

SAKURA Integrated Report 2025



Yosuke Kosugi
Sales Department,
CS Division

Corporate Philosophy

Turning “WHAT YOU WANT TO DO” into “WHAT YOU CAN DO”

Our vision is to create a society where, with enough passion and drive, we can turn “WHAT YOU WANT TO DO” into “WHAT YOU CAN DO” with the internet.

We believe in the internet’s potential to make life better for individuals and for society, and we’re committed to sharing far-reaching approaches that transform ambition into achievement.

We understand the importance of envisioning a better future for everyone we’re connected with—starting with our customers, employees, and local communities.

Vision

Creating a future where every connection with SAKURA leads to success

We are committed to the success of everyone involved with SAKURA internet through a chain of success that includes our customers, business partners, employees, and all stakeholders.

Values

- Affirmation first
- Lead and follow
- Speak until the message is conveyed

All of our employees practice these three values, which serve as guiding principles designed to spark collaboration within teams, and in doing so, help shape our company culture.



Yume Takagi
Human Resources
Planning
Department,
ES Division

SAKURA Integrated Report 2025

Start with this guide if you are unsure how to read this report. For a more conventional reading experience, refer to the table of contents on the next page.



What does SAKURA internet do?

Our aim is to create, together with the internet, a society where anyone willing to take on new challenges can turn “WHAT YOU WANT TO DO” into “WHAT YOU CAN DO” through services such as cloud computing.

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What sets SAKURA internet apart, and what’s behind our value creation process?

Grounded in human capital and ESG management, we create value and deliver trusted cloud infrastructure through a vertically integrated, in-house business model and a robust domestic operational framework.

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Why has SAKURA stepped up its recruitment efforts? What human capital strategies does SAKURA employ to enable diverse talent to thrive and excel?

At SAKURA, we are strengthening our investment in people to ensure sustainable growth in the future. We seek to provide job satisfaction in a supportive work environment, highlighting what makes SAKURA unique and elevating the value of our talent. We believe that people are the source of value creation for customers and society.

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Want to learn more about SAKURA internet’s vision and growth strategy?

We aspire to become a leading digital infrastructure company on a global scale. In a roundtable discussion, our president explores SAKURA’s vision for the future with engineers and business division leaders, and our vice president introduces growth strategies for the Government Cloud and Generative AI Services.

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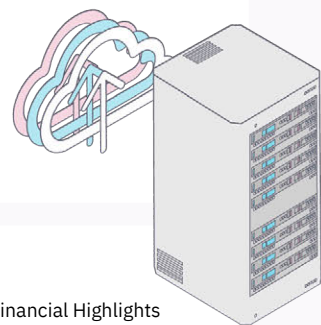
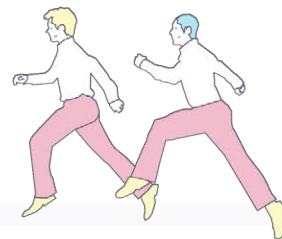
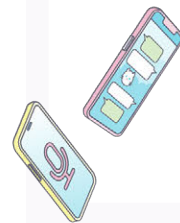
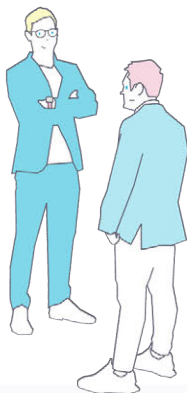
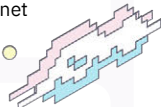
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Editorial Policy

“SAKURA Integrated Report 2025” introduces the corporate philosophy of SAKURA internet Inc., the business strategies that support its sustainable growth, and the specific initiatives and efforts that bring them to fruition. We sincerely hope that all our stakeholders—including investors, customers, business partners, and local communities—will gain a deeper understanding of our company, and that this report will foster empathy and opportunities for co-creation.

Period: April 1, 2024 to March 31, 2025 (Some information outside of this period may also be included.)

Disclaimer

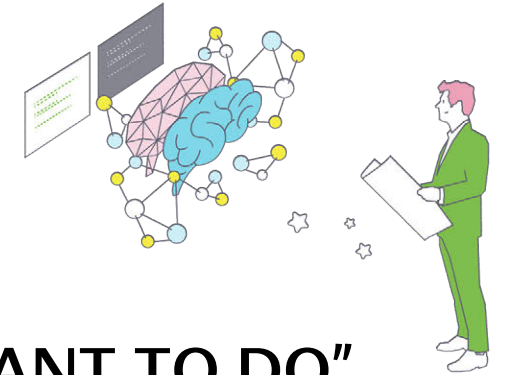
Forward-looking statements in “SAKURA Integrated Report 2025” include assumptions and forecasts that form the basis of future outlooks and plans as of the date of publication, and are not intended as guarantees of realization. Actual results may differ significantly due to various factors.

Message from the President



Message from the President

**Turning “WHAT YOU WANT TO DO”
into “WHAT YOU CAN DO” with Digital
Technology: Building a better society,
one step at a time**

**Kunihiro Tanaka** President and CEO

Born in Osaka, Tanaka currently resides in Okinawa. Tanaka founded SAKURA internet at 18 while studying at NIT (KOSEN), Maizuru College. Drawing on his entrepreneurial experience and engineering background, he is dedicated to fostering the next generation of entrepreneurs and IT engineers. He also serves as an outside director for several companies and as a project manager for the Information-technology Promotion Agency's (IPA) MITOU Program. In addition, he contributes to the advancement of the industry through numerous roles, including Chair of SAJ, Vice Chair of JAIPA, President of JDCC, and Deputy Director of BCCC. Recently, he has been actively exploring new ways of working, including embracing a multi-location lifestyle.

Message from the President



With the first and only domestic Government Cloud certification,* we are redefining what it means to turn “WHAT YOU WANT TO DO” into “WHAT YOU CAN DO.”

I founded SAKURA internet in 1996, when I was an 18-year-old student at a technical college. Inspired by the untapped potential of the early internet, I set out to make it accessible to everyone, so that anyone could turn “WHAT YOU WANT TO DO” into “WHAT YOU CAN DO.” Guided by this vision, I started a rental server business as a student venture. Now, with our cloud service becoming the first and only Japanese provider to receive Government Cloud certification, I believe we have taken another important step toward realizing the founding vision set out in our corporate philosophy.

*Approval is conditional, based on the requirement that all technical criteria are met by the end of FY2025.

In recent years, as generative AI has spread and digital transformation has accelerated, we have seen a rapid surge in the need for secure, high-performance, and highly functional cloud services. Until now, only foreign providers could meet these needs. With SAKURA's Government Cloud certification, there is now a “made in Japan” option, giving people greater confidence to leverage the cloud and turn “WHAT YOU WANT TO DO” into “WHAT YOU CAN DO.”

We have long embraced the word “alternative,” by which we mean providing customers with real choices. A market monopolized by a single company—especially a foreign one—not only deprives users of choice, but also contributes to Japan's digital trade deficit. This is not a healthy state for Japanese society or the economy as a whole. The ideal is an environment where both international and Japanese services coexist, and users have true freedom of choice. In other words, we should have an environment where Japanese companies play an essential role in enriching people's lives. In that sense, I hope to see more Japanese companies rise to the challenge, inspired by our example. If we can do it, so can others. Otherwise, there may be no place in Japan for young people who aspire to build cloud technologies. If that happens, Japan may well end up a country that can only consume these services, rather than create them.

With this certification as a catalyst, SAKURA internet will accelerate its efforts to become an essential leader in digital

infrastructure for society. That said, our goal is not short-term growth or a sudden surge in sales through rapid adoption by many municipalities. Instead, we intend to leverage the trust gained as the only domestic provider with Government Cloud certification, along with our advanced capabilities, to rival global providers and broadly serve the needs of the private sector.

With rising geopolitical and security risks, there is increasing demand for “sovereign cloud” solutions that secure data sovereignty in compliance with national laws. This creates a prime opportunity for SAKURA internet to expand into the enterprise market. Expectations for sovereign cloud solutions are high not only within Japan, but also throughout Asia. The ability to provide a uniquely Japanese alternative rather than American or Chinese, for instance, has profound significance both for our business growth and for realizing our corporate mission.

Accelerating co-creation with partners to capitalize on the growth opportunities in the expanding AI market

Looking at our most recent results, for the fiscal year ended March 2025, consolidated net sales rose by 43.9% year-on-year, and operating profit increased by 368.7%—both all-time highs. This record performance was largely driven by

Message from the President

the rapid growth of our GPU cloud services for generative AI. Amid global shortages of GPUs, our early experience in AI infrastructure allowed us to secure a stable supply of high-demand NVIDIA GPUs, enabling us to meet booming demand. In addition, our group companies' systems integration (SI) businesses, which include large-scale AI system builds and custom cloud projects, also contributed significantly to our performance.

For the fiscal year ending March 2026, we have had to significantly revise our consolidated earnings forecast downward. We now recognize that we underestimated shifts in the external landscape, and this has reinforced the need for us to further strengthen our adaptability and competitiveness. That said, our market continues to expand. It is not in decline. There are still plenty of opportunities for bold challenges, and we are determined to turn these lessons into fuel for our next phase of growth. To that end, we are strengthening our organization to make it leaner and more resilient. At the same time, the generative AI market is still in its infancy and poised for further expansion. Our aim is to secure first-mover advantages in this field and translate them into steady, long-term growth. To achieve this, we will continue investing in both people and assets, while also accelerating co-creation with partners in two key areas. First is the expansion of our sales channels. Until now, we have mainly relied on direct sales to our core customers, such as internet service providers and individual users. However, to

expand our market share in new sectors, especially outside IT, we must collaborate with partners who have established channels in those areas. That is why we are increasing the number of partners who offer our cloud and server solutions through programs like our partner program and cloud certification.

The second area is service creation that starts with the customer. Historically, our services have been product-driven, expecting customers to fit their needs to SAKURA's offerings. While this approach has worked up to now, as GPU supply increases, we must ensure customers choose us not just for any GPU, but specifically for SAKURA internet's GPUs. To that end, we are driving organizational transformation that integrates marketing, technical sales, and field sales into a unified team, enabling us to pivot to a market-in approach that fully understands the needs of users and the market. At the same time, we are deepening partnerships with system integrators and others who deliver our cloud and server solutions in user-friendly ways, aiming to co-create even better services as we rapidly build expertise and know-how.

Ultimately, our vision is to build an ecosystem where SAKURA, our partners, and our customers can create synergies and grow together. Going forward, we anticipate not only providing GPU servers but also increasing cases of co-creating AI solutions with partners and customers. Some of these solutions will succeed in global markets, fueling further growth in our GPU server business. This is the kind

of virtuous cycle we aim to achieve. That's why I constantly remind our employees that it is not enough to focus only on selling our own services. If there's something we can't do ourselves, we must proactively work with other companies to provide the right solution.

Empowering exceptional talent by pursuing both job satisfaction and a comfortable work environment

I am unwavering in my belief that investing in people is vital to advancing our growth strategy. This includes recruiting and skilling exceptional employees.

Our unique, vertically integrated, in-house approach has



Message from the President

long proven effective in developing talent, upskilling employees, and ensuring the right people are in the right roles. With a vertically integrated approach, business areas are clearly defined, enabling employees to shine in their fields of expertise. Because required skill sets remain largely consistent across roles, reallocating talent is also straightforward if we need to shift resources to our GPU and cloud businesses, for example. Another advantage is that, through our in-house approach, employees build valuable expertise by handling end-to-end processes themselves, making it easier for them to acquire new skills.

Building on this foundation, we have ramped up hiring in recent years, recruiting more than 200 new employees for the fiscal year ended March 2025. Thanks to a pool of 13,000 applicants, we have been able to attract all kinds of exceptional talent, which includes not only those with technical knowledge and skills but also those who understand our services and customers, as well as those who excel at self-management, even in remote work settings. Recently, we've also welcomed top talent from other leading companies in the industry. I feel a positive sense of responsibility: if these individuals do not achieve even more at SAKURA than at their previous companies, it would be a net loss for Japan as a whole.

I believe the reason we are able to attract so much talent is that we have created the kind of workplace I have always aimed for: a company where everyone can truly enjoy their

work. There are many difficult projects at SAKURA—whether those are tasks that no other company is doing, or whose outcomes are uncertain—but our employees take these challenges on with a sense of enjoyment. I believe this is because they can hone their skills in fields that interest them and experience the satisfaction of delivering value to society.

Naturally, we have also enhanced salaries and benefits. Exceptional people drive performance, and strong results make it possible to further improve rewards, but it is often difficult to gain enough momentum to make this virtuous cycle possible in the first place. The fact that we were able to achieve this cycle so quickly is due in part to favorable external conditions, which I recognize as a kind of temporary boost, and I am keenly aware that we must not become complacent. As CEO, I see it as my responsibility to ensure that every person who has chosen SAKURA can fully realize their potential and, together, provide value to society. That is why I remain committed to pursuing both job satisfaction and a comfortable workplace environment.

Committed to extensive dialogue with shareholders and investors and building long-term relationships of trust

Our growth scenario is built on two pillars: Government Cloud and infrastructure for generative AI, both of which are

aimed at enhancing our corporate value over the medium to long term. We intend to share the results of these efforts openly with our shareholders and investors.

Because our core business is in growth fields, we are recognized as a “data center stock,” “AI stock,” and “cloud stock.” With recent societal trends, we are also gaining attention as a “national policy stock” and “security stock.” As a result, our share price surged, and even after some stabilization, our PER^{*1} still remains above 60 × ^{*2}.

However, I feel that our business and medium- to long-term growth strategies are not yet fully understood. Our short-term performance may fluctuate, including revenue from our GPU cloud services, and it typically takes two to three years for investments in people and assets to be reflected in sales. That is why, rather than emphasizing short-term results, we must communicate clearly how we are preparing to enhance long-term corporate value, taking into account both internal and external factors. I would also like to stress that we prioritize sustainable growth together with society as a whole over short-term profits. We are increasing wages in line with government expectations, supporting employee reskilling, and, naturally, pursuing a low-carbon future by building zero-emission data centers. ESG principles remain central to our growth strategy. I believe that it is precisely because we respond to the needs of our country and society that we have the continued support of our shareholders.

^{*1} PER: Price-earnings ratio.

^{*2} As of June 26, 2025.

Message from the President

I once learned about the concept of “public interest capitalism” from entrepreneur George Hara. He explained that companies able to sustain medium- to long-term growth are those that prioritize society, customers, and employees and that this mindset ultimately leads to steady returns for shareholders. At SAKURA internet, we will continue to pursue the right path and conduct our business with integrity and a sincere commitment to society. I ask for your continued understanding and support as shareholders and investors.

Joining forces with believers in the power of digital technology to build a better society

Since founding SAKURA, my belief in the transformative power of digital technology has never wavered. I am convinced that increased investment in digital transformation (DX) and green transformation (GX) will truly improve Japan's future.

Japan faces a declining population and, regrettably, increasingly serious social challenges. While solutions will not come easily, I believe that by harnessing digital technology to improve productivity and eliminate inconvenience and anxiety, we can enrich people's lives and create a more compassionate society.

That is why Japan needs to establish a fully domestic digital supply chain, from infrastructure and operating systems to services. We must also cultivate digital talent throughout society and provide them with opportunities to thrive. This is the very reason why SAKURA operates a digital infrastructure business in Japan.

Looking ahead, we will continue to unlock the potential of digital technology across a wide range of fields, contribute to solving social challenges, and achieve sustainable medium- and long-term growth. Beyond that, we aim to realize our vision of becoming Japan's leading digital infrastructure company.

➦ SAKUMAGA #KunihiroTanaka

