controlling interests	(1,912)	9,482
Profit (loss) attributable to owners of parent	710,071	(626,763)

Interim consolidated statement of comprehensive income

Six months ended September 30, 2025

	(Thousands of yen)	
	Six months ended September 30, 2024 (From April 1, 2024, to September 30, 2024)	Six months ended September 30, 2025 (From April 1, 2025, to September 30, 2025)
Profit	708,158	(617,280)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(63,812)	43,053
Deferred gains or losses on hedges	(2,366)	5,216
Foreign currency translation adjustment	(1,948)	(122)
Share of other comprehensive income of entities accounted for using equity method	(3,350)	(384)
Total other comprehensive income	(71,478)	47,763
Comprehensive income	636,680	(569,516)
(Breakdown)		
Comprehensive income attributable to owners of parent	638,593	(578,999)
Comprehensive income attributable to non-controlling interests	(1,912)	9,482

(3) Notes to interim consolidated financial statements

(Notes on the assumption of going concern)

There are no applicable matters to be reported.

(Notes on significant changes in the amount of shareholders' equity)

Six months ended September 30, 2025 (from April 1, 2025, to September 30, 2025)

There are no applicable matters to be reported.