

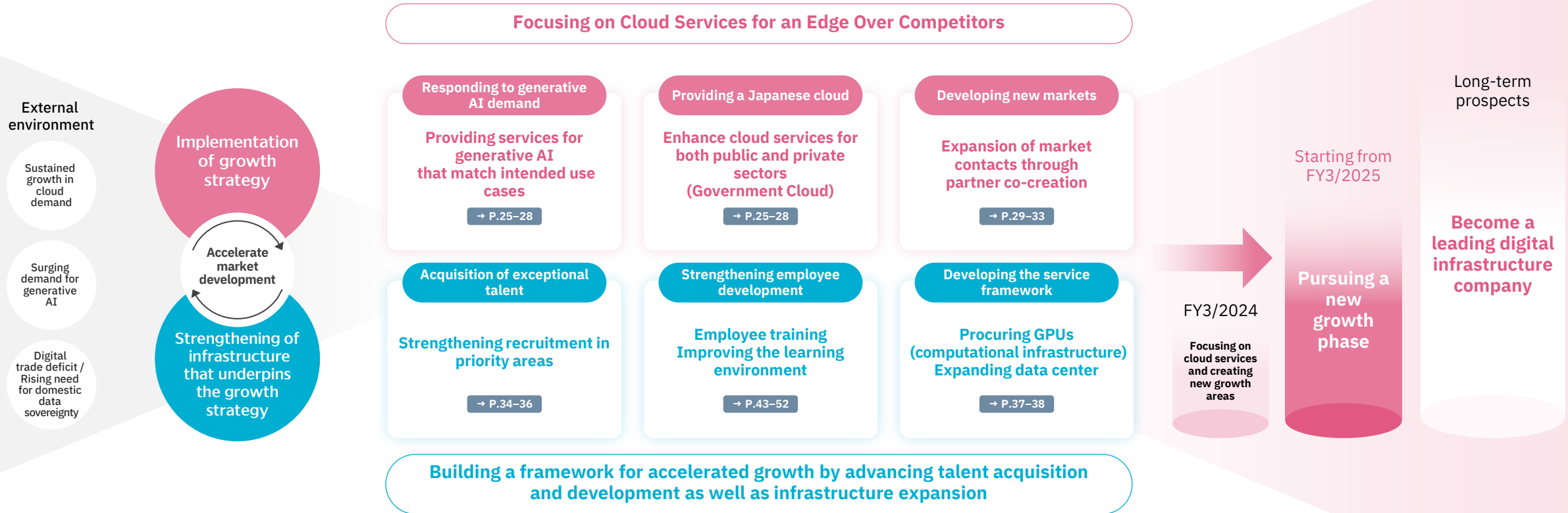
Section 02

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Growth Strategy for Cloud Computing for Japan Through Vertical Integration and Partner Co-Creation

The rapid evolution of generative AI and the emergence of new domains, such as Web3 and smart cities, are further accelerating the digitalization of society. As the pace of change increases, what is needed now is flexible, reliable, and ready-to-use digital infrastructure. To meet these demands, we are pursuing a unique growth strategy as a trusted cloud infrastructure provider from Japan.



Growth Strategy | Providing High-Value-Added Services


Masaaki Tateno Vice President / Senior Executive Officer

Born in Ibaraki, Japan. After graduating from Kanazawa University with a degree in economics, he joined Ajinomoto Co., Inc., where he spent 10 years in sales, mainly in the domestic food business. He joined SAKURA internet in 2002 and was appointed Executive Officer in 2004. Since then, he has been involved as a planner and business manager in nearly all of the company's businesses and services. He became Vice President in 2008. He currently serves as Senior Executive Officer, overseeing company-wide business product development. He also serves as a director of Gehim Inc.

Growth Strategy

01

Supporting the Next Generation of Industry with Stable, Secure, and Sustainable Digital Infrastructure

The key to our growth is Generative AI Services and the Government Cloud. These are not separate services, but core strategic elements that complement each other to form the digital infrastructure that Japan needs. This is underpinned by our unique “vertically integrated business model,” which allows us to handle everything in-house, from design and procurement to operations. Vertical integration has enabled us to establish a competitive advantage. Leveraging the strengths of our Japanese cloud, we are expanding value across a wide range of fields through co-creation with diverse stakeholders.

Supporting businesses with Generative AI Services

As AI evolves, a powerful computational infrastructure to support large-scale training and inference has become essential. In response to this demand, in January 2024, we launched the bare-metal “Koukaryoku PHY” as the first offering in our generative AI “Koukaryoku Series.” To date, we have launched three product lines to meet the diverse needs of research institutions, startups, and large companies.

However, what we offer is more than just resources. GPUs are simply a means to an end. The true value lies in the AI business itself.

We provide infrastructure that supports the adoption of generative AI in society by leveraging our strengths in in-house design and operations. At our Ishikari Data Center, we are expanding and adding container-type facilities dedicated

to GPUs. Of our total 113 billion yen investment plan through FY2030, 56.5 billion yen is expected to be supported by the Cloud Program of the Ministry of Economy, Trade and Industry.

Our GPU cloud combines speed, reliability, and supply capacity. Its supercomputer-like architecture and high-availability design allow us to differentiate ourselves in a highly competitive market.

Providing domestic platform services leveraging our vertically integrated, in-house approach

The AI market consists of three layers: (1) infrastructure (IaaS), (2) platform (PaaS), and (3) services (SaaS). Since last year, we have been strengthening our infrastructure and are now focusing on improving the platform layer. Going forward, we will move up

Growth Strategy | Providing High-Value-Added Services

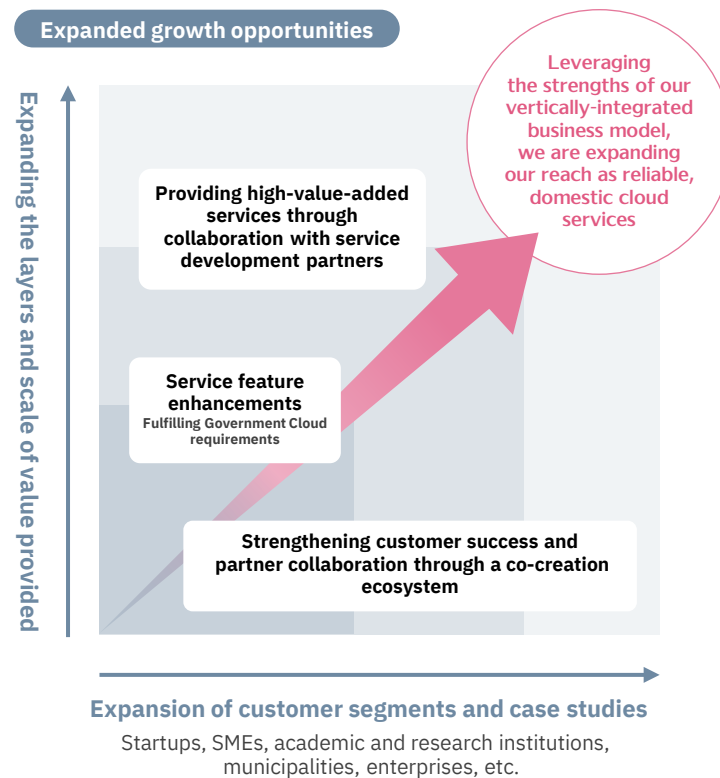
to the service layer, creating an environment that accelerates AI adoption and utilization.

As a key part of this strategy, we launched “SAKURA AI” in May 2025.* By integrating GPU Cloud, the Government Cloud, Ishikari Data Center, and partner collaboration, we are delivering an autonomous end-to-end AI infrastructure in Japan. This concept is attracting significant attention amid growing needs to manage critical data domestically and increasing trust in Japanese-made solutions. In particular, by partnering with companies developing Japanese LLMs and providing business development support, we are moving beyond simple infrastructure provision to offer co-creative problem-solving solutions. By working alongside our users and building an ecosystem for shared success, we are enabling sustainable growth.

Why we can expect growth while focusing on cloud services?

This is because our growth strategy is structured to extend along both vertical and horizontal axes. Vertically, we are moving up the stack from IaaS to PaaS to SaaS and strengthening partnerships with developers to enter higher value-added areas. Horizontally, we are expanding our customer base from small and medium-sized enterprises and research institutions to include municipalities and enterprises, covering a broader market through enhanced sales and partner collaboration.

*Launched in May 2025 as “SAKURA Gen AI PLATFORM” and renamed “SAKURA AI” in September 2025.



This strategy is only possible because of our vertically integrated model. Our system of in-house development, operations, and support, combined with the flexibility to respond quickly to customer needs, gives us a significant competitive edge in the fast-changing era of generative AI.

Government Cloud: Built on trust

In 2023, we became the only Japanese company selected as the Government Cloud provider. This demonstrates that our cloud meets the stringent requirements demanded by municipalities and government agencies.

Currently, our entire company is focused on developing features to achieve official Government Cloud certification by March 2026, and we are receiving an increasing number of inquiries from public offices and local governments. We believe we are raising our profile as a cloud infrastructure provider while aligning with national procurement policies.

However, the Government Cloud, like our GPU offering, is merely a stepping stone—not our ultimate goal. Our goal is for “SAKURA Cloud” itself to become a trusted Japanese cloud that is widely chosen by users. We view this as a key milestone on the path to standing alongside global hyperscalers.

Contributing to Japan's future and supporting its digital infrastructure

Our growth strategy is not just about expanding sales. We aim to build infrastructure that contributes to Japan's future, and to continually enhance our value as the domestic cloud of choice in terms of security, reliability, and sustainability. We envision a future where technology, services, talent, and partnerships are united to support Japanese digital infrastructure.

Growth Strategy | Government Cloud

**Sara Komatsu**

Senior Director, Government Promotion Office

Komatsu joined the company as a new graduate in 2017. After gaining experience as a field sales representative in the Sales Department, she was appointed Senior Director of the newly established Government Promotion Office in FY2022, in her sixth year with the company. She is advancing a project aimed at obtaining Government Cloud certification by the end of March 2026.

Growth
Strategy

02 Certification is Just a Stepping Stone for Providing Better Public Services

Building trust through trial and error

Our “SAKURA Cloud” is the only cloud technology developed in Japan to receive provisional certification as the Government Cloud for official government use, and we are now steadily progressing with final preparations toward achieving full certification by the end of March 2026. I have been involved in this initiative from the very beginning. What started as a three-person Government Promotion Office has now expanded into a fully integrated system capable of handling everything from strategic planning to post-order follow-up. In the absence of established systems or precedent, the days spent shaping things step by step alongside my colleagues have become a tremendous asset to me and continue to be a powerful driving force in my work.

The Government Cloud is crucial infrastructure that supports the digital transformation of Japan’s public sector. High levels of security and reliability are required, and meeting these standards is essential. However, we do not consider obtaining certification itself to be the end goal. Instead, we see our true mission as delivering a cloud service that goes beyond that—one that is genuinely useful in government settings and can be used with confidence over the long term. In the public sector, there are many institutional and budgetary constraints, and the same practices as in the private sector often do not apply. That is why

we need to be receptive to feedback from the field and remain flexible in responding to situations as they arise. Though not easy, I find deep fulfillment in the process of building trust through addressing each individual case with a sincere attitude. The trust and sense of solidarity that emerge as we carefully engage with ministry officials and local government staff and overcome challenges together hold irreplaceable value.

Supporting the future of public IT in an organization that grows together

The number of members in our Government Promotion Office has increased over the years, and with the addition of people with diverse expertise, the team has become increasingly capable of handling more complex and sophisticated issues. I feel that we are growing as an organization, and at the same time, I am constantly thinking about how, as a leader, I can support and empower my team. There is still a lot of room for future growth in this field. And the question now is how we can realize that potential through our technology and approach. The Government Cloud certification is merely one milestone along the way. Moving forward, we intend to advance steadily, step by step, united as a team, to enhance the quality of public services and support the digitalization of society as a whole from the ground up.

Growth Strategy | Government Cloud

Growth Strategy | 03 Expanding the Public Cloud with Strategy and Passion

Taking a step beyond sales to support the future of public service

The Government Cloud is one of the key business areas driving future growth for our company. I am in a strategic role, conducting proposal activities for clients across Japan, including local governments and government agencies. The public sector, unlike the private sector, presents higher hurdles in terms of institutional frameworks and procurement requirements. It is a world where comprehensive reliability—including high availability, security, and support systems—is rigorously tested.

Within this environment, what I value most is making proposals that closely align with the needs of the people doing the work. We engage with each challenge and background faced by central government ministries, local governments, and others, carefully listening through thoughtful dialogue to jointly explore optimal solutions. I believe that this accumulation builds trust, which ultimately leads to the creation of sustainable systems.

When formulating proposals, it is essential not only to have technical expertise, but also to understand institutional requirements and collaborate with partners. Sometimes I assist in organizing procurement requirements while keeping an eye on legal and regulatory trends. I feel that one of the most rewarding aspects of this job is the frequent opportunity to be involved beyond the conventional scope of sales.

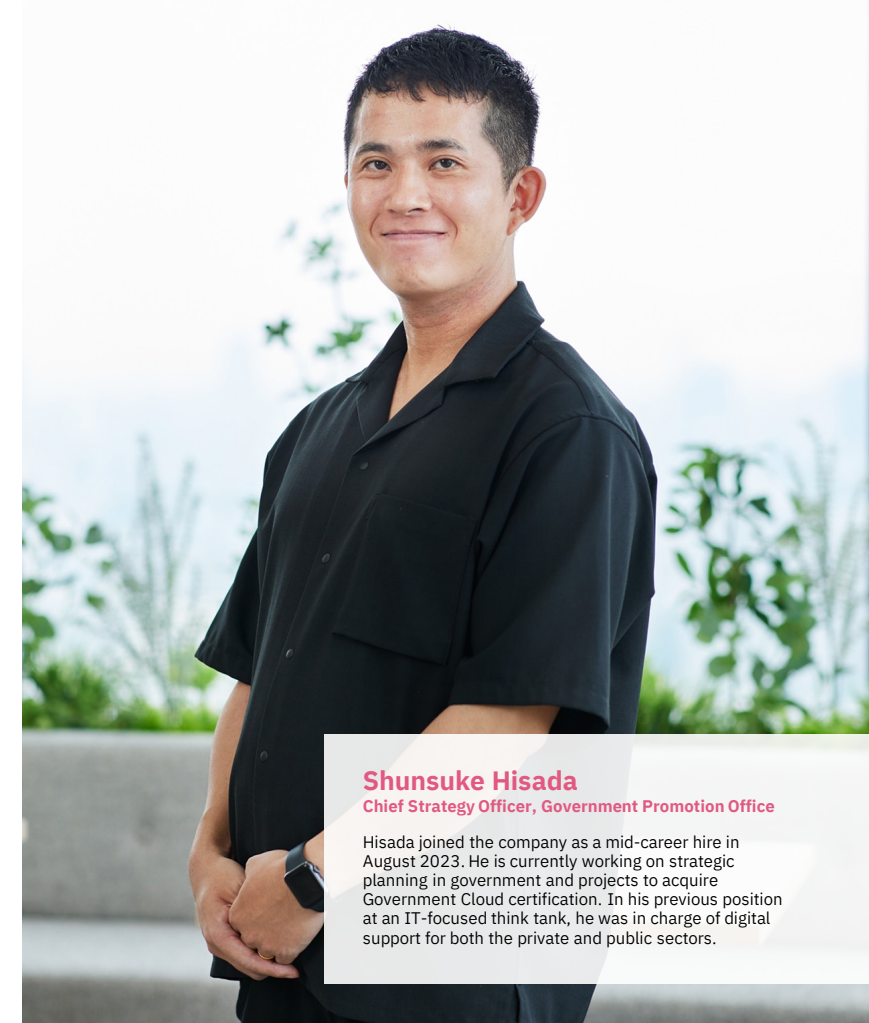
My decision to join this company stemmed from being drawn

to an environment where I could dedicate myself to truly meaningful proposals. I was particularly inspired by Komatsu, the Senior Director of the Government Promotion Office, who was leading national-scale projects at such a young age. I distinctly remember feeling that SAKURA internet was an organization where, regardless of seniority or title, there were ample opportunities to challenge myself based on initiative and ability. Even now, I can vividly recall how this experience inspired me to test my own capabilities within the organization.

The responsibility and fulfillment of delivering the Government Cloud in the workplace

Currently, I am involved in a wide range of responsibilities, from designing strategies to hands-on field operations, as well as collaborating with partner companies. I find great fulfillment and responsibility in working within this area, knowing that my work contributes to supporting the foundation of society. Recently, I've been increasingly involved in proposals that leverage regional characteristics in collaboration with partner companies, which has broadened my perspective as a sales professional.

Going forward, I aim to stay abreast of societal changes, leverage our company's strengths, and further expand the potential of the Government Cloud. To become a trusted presence for people working in the public sector, I want to continue the dialogue, deepen my understanding, and make steady progress, one step at a time.



Shunsuke Hisada
Chief Strategy Officer, Government Promotion Office

Hisada joined the company as a mid-career hire in August 2023. He is currently working on strategic planning in government and projects to acquire Government Cloud certification. In his previous position at an IT-focused think tank, he was in charge of digital support for both the private and public sectors.

Channel Expansion | Co-Creation Ecosystem



Takayuki Takahashi Senior Executive Officer

Born in Tokyo. Takahashi joined SAKURA internet in 2006 after working as a customer support and pre-sales engineer. After working in on-site operations, he was appointed Executive Officer of Operations in 2011. In 2016, he transferred to oversee sales, launched the non-profit organization KidsVenture, served as CEO of a group company, and then managed the Technical Solutions Division, where he worked on developing partner strategies and providing user training support. Currently, as Senior Executive Officer, he oversees company-wide sales and marketing.

Channel
Expansion

01

A New Approach to Sales Through Customer-Centric Perspectives and Co-Creation Ecosystems

We are evolving toward a new approach to sales, centered on achieving both customer and partner success. We believe the true role of sales is not merely to deliver products or services, but to create conditions where our customers and partners can achieve what they truly want to accomplish. To achieve this, a customer-centric perspective is essential. This means sincerely listening to customer feedback, deeply understanding the context of their business and operations, and then collaboratively identifying the optimal solutions. Furthermore, building a co-creation ecosystem with trusted partners is indispensable for delivering our value to every corner of society. We aim to make these two pillars work in tandem to turn “WHAT YOU WANT TO DO” into “WHAT YOU CAN DO.”

Enhancing the quality of proposals by listening closely to customer feedback

The most crucial element in evolving sales strategies is a true commitment to understanding customers. Proposals cannot be made without understanding customers. Our starting point is not to sell, but rather to thoroughly consider what is necessary for the customer's business to succeed.

This mindset is particularly vital for companies like ours, which provide infrastructure services such as cloud services, dedicated servers, and GPU cloud. Because our services are so closely integrated with our customers' systems and operations, it's not enough to focus on specifications or price alone. We need to dig deeper to understand why customers choose our services and how they intend to use them. What's needed for a proposal

isn't just price or delivery time. A successful proposal requires a complex mix of elements: technical expertise, industry insight, an understanding of customers' business challenges, and thoughtful attention to contracts and operational requirements. Therefore, we believe that the insights and discoveries gained through sales can drive the entire company toward customer success.

In today's rapidly changing world, sales is a role that demands ever more creativity and a broader range of skills. We aim to further strengthen the systems for gathering customer feedback (VOC), sharing it across the company, and using it to drive service improvements and develop new features. This creates a cycle where the entire organization works to increase customer satisfaction and the value we provide.

Channel Expansion | Co-Creation Ecosystem

Co-Creation Ecosystem for turning “WHAT YOU WANT TO DO” into “WHAT YOU CAN DO”

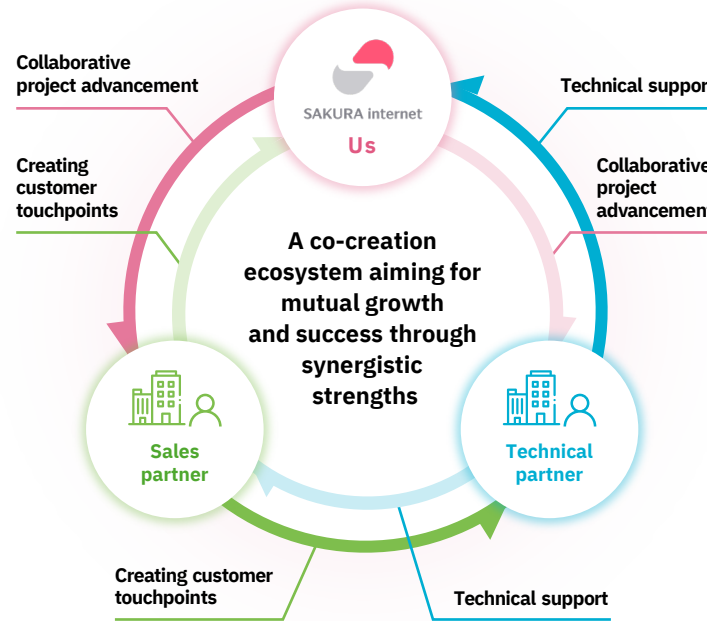
There are limits to what a single company can achieve in solving customer challenges. That’s why we are expanding our co-creation ecosystem, which is capable building value together with our partners. This is a core strategy for ensuring our company remains a transparent infrastructure for society.

In FY2024, we established two pillars: the “Sales Partner Program” and the “Technical Partner Program.” We now collaborate with over 100 partners nationwide. By sharing roles such as collaborative project advancement, creating customer touchpoints, and technical support with our partners, we are building a framework that transforms our turn “WHAT YOU WANT TO DO” into “WHAT YOU CAN DO.”

Our partner programs are not merely about expanding sales channels; they are co-creation relationships aimed at growing together.

Our services are utilized across diverse environments, including SaaS vendors, IT solution providers, public institutions, and regional businesses. By combining our partners’ industry expertise and local insights, we are able to provide more optimal proposals and support.

For example, through joint participation in exhibitions, collaborative follow-up after lead generation, and co-hosting user seminars, we are steadily building a culture of tackling customer challenges together with our partners.



Creating frameworks that empower partners to operate independently

To sustain these collaborative relationships, supporting our partners’ growth is essential. We are currently building an environment that empowers our partners to become self-sufficient, through onboarding support, the “SAKURA Cloud Certificate,” the systematization of technical information, and enhanced support infrastructure. Among these, the “SAKURA

Cloud Certificate” is a core initiative.

Alongside on-demand learning materials, we provide extensive documentation, API specifications, pricing structures, and SLA guidelines, enabling anyone to quickly become proficient with “SAKURA Cloud.”

These efforts not only lower technical barriers, but are also among the reasons SAKURA Cloud is chosen as an “intuitive,” “user-friendly,” and “cost-effective” cloud service. Notably, compared to competitors, SAKURA Cloud offers highly flexible configuration and operational agility, enabling full-scale cloud utilization even with limited resources. Our partners and their customers highly value this aspect.

We and our partners are always on the frontlines with our customers, working together to solve problems and deliver value. That’s why we believe that the relationships we make as we work together, experiment together, and build on shared successes are our most valuable asset, something that can’t be measured by features or price alone.

Our sales team’s vision of the future for SAKURA internet

We see sales not only as supporting business growth, but also as delivering the value of our services to society, a role that balances customer success with sustainable social progress.

Turning “WHAT YOU WANT TO DO” into “WHAT YOU CAN DO,” SAKURA internet continues to take on new challenges as we apply this philosophy on the front lines of our industry.

Channel Expansion | Partner Interviews



[↗ Future Spirits Co., Ltd.](#)

Kazuya Kochi
 Manager
 Partner Sales Group
 Sales Department,
 CS Division
 SAKURA internet Inc.

Rio Fukasawa
 Partner Sales Group
 Sales Department,
 CS Division
 SAKURA internet Inc.

Takatoshi Atsushiba
 Executive Director
 Future Spirits Co., Ltd.

Wataru Kambe
 Senior Manager
 Sales and Marketing Dept.
 Cloud Integration Services Div.
 Future Spirits Co., Ltd.

Future Spirits Co., Ltd.



Future Spirits targets a wide range of industries, offering IT solutions that include server infrastructure and cloud services. There have been increased opportunities in recent years for supporting the creation of government-oriented cloud services. This sparked our two companies' partnership working on SAKURA Cloud, an ideal cloud service for implementation at the local government level.

SAKURA: A reliable partner and ideal fit with Future Spirits' technology and customer base

Kochi Can you tell us about the background behind your decision to partner with SAKURA internet?

Atsushiba As you might expect, SAKURA Cloud's selection (conditional approval) for Government Cloud usage was a decisive factor. And in light of our focus on local government projects, the free transfer system was also very appealing, since this sidesteps the usage-based approach that can become a bottleneck. Furthermore, we have been involved in web hosting since our company's inception, and we see this system as highly compatible with our technology and customer base.

Kambe When we consulted with you on a local government project before signing our contract, we were pleasantly surprised by the strength of your proposal and the speed of your technical response. We also felt we could trust you, which further contributed to our decision.

Kochi Thank you, that's very kind of you to say! For our part, we have created 40 opportunities and completed 10 projects together as of the end of June 2025. This is a very meaningful achievement for us.

Kambe That's decent for first-year results, but it feels like there's still plenty of room to grow. Our co-hosted webinars have been well received, and we plan to further increase touchpoints going forward. As we continue to refine our proposal process, our strength—offering comprehensive services that span from infrastructure to applications—will only become more vital.

SAKURA Cloud's flexible pricing and design hold major promise for SMBs

Fukasawa We are also expanding our opportunities for approaching a more diverse range of customers. We have particularly high expectations for SMB-focused expansion, a promising new market for us. What is your take on this area?

Atsushiba Our small and medium-sized business clients are certainly showing more interest in generative AI and GPU cloud computing. Moreover, SAKURA Cloud's flexible pricing and design provide exactly the kind of infrastructure SMBs need. That said, much confusion remains about what these tools can offer. We hope to collaborate closely with SAKURA internet to establish a framework that supports users from the initial design of practical use cases through to implementation.

Fukasawa We want to work together to create a future where cutting-edge technologies like generative AI and GPU cloud computing are readily available to SMB clients as well. We'd also love to hear your thoughts on any other aspects of "SAKURA Cloud" that you appreciate in addition to its free transfer service.

Kambe Your fast, flexible response to partners' needs is by far the most important point for me. You make it easy to discuss costs and technology, enabling us to tackle customer issues together. The way you've set up the partner portal, and how quickly you roll out improvements, really make your reliability tangible in our daily work.

Kochi It really means a lot to us to hear you feel that way. We'll continue working together with our partners to grow and provide our customers with even more value. To close, can you please share your vision for our collaborations in the future?

Atsushiba We see so many possibilities for generative AI, the Government Cloud, and even expansion into overseas markets. When proposing GPU cloud solutions in particular, we believe the best approach is to explore uses together with customers who are still new to the technology. We hope to work alongside SAKURA internet to support clients from proposal to implementation. Our mission is "connect and weave the future." This partnership with SAKURA internet is a perfect example of that connection. We want an honest relationship where we can candidly share our thoughts, and hope to work from this framework to offer the best possible solutions for addressing the challenges faced by society.

Channel Expansion | Partner Interviews



Naoki Kako
Partner Relations Officer,
Government Promotion Office
SAKURA internet Inc.

Mai Saeki
Senior General Manager
Public Sector & Services Div.
Japan Business Systems, Inc.

Yuta Hashimoto
Vice Senior General Manager
Public Sector & Services Div.
Japan Business Systems, Inc.

Japan Business Systems, Inc.



Japan Business Systems (JBS) provides IT services, guided by its corporate mission of “bringing the best technology to everyone, everywhere.” While the company has built up its expertise in cloud-based solutions, its experience in the public sector is still recent. In its ongoing search for new tools to enhance its proposals, JBS entered into a partnership with SAKURA internet.

Combining strengths to further accelerate the government's digital transformation

Kako Please tell us about what informed your decision to partner with SAKURA internet.

Saeki We have only been in the public sector for a short while, so we are constantly searching for new ways to give our proposals an edge. When we heard that SAKURA internet was shifting to a partner model in the government sector, we were certain that our visions aligned and we could work toward a common goal.

Hashimoto “SAKURA Cloud” features all of the cloud solution-related knowledge we have accumulated over many years, as well as our strong affinity for this technology. We determined that combining our companies’ strengths would enable us to more effectively promote the government’s digital transformation, leading us to form our partnership.

↗ Japan Business Systems, Inc.

Kako Having the support of JBS as we expand into new areas has been very reassuring. The Government Cloud sector is widely seen as a key growth market for the future. How do you see its potential going forward?

Hashimoto There are limits to how far local governments can go in building and operating their own infrastructure independently. Going forward, we expect demand to steadily increase for shared cloud platforms, especially those developed in Japan. A key advantage is the peace of mind that comes with security against information leaks and unauthorized access. At the same time, domestic cloud platforms hold promise to enhance the technical capabilities of domestic Japanese IT vendors, create new employment opportunities, and ultimately contribute to the growth of Japan’s digital economy as a whole. However, cost and the degree of freedom in selecting services still currently hinge on the vendor, so increased transparency and a wider range of options will likely become increasingly important factors.

Supporting the public sector with IT to enrich all aspects of people's lives

Kako Cloud computing is not simply IT infrastructure; it has the potential to address social issues. Given JBS’s deep understanding of the public sector, what expectations do you have for SAKURA in this field?

Hashimoto We are most excited for SAKURA’s pricing model, which is unaffected by forex fluctuations and allows for use on a fixed-cost basis. Annual budget frameworks in the public sector are strictly defined, so a stable and predictable cost structure is essential for cloud adoption. SAKURA’s strength—and what sets you apart from other companies—is your ability to address those needs.

Kako Thank you very much. Unlike foreign cloud providers, we are free from exchange rate risks and offer a transparent, easy-to-understand pricing structure, points we see as essential for being trusted in our role as social infrastructure. Could you touch on what kind of social value you aim to realize through our co-creation efforts?

Saeki Rather than something exclusive or specialized, we want cloud technology to become a fundamental part of infrastructure, something anyone can use effortlessly. To this end, we need to tailor our support to match the varying degrees of IT literacy found across local governments and staff members. Notably, the digitalization of public services is directly linked to increased convenience for citizens, as well as improved administrative efficiency. We will continue to actively support the practical application of IT so that this technology can help enrich people’s daily lives. Our goal here is to establish a framework that channels the AI and advanced technology expertise accumulated in the private sector back into the public domain, enabling broader contributions to society.

Kako Listening to each and every customer’s voice, pinpointing the underlying issues, and guiding them toward the best possible solution—this is the approach we truly value here at SAKURA. To us, JBS’s initiatives represent a truly ideal example of co-creation. We would love to hear your thoughts on future collaborations.

Saeki At JBS, we place great value on co-creating with trusted technology partners. SAKURA internet is a trailblazer in Japan’s domestic cloud industry, and you have continued to provide flexible and reliable services that deeply resonate with our own philosophy. Through our co-creation efforts, we will unite to build a safer and more sustainable IT infrastructure essential for our future society, while also supporting the digital transformation of public institutions.



Takashi Matsuda

General Manager, Technical Solutions Division

Mid-career hire, 2015. After working as an infrastructure and sales engineer, Matsuda spearheaded the launch and promotion of cloud certification. He is also an outside director of bitstar and an instructor at KidsVenture, a programming workshop for elementary school students.

Channel Expansion | 02 Cloud Strategy for Human Growth and Social Integration



Growing Japan's skilled user base of domestic cloud platforms

We created the "SAKURA Cloud Certificate" in 2023.

We believe it is essential to increase the number of people throughout society who are proficient in domestic cloud computing. This aspect of our growth strategy, combined with the Government Cloud's provisional approval, was a key factor in the creation of this certification. Our approach was to leverage education to address the shortage of people who could properly engage with domestic cloud computing. As the use of AI expands, we must broaden its horizons by increasing the number of people throughout the country who both grasp the fundamentals of cloud computing and can put this understanding into practice.

Our certification program offers educational content for systematically learning cloud fundamentals and how to use our platform. SaaS vendors, system integrators, local government officials, and others working directly with these services gain confidence in using the cloud effectively, which in turn boosts our overall reliability and credibility as a business. Being able to offer a domestic option for cloud computing has also opened up new business opportunities for both the SaaS and system integration industries.

These talent development initiatives are closely tied to our overall partner strategy. Successful certification develops our partners' talent, empowering them with the skills to sell, build,

and develop using "SAKURA Cloud," and thereby ultimately strengthening their ability to propose effective solutions to end users. We are currently working with our partner program to provide free assessment vouchers, helping to bridge the gap to practical, hands-on use.

Accelerating the co-creation cycle begins with certification

In April 2025, we collaborated with an education company to launch our cloud engineer training course, certified as a reskilling program by Japan's Ministry of Economy, Trade and Industry (METI). This hands-on learning program, built on the foundation of the "SAKURA Cloud Certificate," is designed not only for aspiring engineers but also welcomes working professionals and local community members seeking to reskill or deepen their understanding of cloud technology. We are proud of this initiative's valuable contribution to the social aspect of ESG, as our cloud infrastructure expands access to learning opportunities throughout society.

The cloud's evolution is not driven by technology on its own. It is only when people support and use this technology that value truly emerges. We will continue to drive the acceleration of our "Develop → Apply → Co-Create" cycle via our certification program, laying the foundations for cloud technology to connect with every corner of society.

Investment Strategy | CHRO Interview



Mariko Yabe
Executive Officer / Group CHRO

Born in Kitakata-shi, Fukushima Prefecture. Yabe joined SAKURA internet in 2012 after experience in sales at a manufacturing company, serving as an executive assistant, and working in recruitment, training support, and management at a human resources consulting firm. She has always been at the helm of the Human Resources Division, where she has worked on HR policy and value formulation, strengthening recruitment, workstyle reforms, and advancing diversity, equity, and inclusion. She currently promotes human capital management in addition to overseeing all human resource operations.

While maintaining our internet-native, autonomous organizational culture, we strive to achieve greater synergy between job satisfaction and business growth.

Identifying key talent profiles aligned with business growth and achieving recruitment targets

At our company, we position employee and customer success at the core of our corporate philosophy and place the highest priority on human capital. My role as the organization's head of HR is to drive long-term organizational strength through transformational change.

Our goal this fiscal year was to hire 200 employees, and as of June 2025, we had already hired 124, well ahead of schedule. The addition of diverse talent has brought new perspectives to the company, revitalizing our organization. We believe that this steady recruitment success stems from our uncompromising focus on the "SAKURA-like" personality and our strong emphasis on value alignment. We use a variety of recruitment channels, including direct, referral, and alumni recruiting. In particular, a high percentage of our

engineers join through referrals. Employees are intrinsically motivated to endorse the company from the standpoint of people who actually work here. Because candidates already resonate with our values before entering the selection process, mismatches are rare. This approach also helps new hires adapt quickly to the organization.

To keep pace with dynamic changes in our business, we identify and recruit key talent profiles that align with our growth strategy. For example, as our engineering team expanded to support the development of the Government Cloud, we faced a leadership gap. We addressed this by prioritizing the recruitment of engineering managers. In October 2024, as we launched our "Go To Market" strategy, expanding into emerging Asian markets became an urgent priority. We responded by recruiting core talent with experience in establishing overseas businesses. To respond swiftly to dynamic changes, we flexibly deploy key talent profiles according to business strategy, ensuring that our

Investment Strategy | CHRO Interview

recruitment efforts are closely linked to business growth.

Clearly defining these talent profiles directly supports recruiting people who align with our vision. Since receiving conditional Government Cloud accreditation, we have seen strong interest from engineers highly motivated to work on national projects. This has enabled us to connect with candidates who are clear about the role they want to play within the Government Cloud business. This fiscal year, we are making significant up-front investments in talent to

strengthen our Generative AI Services and prepare for the post-launch phase of the Government Cloud. To address the challenge of recovering recruitment and personnel costs, we are implementing strategies to minimize the time it takes for these investments to translate into business results. Specifically, we are also ramping up recruitment for sales roles. By providing robust onboarding, we aim to recover personnel and hiring costs within about six months of employment.

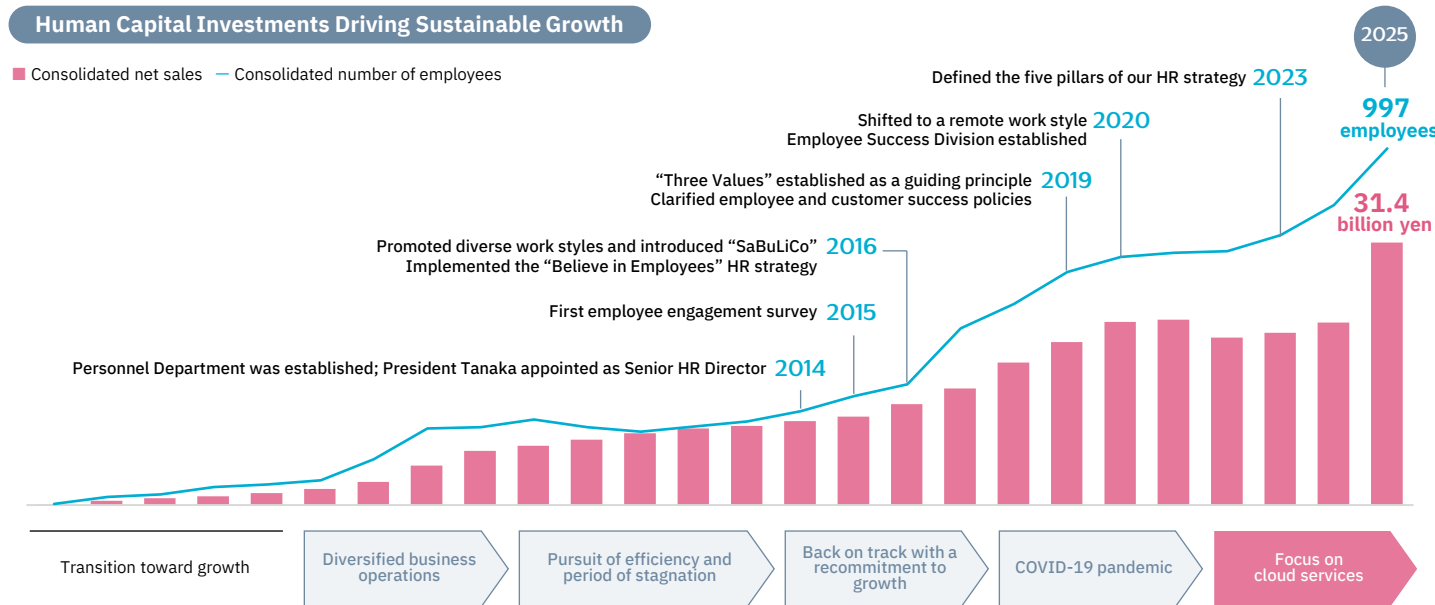
Achieving a record-high engagement score and maximizing the impact of talent investments

Our company is committed to balancing flexibility and job satisfaction, and we operate on the principle of lifetime employment, encouraging our people to build long-term careers with us.

To achieve a comfortable work environment, we are promoting internal improvements for flexible workstyles, such as the Sakura Business and Life Co-Creation (SaBuLiCo) system. As a result, our turnover rate was just 2.7% in FY2024.

In addition, we view this year's record-high engagement score as a positive outcome of our ongoing HR strategies—such as instilling our core values and cultivating a flat corporate culture. Positive changes are also evident in daily operations. For example, when a new employee proposes an idea or suggests a change, that feedback can now directly reach top management, including President Tanaka, regardless of position or tenure. We also consider the quality of our people and our organization's openness, traits that refuse to be quantified, to be among our greatest assets.

I recognize that it is my important responsibility to protect and nurture these qualities. At the same time, I recognize the need to take further HR initiatives to promote organizational revitalization and innovation. We must continue evolving our



Investment Strategy | CHRO Interview

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systems and culture so that our current employees can thrive even more and truly feel their own growth, never settling for the status quo. One of our current key initiatives is promoting internal talent mobility. For example, we have an internal job posting system that allows employees to apply their skills to different roles within the company. With this system, open positions are posted internally and employees can apply, interview, and transfer to new roles. By making use of internal job postings, we have seen many examples where skills from different job types blend, generating new synergies across the company. We have also set up an in-house career counseling service, staffed by certified career consultants and qualified employees from throughout the organization. The benefits of this internal approach include helping employees find the intersection between their personal career goals and the company's direction, and making it easier to identify role models or mentors within the organization.

For example, we've seen legal specialists successfully take on PMO roles for Generative AI Services thanks to this system. Furthermore, bringing in people with fresh perspectives and new skills has helped break down entrenched mindsets and revitalize our organization.

Going forward, we will continue to pursue sustainable growth by fostering both organizational and individual development, maximizing strengths, and promoting talent mobility not just within the company, but across the entire group.

In April 2026, we plan to introduce a new HR system, which will be refined to support employee challenges and enable both change and growth—ensuring our company continues to evolve. We also aim to visualize the present and future of our talent portfolio in alignment with our business portfolio. Currently, we do not yet have a full grasp of our human capital, which encompasses the skills, abilities, and experiences of every employee. This makes KPI-setting a challenge. This fiscal year, we are focusing on making human capital visible, enabling better talent development and career planning going forward. This will help us more concretely forecast the impact of our talent investments.

SAKURA's vision: Inspiring adults nationwide to enjoy their work

While our company is cultivating a flat, employee-friendly environment, the 2010s saw insufficient optimization of human resources. There were times when we could not confidently say we were a company where everyone could work comfortably. To break out of this period of stagnation, in 2016 we introduced a new HR policy: "Believe in Employees." We also made proactive investments in our talent. Since then, nearly a decade of dedicated HR initiatives is finally starting to bear fruit. Today, we are recognized as a company chosen by outstanding talent,

having won multiple awards and recognition as a "great place to work."

Now that our foundation is in place, we aim to achieve an even higher level of balance between job satisfaction and corporate growth as an internet-native, autonomous organization. This means envisioning our goals, applying our collective wisdom, and working together with colleagues—and ultimately, finding customers who appreciate our services, seeing their smiles, and being rewarded for our efforts. This is what job satisfaction means to me.

The more wholeheartedly we pursue our work, the more fulfilling and enjoyable it becomes. This concept closely aligns with our core corporate philosophy of achieving both employee and customer success. We hope that as we pursue our ambitions and enjoy our work, we will inspire more adults throughout Japan to do the same.



Investment Strategy | Generative AI Services

Investment Strategy | 01 Pursuing Greater Value Creation Through “Designed Investments”

Enhancing internal capabilities for reliability as a core strength

We're no longer in at a point where simply deploying more GPUs is enough. For instance, obtaining cutting-edge GPUs like the H200 and B200 is now less challenging than before. What truly matters is the timing, configuration, and intended purpose for which these resources are provided. In short, the need for “designed investment” is greater than ever.

Our vision is to deliver a GPU cloud capable of serving diverse use cases, backed by an in-house structure for both development and operations, which sets us apart from our competitors.

While GPU clouds offer high performance, they also carry the inherent risk of hardware failure. This is precisely why we manage procurement, operations, and system design in-house, enabling agile and flexible response. We believe this internal capability is vital for ensuring stable, long-term service delivery and earning our customers' trust.

Recently, we have seen growing interest not only from research institutes and startups, but also from advanced sectors such as manufacturing, healthcare, and automotive, as well as from local governments and the finance sector. Our strengths are especially valued in sectors that demand strict security, as we provide options for closed network configurations and fully

domestic operations.

At the same time, competition in the GPU cloud market is intensifying rapidly. To maintain our edge in areas such as pricing, speed, and responsiveness, we must now make decisions with even greater foresight into trends for market demand and technological change. We are building systems to continuously monitor and visualize resource availability and utilization, laying the groundwork for true end-to-end optimization across sales and operations.

GPU clouds as the engine behind Japan's industry and society

With Japanese government-backed “Cloud Program” certification and the early launch of services such as “Koukaryoku PHY” and “Koukaryoku DOK,” we achieved a remarkable 3,054.8% year-on-year increase in GPU cloud service* sales, reaching ¥6.3 billion for FY2025. We will continue to take a “designed investment” approach, including initiatives such as the expansion of the Ishikari Data Center.

We believe GPU clouds are not mere a resource, but an engine capable of driving Japanese industry and society forward. We are committed to making meaningful investments and delivering value by anticipating changes in both the market and technology.



Jun Shimoda Executive Officer

Born in Tochigi Prefecture, Shimoda graduated from Tokyo University of Foreign Studies (majoring in Cambodian) in 2000. He worked for a heavy industrial manufacturer before joining Sojitz Corporation in 2007. He has worked on a variety of domestic and international projects, spanning industrial machinery, telecom infrastructure, urban development, and digital transformation. His work has taken him on overseas assignments to oversee industrial machinery in Germany and telecom base stations in Myanmar. He has been on secondment since April 2024. He is currently in charge of the CS Division and the AI Business Solutions Office.

*The breakdown of “GPU cloud services” has been reclassified, from the fiscal year ending March 2026. For details, please refer to page 12 of the “1st Quarter of Fiscal Year Ending March 2026 Financial Results.”

Investment Strategy | Data Centers

Investment
Strategy

02

Responsible Infrastructure Investment as the Foundation of Our Cloud Services

Facility operations to support cloud service competitiveness

Reliable, stable cloud services depend on a solid foundation, and our data centers are essential for this. We believe it is our duty to underpin cloud infrastructure with unwavering technology and resolve.

Our Ishikari Data Center has developed into a core infrastructure asset, benefiting from a cool climate and stable power. By utilizing natural cooling and renewable energy, we optimize both environmental impact and costs. Continued investment in advanced technologies, such as direct current power supply, has also allowed us to develop distinctive operational strengths and expertise in data center management.

In June 2025, we launched services through a containerized data center designed for generative AI and high-density computation. This facility is configured to share functions with our conventional data centers and is purpose-built for generative AI workloads. With the ability to be constructed in a matter of months and deployed flexibly to meet demand, this specialized structure enhances the competitiveness of our cloud services. And with the introduction of direct liquid cooling in our containerized data center, we can more efficiently cool high-heat

server components. This innovation is expected not only to reduce power consumption for cooling but also significantly improve operational efficiency, allowing up to five GPU servers per rack.

Ensuring stability and peace of mind no matter what

The true quality of a data center lies not just in its construction, but in its ability to provide stable, ongoing services. During the 2018 Eastern Iburi Earthquake in Hokkaido, our Ishikari Data Center maintained operations using in-house power, even amidst widespread blackouts. We view stable operations as the hallmark of infrastructure reliability, and we will spare no necessary investment to ensure this. At SAKURA internet, we remain flexible in meeting diverse cloud service needs, whether through urban expansion or leveraging partner facilities, choosing the best approach for every situation.

At the same time, we are exploring new possibilities for our own data centers in rural regions and seek to create spaces for co-creation with local communities, while addressing challenges like power supply and regional collaboration. We remain steadfast in our values, striving to deliver infrastructure that people can rely on with peace of mind.

**Takashi Shishido** Executive Officer

Born in Osaka Prefecture, Shishido is a graduate of Kansai University's Faculty of Engineering. He joined SAKURA internet in 2000 after experience as a site manager in construction. Leveraging his project management expertise, he has overseen data center construction and backbone network operations for many years, becoming an executive officer in 2015. Recently, he has led the containerized data center project in Ishikari and provided advisory services on data center operations.

CFO Interview

While we continue to act prudently in these times of change and uncertainty, our aim is to enhance medium- to long-term corporate value through forward-looking investments and sound financial management.

Creating new value. Adapting to the times.

At SAKURA internet, we have consistently evolved our business structure in step with social changes and technological advances. Starting with our web hosting services, we gradually shifted our core business toward housing and exclusive server service, and eventually to cloud services. Today, as a digital infrastructure company focused on cloud services, we are committed to creating new value. As a result, in the fiscal year ended March 2025, we achieved record-high net sales of 31.4 billion yen (up 43.9% year-on-year) and operating profit of 4.1 billion yen (up 368.7%). Notably, GPU cloud services* supporting the expansion of generative AI usage contributed significantly, with net sales reaching 6.3 billion yen (up 3,054.8% YoY).

Looking ahead, we will not only enable the use of large-scale computational resources but also expand the scope

and layers of our offerings, such as adaptable, agile virtual platforms and operational infrastructure specialized for data processing, while also broadening our customer segments and use cases. Through focused investment and resource allocation toward an AI infrastructure that can serve a broader range of customers, we aim to achieve more sustainable growth.

Positioning for the next wave of innovation

As digitalization and the adoption of generative AI across society continue to accelerate, SAKURA internet sees this trend as a key opportunity to enhance its medium- to long-term corporate value and shareholder returns, and we are making large-scale investments accordingly.



Masataka Kawada Director / CFO

Born in Tokyo. Graduated from the School of Commerce at Waseda University. After working in corporate lending at a city bank, he supported client growth through roles in an accounting firm and the launch of business support ventures. He joined SAKURA internet in 2005 and played a key role in its IPO. He then served as CFO and later Representative Director of the Japanese subsidiary of a U.S.-based cloud company, before rejoining SAKURA internet in 2008. As CFO, he is responsible for timely and appropriate fundraising and financial reporting. He also serves as a corporate auditor for Prunus-Solutions Inc.

*The breakdown of "GPU cloud services" has been reclassified, from the fiscal year ending March 2026. For details, please refer to page 12 of the "1st Quarter of Fiscal Year Ending March 2026 Financial Results."

CFO Interview

We invested ¥27.7 billion in capital expenditures in the fiscal year ended March 2025 and plan to invest ¥40.1 billion in the fiscal year ending March 2026. Of this, we have outlined a medium-term investment plan totaling approximately ¥100 billion for Generative AI Services, with ¥50 billion in subsidies expected. In FY3/2026, we will continue building containerized data centers and deploying next-generation GPUs such as NVIDIA's H200 and B200.

We are also working company-wide to obtain official Government Cloud certification within FY2026. Following certification, we aim to expand our share in cloud services and further grow our Generative AI Services through a multifaceted approach that includes enhancing service functionality, expansion of sales channels, and strengthening our organizational structure. We are also focusing on strengthening human capital to support sustainable growth and will continue to invest in talent acquisition and development in FY3/2026.

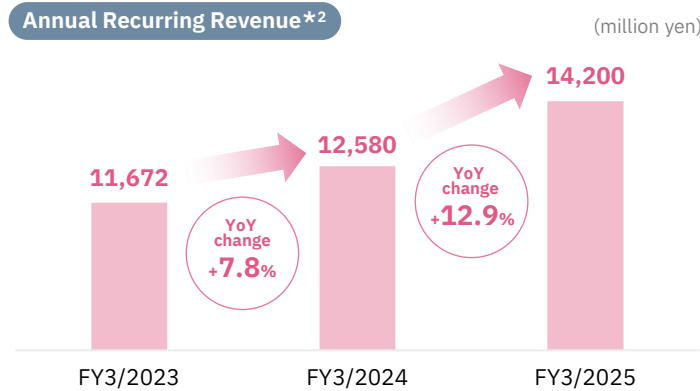
Actual and Planned Investments*1

(100 million yen)

Description of Investments	FY3/2025 (Full-year actual)	FY3/2026 (Plan)
Data center	32	107
of which, a containerized data center	24	60
Servers and network equipment	238	290
of which, Generative AI Services	214	228
Others (systems and office-related, etc.)	6	3
Total	277	401

*1 Amounts are rounded down to the nearest 100 million yen. Amount before deferred gain deduction.

Additionally, we are continuing efforts to strengthen our revenue structure. Our annual recurring revenue (ARR), which reflects stable, recurring income, reached ¥14.2 billion in FY3/2025 (up 12.9% YoY), demonstrating the continued expansion of our stable revenue base.



*2 Calculated by multiplying the monthly recurring revenue (MRR) at the end of each period by 12. This is a different metric from net sales. Aggregation covers cloud services, VPS services, and rental server services of SAKURA internet on a standalone basis. Cloud services are pay-as-you-go, but calculated according to the aggregation method for flat-rate services.

Optimizing capital utilization and maintaining a sound financial structure

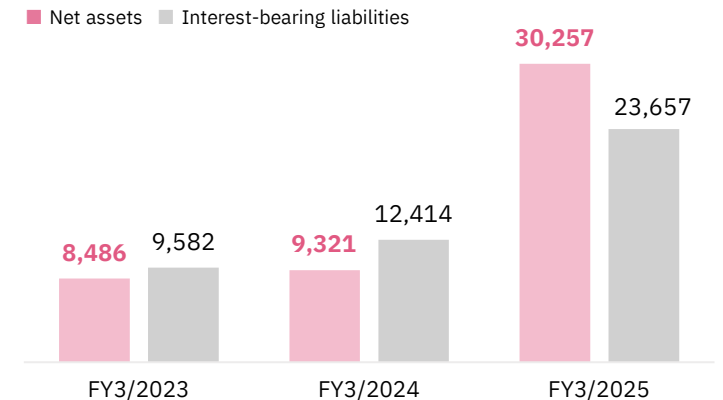
As we move forward with our planned growth investments, we remain committed to maintaining a healthy financial position. Although interest-bearing liabilities increased in

FY3/2025 due to borrowings for GPU Cloud Service equipment investment, our equity-to-asset ratio remained at 36.9% following a public offering.

When raising funds, we carefully consider risks such as profitability and rising interest rates, and select optimal financing methods based on the purpose and duration of each funding need. For short-term working capital, we use a combination of internal funds and short-term borrowings to ensure liquidity. For large-scale capital investments, including data centers and GPU infrastructure, as well as for ongoing investments such as cloud service replacement, we appropriately combine and utilize a range of financing methods—internal funds, borrowings, subsidies, leases, and equity financing—taking into account the nature of each investment.

Trends in Net Assets and Interest-bearing Liabilities

(million yen)



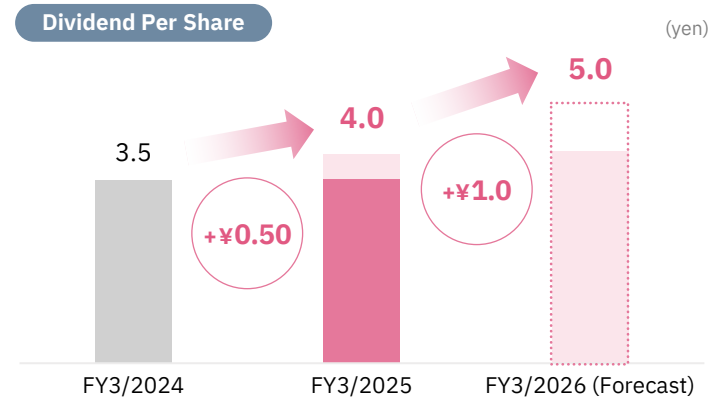
CFO Interview

Looking ahead, we may face increasing uncertainty due to changes in the competitive landscape and in the utilization of cloud and AI-related businesses. However, we will further advance the initiatives outlined above to diversify and stabilize our financing methods. In doing so, we aim to achieve both improved capital efficiency and a stable financial foundation.

Enhancing medium- to long-term corporate value through focus on growth areas

While we achieved record profits in FY3/2025, we revised our earnings forecast for FY2026, as announced in the first-quarter earnings release, due to a temporary slowdown in sales growth following the conclusion of a large-scale generative AI project that had been expected to continue. Looking ahead, we will concentrate our resources in growth areas, including high-value added Generative AI Services and the enhancement of our cloud services following official Government Cloud certification. We will also invest in sectors that will enhance future corporate value, aiming for an early return to a solid growth trajectory. Concerning shareholder returns, we maintained our stable dividend policy, setting the FY3/2025 dividend at ¥4 per share. We plan to increase it to ¥5 per share in FY3/2026. By maintaining an appropriate balance between forward-looking strategic investments and

shareholder returns, we will continue working to enhance medium- to long-term shareholder value.



Contributing to the sustainable development of society

At SAKURA internet, we aim to be a leading company in digital infrastructure, centered on our cloud business and guided by our corporate philosophy to turn “WHAT YOU WANT TO DO” into “WHAT YOU CAN DO.” From a financial standpoint as well, we intend to contribute to the sustainable development of society as a digital infrastructure company. We will continue to focus on sound management to meet the expectations of our stakeholders. We thank our shareholders for their continued understanding and support for this growth strategy.

IR Activity Policy

Aiming to enhance medium- to long-term corporate value, we place great importance on dialogue with investors. In FY2025, we held financial results briefings and conferences for institutional investors, as well as tours of the Ishikari Data Center. The number of annual IR meetings increased significantly to 203, up from 113 the previous year. This increase was driven by information disclosure regarding initiatives toward official Government Cloud certification and investment plans in high-performance GPUs and containerized data centers. As a result of these efforts, interest in our strategy and technological capabilities has grown, along with more requests for individual meetings.

At financial briefings, conferences, and site tours, members of management, including the President and CEO, CFO, and executive officer in charge of IR, also participate, engaging in open Q&A and exchange of opinions to promote two-way dialogue with investors. We will continue this approach to dialogue and work to further strengthen trust with our stakeholders.