SAKURA internet

SAKURA's REPORT 2026



SAKURA Integrated Report 2026

Corporate Philosophy

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

At SAKURA internet, 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 are committed to sharing far-reaching approaches that transform ambition into achievement. We understand the importance of envisioning a better future for everyone we are 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.

Guiding Principles

These 10 principles represent our values and provide a common language that enables all employees to make decisions and take action based on the same standards.

01 Customer Focus

02 Experiment, Fail fast

03 Seek Root Cause

04 Be a Builder

05 Raise the Bar

06 Right Decision

07 Integrity

08 Dare to Guide

09 Ownership

10 Deliver Results

SAKURA Integrated Report 2026

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.



Editorial Policy

SAKURA Integrated Report 2026 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, 2025 to March 31, 2026 (Some information outside of this period may also be included.)

Disclaimer

Forward-looking statements in SAKURA Integrated Report 2026 include assumptions and forecasts that form the basis of future outlooks and plans as of the date of publication, and are not intended to guarantee that these outlooks or plans will be realized. Actual results may differ significantly due to various factors.

Guide to the Report

01 What does SAKURA internet do?

We power society with a wide range of digital infrastructure services, including SAKURA Cloud, which has been selected for the Government Cloud.

Our competitive edge lies in our unique vertically integrated model: we handle everything in-house, from building and operating our own data centers to service development, sales, and support. This has become the foundation for a wide range of services, from rental servers to cloud and AI. Building on 30 years of technical expertise dating back to the dawn of the internet in Japan and a customer base of more than 480,000, we have continued to grow through customer success (CS) and employee success (ES).

Introduction → P.2
Section 01 Value Creation Story → P.10

02 Why are domestic cloud services attracting so much attention?

As interest in economic security and data sovereignty grows, demand is rising rapidly for trusted digital infrastructure based in Japan.

Beyond economic security and data sovereignty, the weaker yen is pushing up the cost of foreign cloud services, and the spread of generative AI is making domestic computing infrastructure more important than ever. This is why more and more organizations are looking to SAKURA internet, which offers cloud services that run entirely within Japan and is investing actively in AI computing resources.

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03 What is SAKURA internet doing to build the digital society of the future?

We are taking action on both environmental and social fronts to help build a sustainable digital society.

As generative AI drives up the power demand of data centers, we are reducing our environmental impact through renewable energy and strengthening our disaster resilience, so that we can keep providing sustainable, highly reliable digital infrastructure. We are also helping to develop the people and technologies that will support Japan's digital society of the future through digital talent development, industry-academia collaboration, and co-creation with local communities.

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See the Data section for financial data, corporate information, and stock information.

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SAKURA internet by the Numbers

Highlights of Consolidated Results (Fiscal year ended March 2026)

Net sales

35,301 million yen

CAGR (FY3/2022–FY3/2026) 15.2%

Profit attributable to owners of parent

216 million yen

Positioning

Government Cloud provider

Selected on March 27, 2026

Japan's only domestic provider

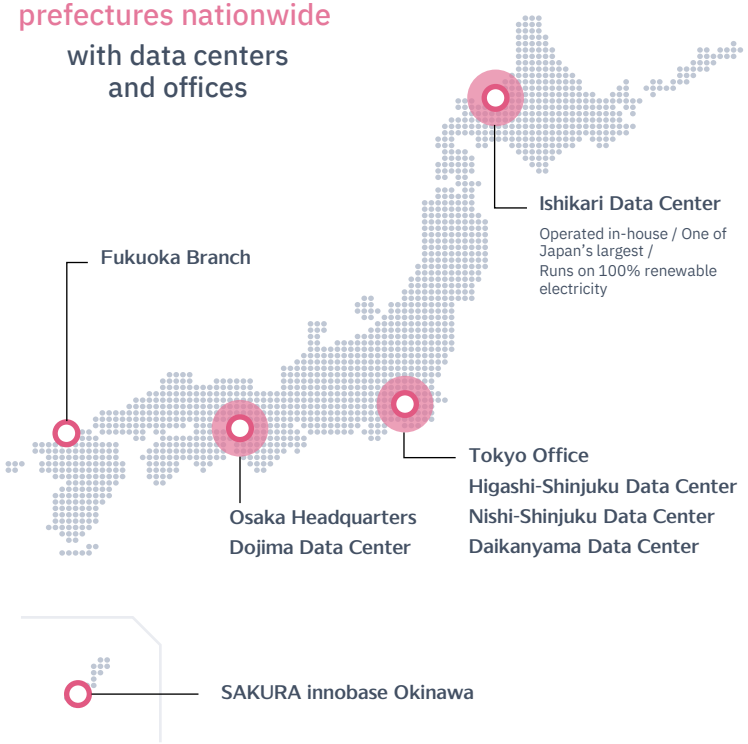
A long-established digital infrastructure provider

Founded on December 23, 1996

30th anniversary

The People and Places Behind SAKURA internet (As of March 31, 2026)

5 prefectures nationwide with data centers and offices



Number of employees

Consolidated

1,135 employees

+138 year on year

Remote work implementation

Non-consolidated

89.6%

*Percentage of days worked outside the office, calculated for March 2026.

Average age of managers

Non-consolidated

46.8 years

Percentage of female officers (including executive officers)

Non-consolidated

24.0%



A diverse service lineup that adapts to social change and customer needs

We have built a business model that covers everything in-house, from building and operating data centers to service development, technical research, operations, sales, and support.
In addition to SAKURA Cloud, which has been selected for the Government Cloud,*1 we offer a range of generative AI services tailored to different use cases, from training to inference, to meet diverse needs.

SAKURA Cloud

Selected for the Government Cloud

Trusted for everything from large-scale web services to public and educational infrastructure.

POINT

Data sovereignty in Japan

Unlimited data transfer

Intuitive controls and robust features

Generative AI services

Koukaryoku Series

Koukaryoku PHY

Bare Metal Series:

A high-performance physical platform

Koukaryoku VRT

VM Series:

A virtual platform designed for workload adaptability and agility

Koukaryoku DOK

Container Series:

A specialized operational platform for data processing

SAKURA AI*2

Business platform for generative AI

SAKURAONE

Japanese cloud-based supercomputer for generative AI

SAKURA Web Hosting

A popular server service with over 560,000 users

SAKURA VPS

Offers greater flexibility than SAKURA Web Hosting

SAKURA Dedicated Server PHY

A highly flexible, dedicated physical hosting service

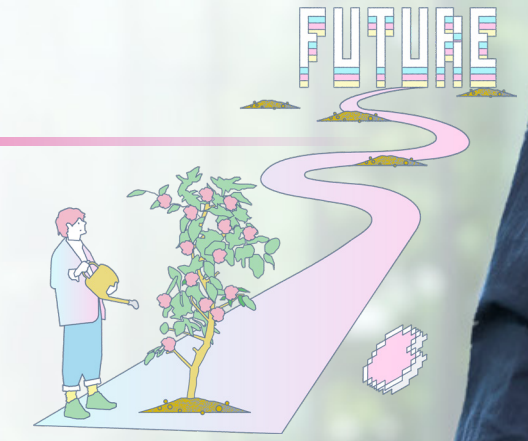
*1 Selected for the FY2023 and FY2026 Government Cloud on March 27, 2026.
*2 Launched in May 2025 as SAKURA Gen AI PLATFORM and renamed SAKURA AI in September of the same year.

Message from the President

President's Message

Turning unprecedented challenges into unprecedented achievements: Moving Japan forward by tackling the digital infrastructure issues that matter most





Kunihiro Tanaka Founder & CEO, President

Born in Osaka, Tanaka currently resides in Okinawa. He 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, Chair of the Japan IT Federation, Vice Chair of JAIPA, President of JDCC, and Deputy Director of BCCC. Recently, he has been exploring new ways of working, including embracing a multi-location lifestyle.
(As of June 30, 2026)

Message from the President



Selected as Japan's only domestic Government Cloud provider Leading Japan's digital infrastructure and building a global presence

In March 2026, SAKURA Cloud was selected for the Government Cloud—the only domestic service selected. When I received the news, my first reaction, frankly, was relief rather than celebration. More than anything, I felt that we had finally fulfilled our responsibility to the employees who had worked tirelessly for the roughly two and a half years since our conditional selection, and to the shareholders and investors who had continued to support us throughout that journey.

Looking back, our bid for the Government Cloud began around 2022. Initially, there was discussion of several domestic providers working together on its development.

Software development, however, moves quickly and requires strong leadership. Ultimately, SAKURA internet—with years of experience developing its own cloud—was the only company to remain in the conditional selection process.

So how did we pull off something this big, when even larger players had given up? I believe the answer is simple: we had the strong leadership to see it through. Our corporate philosophy is to turn "WHAT YOU WANT TO DO" into "WHAT YOU CAN DO." That shared purpose gave our people the determination to take ownership of an unprecedented challenge and see it through.

The significance of SAKURA Cloud's selection for the Government Cloud goes well beyond our own business. I believe its real value lies in helping Japan address the range of issues around digital sovereignty, which has been debated in the Diet for many years. Until now, Japan had no real choice but to rely on overseas cloud providers for everything. Even where national security was involved—where data is stored, which country's laws apply—we had no option but to accept the terms those companies set.

The availability of SAKURA Cloud changes that. With a domestic option now on the table, Japan itself gains real negotiating power to protect its data sovereignty in diplomatic terms as well. Japan's manufacturing sector offers a useful precedent. The presence of many globally competitive Japanese manufacturers historically let the country meet overseas companies and governments on equal terms. Now it is our turn. As a leader in digital infrastructure, we want to play a larger role in strengthening Japan's position on the global stage, and we are moving quickly to make that vision a reality.

Building on growth in the AI and data center markets to withstand fluctuations in supply and demand

For the fiscal year ended March 2026, consolidated net sales increased 12.4% year on year to a record high, while operating profit was negative. A temporary easing in GPU demand was a major factor behind this performance. But I do not believe we should simply attribute the result to market conditions. We need to examine what we could have done differently, learn from it, and apply those lessons to the fiscal year ending March 2027.

IT and digital technology are unusual in that demand has continued to expand for fifty years. With the paradigm shifting from SaaS to AI, we expect demand for computing infrastructure to grow dramatically. That underlying market growth is unquestionably an important tailwind for SAKURA internet. But a growing market does not guarantee smooth growth for every company operating within it. The history of the U.S. data center industry in the 2000s illustrates this clearly. Even as the broader market continued to expand, a number of major data center operators failed one after another because they could not withstand sharp imbalances between supply and demand. There is an important lesson here. However strong the market, there will always be large swings in supply and demand that no company can escape. When those cycles turn against you, what matters is whether the company has built the financial, commercial, and organizational resilience to absorb the impact and recover quickly.

Message from the President

As of the fiscal year ended March 2026, we had not yet built that resilience to the level we need. Commercially, our customer base was not broad enough to absorb the impact of losing a major customer. And from a management perspective, we were not able to identify changes in the business landscape early enough to respond effectively. We take both of these seriously now that they have come to light.

To address those structural weaknesses, we are rapidly strengthening our sales and financial management, in part by hiring people from larger companies who have worked through a wide range of situations.

Specifically, we are pressing ahead with measures to prevent a recurrence: strengthening our customer pipeline and speeding up information sharing and decision-making.

For SAKURA internet, “growth” means building a solid earnings base, and on that foundation, becoming a company that matters, both socially and economically.

For the fiscal year ending March 2027, we forecast a significant recovery, with consolidated net sales up 27.5% year on year and operating profit of ¥1.5 billion. Our investment in GPU infrastructure last year is now beginning to translate into revenue, while the approximately 1,100 NVIDIA B200 GPUs brought online in February 2026 are expected to provide another major boost. In particular, we are targeting year-on-year growth of more than 125% in our GPU cloud services for generative AI. Building on our selection for the Government Cloud, we will move in earnest into the public and enterprise sectors.

Over the medium to long term, our goal is to become a top-tier digital infrastructure company with consolidated net sales of ¥200 billion. But growth is not just about raising our own profile. What matters to me is expanding “WHAT WE CAN DO,” and with it the range of choices open to our users.

At the same time, we must be prepared to take on greater responsibility in society.

At consolidated net sales of ¥100 billion, for example, we would move beyond being a mid-sized industry player and join the side that writes the rules.

At a market capitalization of ¥1 trillion, we would become social infrastructure in itself—deeply ingrained in designing the future of our nation and society.

That kind of valuation cannot rest solely on expectations surrounding AI or government policy. It must be supported by a strong earnings base and sustained growth. By building that foundation and compounding our growth over time, we believe a market capitalization of ¥1 trillion is well within reach.



To make that leap, we are also moving decisively on internal reform. Specifically, we are shifting to a more autonomous management structure to make decisions faster and execute more effectively. At the same time, our goal in using AI is not simply to reduce costs, but to create new value and dramatically improve the quality of our services.

Partnerships will be another important driver of our next stage of growth. Our vertically integrated, in-house business model will remain one of our defining strengths, but a service worth several hundred million yen on our own could also become one worth hundreds of billions through partnership. Our collaboration with some of the world’s leading technology companies is the clearest example of that.

There are still very few domestic providers with end-to-end capabilities spanning data center design and construction, operations, and AI service development.

That is exactly why we want to be the place major partners bring their long-term contracts and large-scale investments—and to carry Japan’s digital infrastructure as a whole.

Turning our people’s “WANT TO DO” into customer value: Putting customer challenges at the heart of how we act

With so much change taking place, I believe our people also have more

opportunities to grow. Through the Government Cloud project, many employees stepped forward, accepted greater responsibility, and advanced in their careers. Many also saw substantial increases in compensation. These were people who put their hands up in the middle of dizzying change, thought for themselves, and acted.

Seeing how much our people grew through the Government Cloud selection, I felt again how much I want to hold on to two things: real equality of opportunity, so that chances come around to everyone, and a culture that backs each person's own "WHAT THEY WANT TO DO." And when our people create value, we reward them accordingly. Maintaining that cycle is how we build a strong organization. Our goal of raising average annual employee income to ¥10 million by the early 2030s is an extension of that philosophy, and we will deliver on it.

We also continue to attract highly skilled people from outside the company, raising the standard of what we can accomplish. Their arrival has been energizing for our existing employees too, and we can now pursue a question more rigorously, from the user's perspective: what is it that we can offer society? To reinforce that outward-looking mindset, in April 2026 we evolved our former Three Values into 10 Guiding Principles designed to encourage greater initiative and action.

I tell employees to make full use of the resources and opportunities available here and to keep expanding "WHAT THEY CAN DO." And even if they one day move on from SAKURA internet, I hope they will have used their time here to become people who can create value anywhere in the world.

Tackling society's most pressing challenges to become a company the nation can depend on

The rapid spread of generative AI is disrupting business models across industries. As a provider of digital infrastructure, however, SAKURA internet stands to benefit from its continued growth. But we cannot allow favorable market conditions to determine our direction. We also need to keep asking a more fundamental question: "Will the spread of AI genuinely make people's lives better?"

Take a kitchen knife, for example. It is a useful tool, but do you use it to cook a good meal, or to hurt someone? AI is no different. Depending on how it is used, it can push things in the direction of good or bad. With a balanced understanding of these risks, we have a responsibility to work with our users to shape a future in which AI creates positive value for society.

Our goal is to remain a digital infrastructure company that society genuinely needs. It is not about succeeding simply by being clever about how we make money. We want to build our business around work that people recognize as genuinely worthwhile, while generating sustainable profits and creating jobs. That is the SAKURA internet I want to lead. This means that we cannot judge every decision solely by its effect on short-term financial performance. We also need to ask whether the value we are creating will still matter to society decades from now—even 100 or 200 years into the future.

Thanks to the support of our shareholders and investors, SAKURA internet will mark its 30th anniversary in December 2026. We hope you will continue to support us in the years ahead.

↗ SAKUMAGA #KunihiroTanaka



Section 01

Value Creation Story

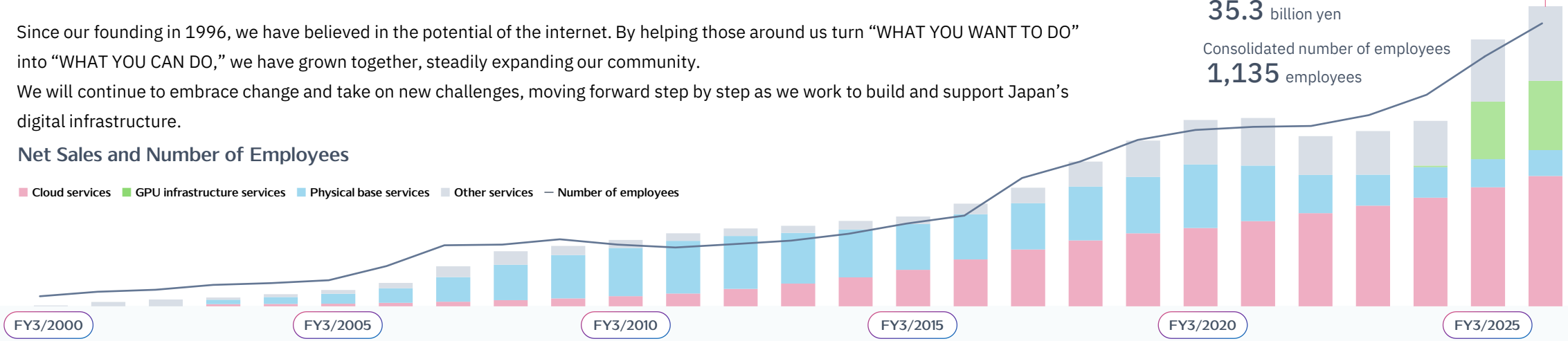
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16 Group Companies & SAKURA internet Research Center

History of SAKURA internet

Since our founding in 1996, we have believed in the potential of the internet. By helping those around us turn “WHAT YOU WANT TO DO” into “WHAT YOU CAN DO,” we have grown together, steadily expanding our community.
We will continue to embrace change and take on new challenges, moving forward step by step as we work to build and support Japan’s digital infrastructure.

Net Sales and Number of Employees



1996
- Founded SAKURA internet
- Launched SAKURA Web

1997
- Launched dedicated server service

1999
- Established SAKURA internet Inc.

2000
- Merged SRS Inc. and Inforest LLC
- Changed company name to SRS SAKURA internet

2004
- Opened the Dojima and Higashi-Shinjuku Data Centers
- Changed company name to SAKURA internet Inc.
- Launched SAKURA Web Hosting

2005
- Listed on TSE Mothers

2006
- Obtained ISMS certification for housing service operations at Higashi-Shinjuku and Dojima Data Centers
- Opened the Nishi-Shinjuku and Daikanyama Data Centers
- Obtained PrivacyMark certification



2009
- Expanded ISO27001/ISMS certification to all offices and data centers
- Established SAKURA internet Research Center

2010
- Launched SAKURA VPS

2011
- Opened the Ishikari Data Center
- Launched SAKURA Cloud

2012
- Launched SAKURA Dedicated Server

2015
- Acquired Joe’s Cloud Computing Inc. as a subsidiary (merged into bitstar Inc. in April 2019)
- Upgraded to the First Section of the Tokyo Stock Exchange

2016
- Acquired Gehirn Inc. as a subsidiary
- Established affiliated company S2i Inc. (liquidated in November 2023) and subsidiary SAKURA Mobile LIMITED
- Launched SAKURA Dedicated Server Koukaryoku Series

2017
- Acquired NCI Inc. (renamed ITM Inc. in May of the same year) and bitstar Inc. as subsidiaries
- Opened the Fukuoka Branch
- Launched sakura.io

2018
- Established subsidiary Prunus-Solutions Inc.
- Acquired IzumoBASE Inc. as a subsidiary
- Obtained ISMS cloud security certification for SAKURA Cloud



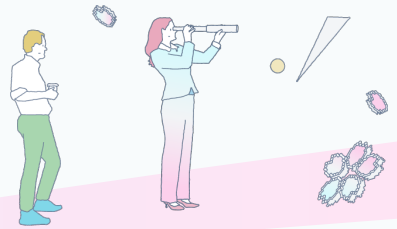
2019
- Enhanced data center backbone network, surpassing 1 Tbps in external connectivity
- Established joint venture BBSakura Networks, Inc.

2020
- Launched SAKURA Dedicated Server PHY

2021
- Registered SAKURA Cloud with ISMAP
- Established subsidiary Tellus Inc.
- Relocated headquarters to Umeda, Kita-ku, Osaka

2022
- Transitioned to the TSE Prime Market

2023
- Opened SAKURA innobase Okinawa
- Conditionally selected as a Government Cloud service provider



2024
- Launched Koukaryoku PHY and Koukaryoku DOK services
- Relocated headquarters to Grand Green Osaka in Ofukacho, Kita-ku, Osaka
- Launched the SAKURA Partner Network and SAKURA Web Hosting Reseller Program
- Established the SAKURA Cloud Certificate

2025
- Launched Koukaryoku VRT, SAKURA AI, and SAKURAONE
- Began operations of a containerized data center at the Ishikari Data Center

2026
- Selected as a Government Cloud service provider
- Established the SAKURA AI Certificate

*Information for 2026 is current as of July 31.

SAKURA internet
celebrates its 30th anniversary in December 2026

SAKURA internet
30th Anniversary

Value Creation Process

Creating competitive advantage

Input → Business Model → Output → Outcome → Vision

External environment

- Sustained growth in cloud demand
- Surging demand for generative AI
- Digital trade deficit / Rising need for domestic data sovereignty

Proven track record and brand recognition as an established company

- Human capital
- Financial capital
- Intellectual and technological capital
- Social capital
- Natural capital

Business Model

Cloud technology developed in Japan

Delivering trusted, secure digital infrastructure

- 100% Japan-operated infrastructure
- Selected as the sole domestic Government Cloud provider

Services: Sales, Support, Operations, Engineering

Build strengths through an in-house approach

Data centers

Employees

Foundation for value creation

Human capital management

Supportive workplace / Empowerment and growth of diverse talent / Attraction and retention of top talent / Greater job satisfaction

Output

- **Cloud services**: Expanding cloud service channels to gain an edge over competitors
- **Generative AI services**: Implementation of growth strategy
- **Physical infrastructure services**: Strengthening of infrastructure that underpins the growth strategy
- **Other services**: Building a framework for accelerated growth by advancing talent acquisition and development as well as infrastructure expansion

Accelerating market development

Outcome

Deliver value to stakeholders

- Customers / partners
- Employees
- Shareholders / investors
- Local communities
- Environment
- Future generations
- Government agencies / industry associations

Vision

Creating a future where every connection with SAKURA leads to success

Environment

Eco-friendly data centers

Social

Education

Regional revitalization

Governance

Governance

Security

Corporate culture and values What makes SAKURA unique

Long-Term Vision



Long-term prospects

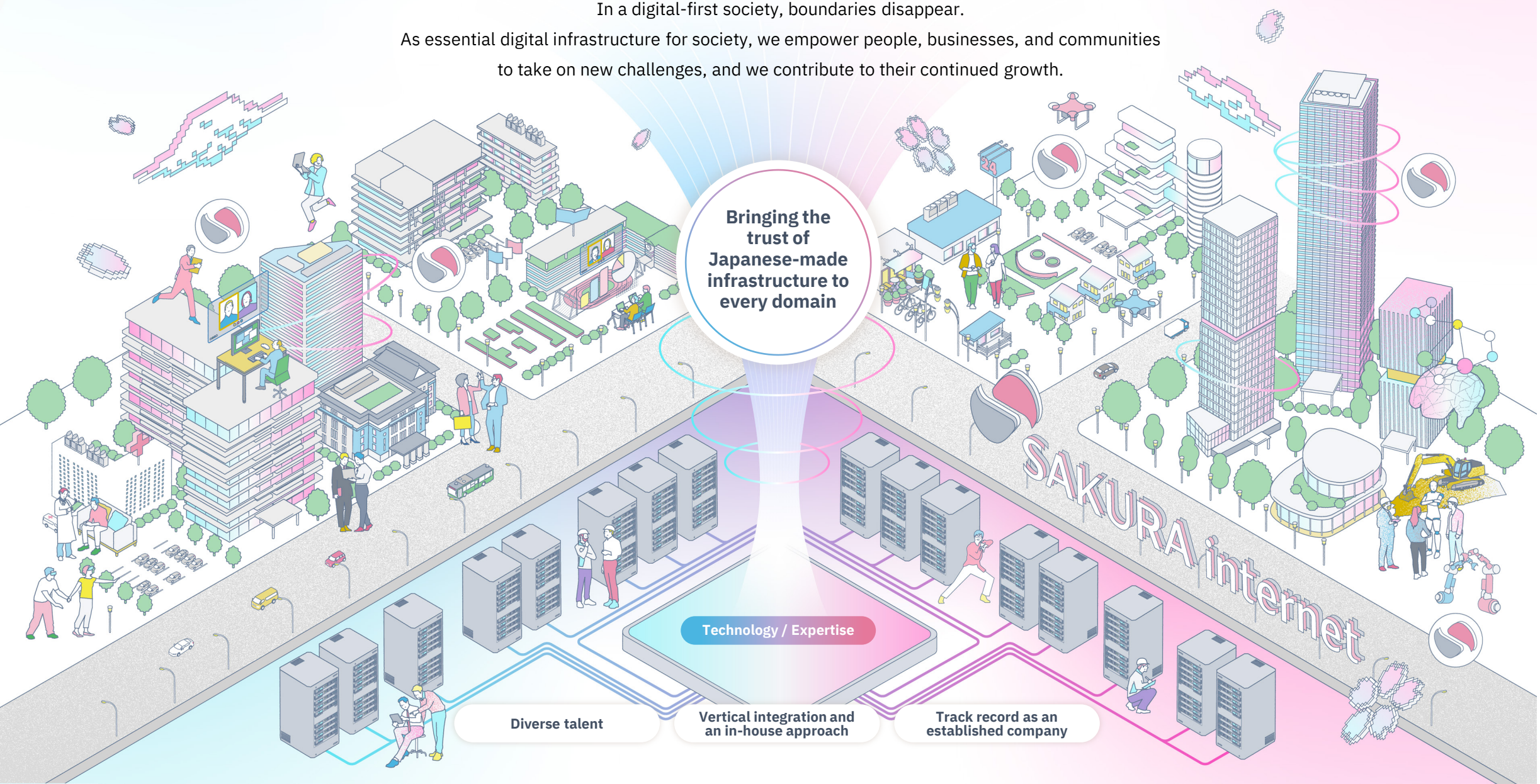
Becoming a leading digital infrastructure company

We are an alternative to global hyperscalers, offering infrastructure for public- and private-sector digitalization and driving digital transformation across industry and society.

Our Businesses

Building the infrastructure for a digital world

In a digital-first society, boundaries disappear.
As essential digital infrastructure for society, we empower people, businesses, and communities to take on new challenges, and we contribute to their continued growth.

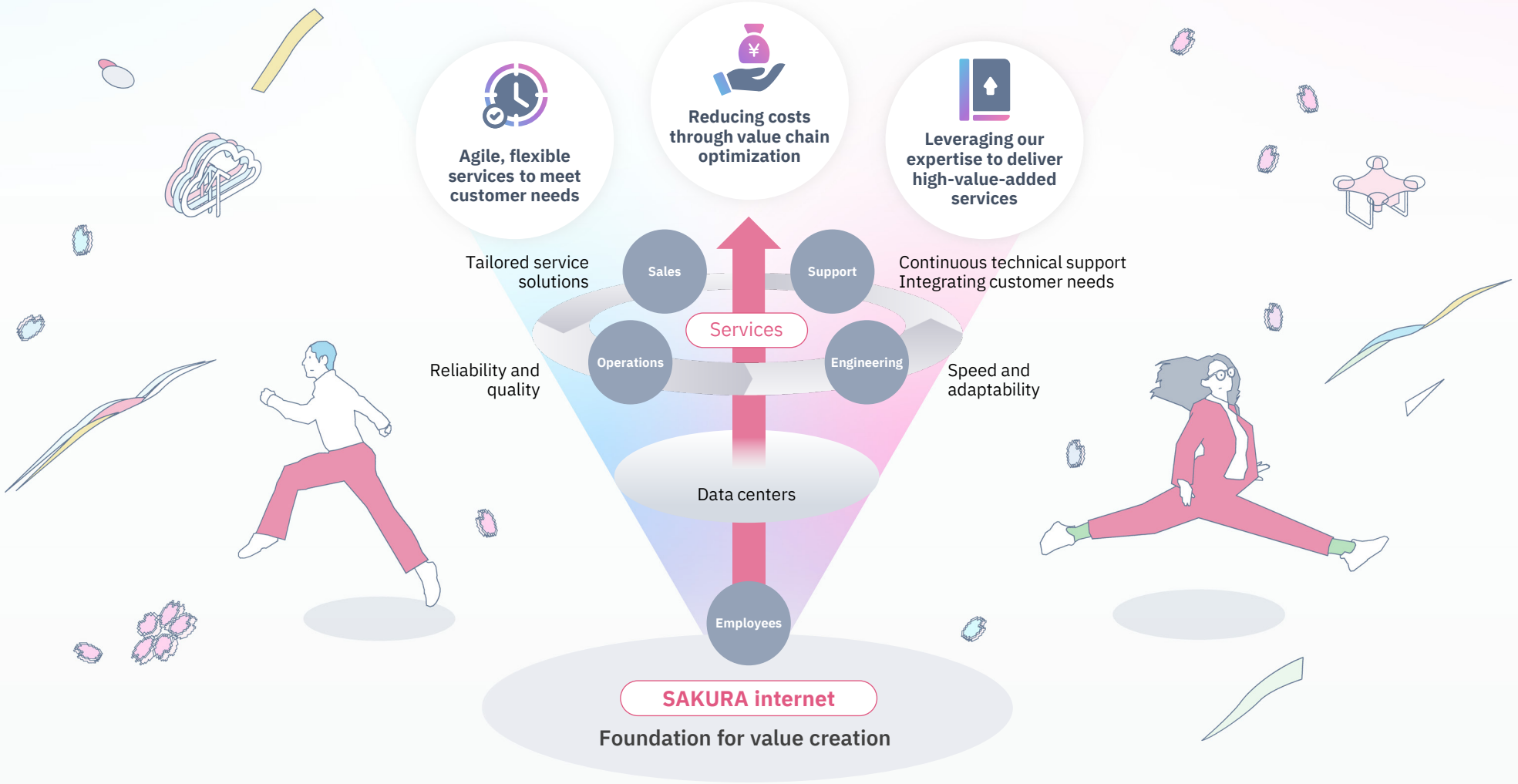


Our Strengths

High-value-added services, end to end in Japan

SAKURA internet has established a unique, vertically integrated business model that covers every stage in-house, from owning its own data centers to service development, technical research, operations, sales, and support.

Creating competitive advantage



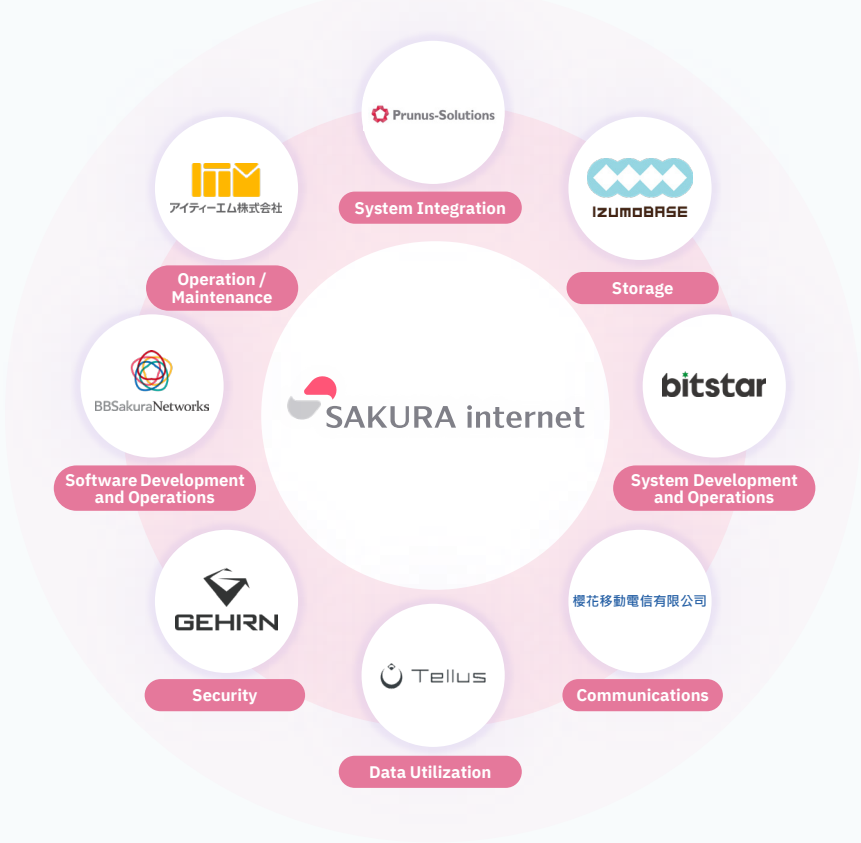
Group Companies & SAKURA internet Research Center (as of July 31, 2026)

Bringing together diverse expertise to meet evolving social needs and customer expectations

Drawing on the extensive expertise of our Group companies in their respective fields, we address a wide range of customer needs. Through research and development at the SAKURA internet Research Center, we are also exploring new possibilities for the digital society of the future.

Group Companies

The SAKURA internet Group brings together companies with expertise in a range of specialized fields, combining reliable technology and operations to help customers turn “WHAT THEY WANT TO DO” into “WHAT THEY CAN DO.”



SAKURA internet Research Center

We explore advanced internet technologies to create new value and strengthen our competitiveness over the medium to long term.

The SAKURA internet Research Center is a corporate research lab focused on advanced technologies with a three- to five-year horizon. Guided by its mission to “expand the possibilities for the future and turn ‘what you want to do’ into ‘what you can do,’” the Center is advancing research in areas including large-scale AI infrastructure that supports Japanese industry, high-performance computing (HPC), the AI4Science initiative, and physical AI and robotics. It also actively collaborates with universities and other external organizations. Its open research environment gives researchers the freedom to pursue new challenges and produce advanced research that creates value for businesses and society.

In June 2026, our managed supercomputer SAKURAONE ranked 22nd worldwide in the HPCG benchmark for AI and HPC infrastructure performance.

SAKURAONE was jointly developed by the SAKURA internet Research Center and Prunus-Solutions Inc., a SAKURA internet Group company. Since September 2025, it has been offered as a commercial managed HPC cluster service supporting AI development and R&D at companies and other organizations.
At ISC 2026 in June 2026, SAKURAONE ranked 22nd worldwide in the HPCG benchmark, which measures performance under workloads representative of real-world applications, including memory access and communication performance. It also ranked 63rd worldwide in the TOP500*, a global ranking of supercomputers by computing performance.
We are sharing the knowledge gained through this initiative in Japan and internationally, helping to advance technical capabilities across the industry. Going forward, we will continue to support R&D in advanced technologies by securing next-generation GPUs and providing high-value-added infrastructure, contributing to sustainable corporate value creation and the advancement of society.

*The TOP500 is a global ranking of supercomputers based on computing performance. The latest rankings were announced at ISC 2026, an international HPC conference and exhibition held in Hamburg, Germany.

↗ ISC Official Website

Section 02

Growth Strategy of SAKURA internet

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Our Growth Model: Cycle of Management Resources and Investment

Revenue Structure for Non-linear Growth

SAKURA internet drives sustainable growth and expands revenue by creating a virtuous cycle of talent, technology, and infrastructure across its businesses.



Achieving non-linear growth



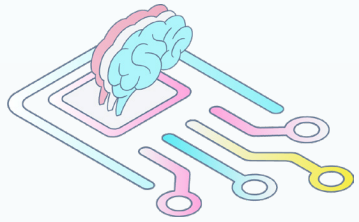
Driving growth

Project revenue

High-performance AI infrastructure

- **Koukaryoku PHY**
- **SAKURAONE (Supercomputer)**

Capturing growing AI demand
Responding to market shifts to generate strong returns



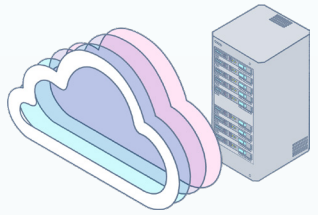
Supporting stable growth

Recurring revenue

AI inference & cloud services / Hosting services

- **SAKURA Cloud**
- **SAKURA AI**
- **SAKURA VPS**
- **SAKURA Web Hosting**
- **SAKURA Dedicated Server** etc.

Delivering high-value-added services
Meeting diverse customer needs for sustainable revenue growth



Highly reliable digital infrastructure supporting society,
proven by Government Cloud selection

Medium- to Long-Term Growth Strategy Overview

Delivering customer-first solutions people use, choose, and pay for

Shifting from a supply-side mindset to a demand-driven one.
Leveraging our unique position in domestic cloud and AI infrastructure, we will deliver medium- to long-term revenue growth while meeting the demands of the era.

	Through FY3/2026	FY3/2027 onward
Management priorities External environment	• Developing for Government Cloud selection and responding to generative AI demand • Driving rapid, large-scale investment to strengthen competitiveness	• Creating value and revenue by maximizing returns on past investments • Establishing a unique position in domestic cloud
Implementation of growth strategy	**Becoming the provider of choice by focusing on cloud services** • Responding rapidly to generative AI demand • Delivering a domestic cloud • Developing new markets	**Strengthening deal creation through sales capabilities and partner strategies** • Reorganizing into a structure that integrates development, sales, and support • Major expansion of sales channels through co-creation ecosystems and strategic alliances • Driving internal AI adoption to boost customer acquisition and maximize LTV
Strengthening of infrastructure that underpins the growth strategy	**Building a framework for accelerated growth by advancing talent acquisition and development as well as infrastructure expansion** • Recruiting top talent • Strengthening employee development • Building out the service platform	**Building a structure that responds swiftly to strategic investment needs and demand shifts** • Leveraging our GPUs, data centers, and talent base for focused, efficient capital allocation to growth areas • Making new investment decisions rapidly and flexibly based on market trends • Using existing data center assets to maintain the agility to deploy the latest GPUs

Accelerating customer-centric solution delivery

Becoming a leading digital infrastructure company



Masaaki Tateno
Vice President / Senior Executive Officer

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

Contributing to a sustainable society through digital infrastructure

Delivering high-performance GPU infrastructure reliably to meet growing AI demand

For the fiscal year ended March 2026, with the NVIDIA B200 (approximately 1,100 units) coming online in February 2026 and containerized data centers taking shape, we can now deliver more computing resources than ever before. Customer acquisition against planned capacity is on track, and the V-shaped earnings recovery in our full-year forecast for the fiscal year ending March 2027 is looking increasingly certain. The resources we built up by investing ahead of the curve now position us to capture growing demand.

The NVIDIA H100/H200 infrastructure, offered since 2025, has medium- to long-term staying power: after serving training workloads, the same hardware captures inference demand. Even as we deploy the latest GPU infrastructure for large-scale training, we are expanding services that maximize the value of previous-generation hardware. We see this ability to maintain an uninterrupted supply of computing resources—the foundation of digital infrastructure in the AI era—as the very source of the trust placed in SAKURA internet.

Over the past year or two, we have significantly expanded our lineup of generative AI services. For large-scale training, we provide cutting-edge bare-metal infrastructure such as Koukaryoku PHY and SAKURAONE. For the inference needs that have emerged more recently, we offer services including Koukaryoku DOK, Koukaryoku VRT, and SAKURA AI Engine.

In the inference space, rather than relying on off-the-shelf generative AI assistants and agents from the major providers, a growing number of companies are building and running their own inference environments, an approach known as LLM serving. Customers using SAKURA AI Engine for this purpose report significantly lower costs compared to the token-based pricing of major LLMs.

To meet these expectations, we will expand our inference and small-scale training services further, making them available to small and mid-sized customers as well. From services starting at tens of thousands of yen per month to large-scale enterprise infrastructure accounts, we are building a product lineup that covers the full range. Our goal is to become a viable option for any organization looking to put AI to work.

With GPU infrastructure at the core, our product range has grown dramatically into generative AI services. In addition, we are serving an increasingly diverse range of industries and use cases, and we are seeing the broader reach we have envisioned for our business begin to take shape. At the same time, the range of our offerings and the value each service delivers are not yet widely understood. That is precisely why we intend to keep refining our products, communicate their value more clearly, and build environments where more customers can put them to use.



Government Cloud as a springboard for business expansion

Since our Government Cloud selection, project opportunities have grown, starting in the public sector and expanding rapidly into enterprise, government agencies, and local municipalities. For example, the technical, operational, and security capabilities we built to meet Government Cloud requirements extend beyond the public sector to address the sophisticated needs of enterprise clients. Building on our track record in the public sector while expanding into the private sector, we will take our cloud business to the next stage.

As we support digital infrastructure alongside foreign-owned cloud providers, what sets us apart is our ability to offer price stability, sovereignty, and solutions combining cloud and on-premises environments, all from a single provider. As a company that started in shared web hosting and grew into a data center operator, we understand that not everything, core systems included, can move to the cloud. We intend to keep delivering the right solutions for those real-world needs.

Competitive edge built on years of technology and experience

Our ability to deliver GPU infrastructure and cloud services reliably today traces back to experience we started building during the deep learning boom around 2015, well before demand for LLMs and AI agents emerged.

With every new GPU generation—NVIDIA Hopper, Blackwell—we have handled hardware selection, design, deployment, and operations entirely in-house. From cooling increasingly powerful systems to managing soaring power consumption, we faced challenge after challenge. Each time, our teams found a way forward. That steady, hands-on problem-solving, compounded over years, is what drives our quality today.

As our co-creation ecosystem with partners grows, the in-house approach that lets us design everything ourselves, from network architecture to storage, becomes an increasingly powerful differentiator. We chose to handle configuration, deployment, and operations entirely ourselves so that multiple smaller customers could share our multi-tenant cloud simultaneously. That choice has become a formidable competitive advantage.

GPU servers, for example, are delicate machines. Even a slight smudge on a fiber optic cable can cause communication failures. Designing and running them takes more technical skill than most people realize. That is exactly why we take such pride in hearing users say SAKURA outperforms the competition, even when the specs are identical. Because we control so much in-house, we can resolve issues ourselves, and these lessons feed directly back into our products. This cycle produces quality that users can actually feel, along with a clear gap between us and the competition.

One expression of this strength is our commitment to “white-box safety,” the opposite of the approach taken by the global cloud providers. We offer guided data center tours—something other providers keep behind closed doors—where visitors can see our servers and storage firsthand. We have maintained this stance since the Ishikari Data Center first opened in 2011. Users tell us it gives them real confidence, and our high closing rate after tours speaks for itself. This is not a sales tactic. It is an honest look at what our infrastructure actually is, and that integrity, we believe, is what earns customer trust.

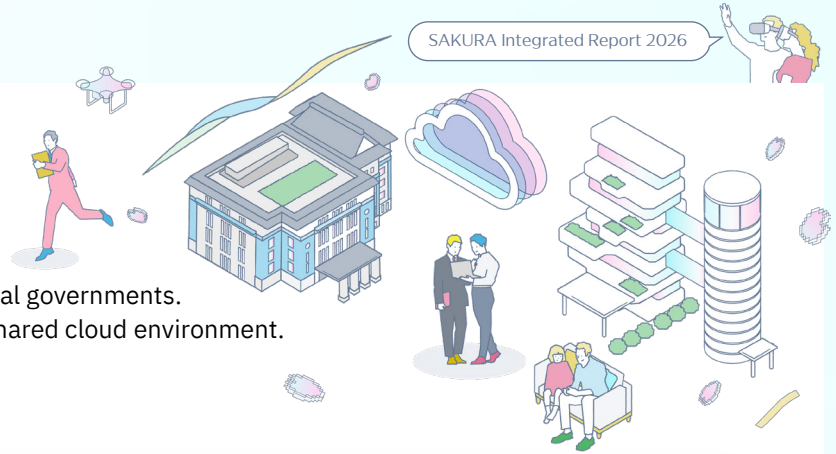
Nurturing the people, technology, and services that sustain the IT industry’s core

One of the most important outcomes of our in-house approach has been attracting and developing talent. Few companies develop and operate their own cloud infrastructure down to the foundational layer. That is exactly why engineers who want to design and build things themselves continue to join us—another strength that sets SAKURA internet apart. As cloud becomes the default for IT development, opportunities to build cloud infrastructure or design and build physical networks are becoming increasingly scarce, both on the job and as a field of study. Yet as the AI era arrives, the work of sustaining core digital infrastructure only grows more essential. I believe SAKURA internet has an increasingly important role to play in providing a place where engineers can gain a deep understanding of core technologies and pass that expertise on to the next generation.

We bring decades of operational know-how and a culture that takes technology seriously. Guided by our long-standing commitment to building and operating technology in-house, we will continue to create synergies across digital infrastructure and take on new challenges to turn our customers’ “WHAT YOU WANT TO DO” into “WHAT YOU CAN DO.”

Features

Government Cloud | Government Cloud Explained



Digital infrastructure connecting convenience and safety

The Government Cloud is a secure, efficient cloud environment maintained by the Digital Agency for shared use by the national and local governments.
The initiative standardizes systems that each government body previously built and operated independently, and migrates them to a shared cloud environment.

Expected benefits

- **Reduction of redundant investment**
- **Specification and operation standardization**
- **Improved security baseline**
  About the ISMAP security assessment program → P.43
- **Optimization and rapid deployment**

Cloud services used by central ministries, public agencies, and local governments

Cloud providers

Selection as a Government Cloud provider requires meeting all of the 300-plus strict technical standards set by Japan's Digital Agency.

Examples of technical standards
World-class security / Data stored in Japan / Easy service migration

Four major foreign cloud providers

First domestic provider

SAKURA internet

SAKURA Cloud

Selected as a Government Cloud provider on March 27, 2026

Building and operating systems in the cloud

Certification / Contract

Digital Agency

Cloud environment provision

For current migration status, visit the Digital Agency website

↗ Digital Agency website

Central ministries

Public agencies

Local governments

Local governments can run all 20 core services—from infrastructure to applications—on a single platform.

Examples of the 20 core services
Taxes / Resident registry / Seal registration / Child and childcare support / Child allowance

Features

Government Cloud | Path to Selection

↗ SAKUMAGA #GovernmentCloud

Two and a half years and around 300 requirements

Leading up to its selection as a Government Cloud provider in March 2026, SAKURA internet grew its cloud development team from 10 to over 100 and worked through some 300 technical requirements. The journey also demonstrated the company's commitment and ability to execute, guided by its principle of turning "WHAT YOU WANT TO DO" into "WHAT YOU CAN DO." Here, Masahiro Nagano, General Manager of the SRE Division, looks back on that journey.

Masahiro Nagano General Manager, SRE Division

Nagano previously worked at several web service companies, including MIXI, livedoor, and Mercari, focusing on improving reliability and performance. At livedoor, they were involved in founding ISUCON, and at Mercari, in establishing the SRE organization. They joined SAKURA internet in 2021 and were appointed General Manager of the newly established SRE Division in April 2026.





January 2021
Nagano joins
- Initial cloud development team has a headcount of around 10

SRE Office launched
- Its mission: "To enable the digital transformation of customers and society by enhancing the reliability of cloud services and systems."

Development productivity reading group started
- Driven by the organizational mission

July 2023
Phase 01



Responded to "Government Cloud technical requirements market survey"
- Actively helped define more abstract, vendor-neutral requirements



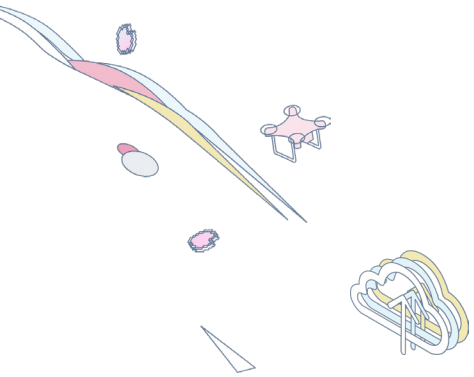
Project team structure takes shape



Began reviewing Government Cloud technical specs and requirements



Application submitted!
September 2023
FY2023 Government Cloud
Open call begins





01

From core capabilities to open call and development buildout

The challenge began with what we already knew.

Despite initial concerns that this would be a technically daunting challenge, the team grew confident they could take it on precisely because SAKURA internet had developed and operated every layer in-house—from data centers to software to networking.

Features

Government Cloud | Path to Selection

Monthly releases increased to over 500

- Previously 50–60 releases / month

Development team grew from 10 to over 100, expanding into 8 teams

- Recruited like-minded teammates through rounds of interviews

Let's grow the team and speed up development!



Accelerating feature development

- Sharpening our understanding of the requirements through ongoing dialogue with the Digital Agency

It's all about our customers—turning "WHAT YOU WANT TO DO" into "WHAT YOU CAN DO"!



November 28, 2023

Conditional selection

as an FY2023 Government Cloud provider

Deciphering around 300 technical requirements

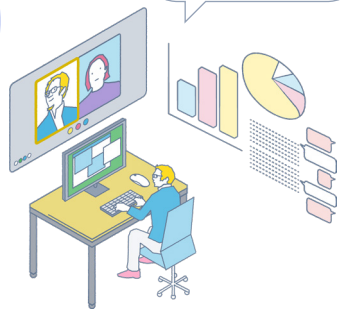
- Held 3 "reading camps" (14 hours total)

Proposal preparation ramps up

- Mapped out ISMAP development lead times, hiring plans, and development schedules

Phase 02

Working on materials while staying connected via video calls



Application submitted!

December 2025

FY2026 Government Cloud

Open call begins

02

United in purpose, stronger as a team

After a series of challenges, we made the cut.

Next step: figuring out what the Government Cloud really needs.

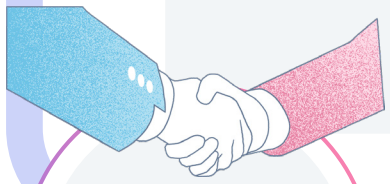


The team kept pushing forward, returning again and again to the core purpose of the project: not for themselves, but to turn customers' "WHAT YOU WANT TO DO" into "WHAT YOU CAN DO" and "to make Japan's cloud better."

For us, Government Cloud selection isn't the finish line—it's a checkpoint.



Let's keep shipping for our customers!



March 27, 2026

Selected

as a Government Cloud provider for FY2023 and FY2026

Japan's sole domestic provider

Phase 03

Team and tech skills—massive level-up!!



03

The future of SAKURA internet

Japan's only domestic Government Cloud provider

Our technical strength and commitment to craftsmanship have now been joined by a new competitive edge: the ability to solve problems from the customer's perspective, cultivated through Government Cloud development. We will continue building services that address our customers' challenges and delivering trusted cloud technologies developed right here in Japan.

Features

Government Cloud | Roundtable

DIALOGUE



A challenge that began as “simply impossible” became our greatest success story. Continuing to grow with confidence and pride in what we can achieve

In March 2026, SAKURA Cloud became the only cloud developed in Japan to be selected for the Government Cloud. How did we meet the government’s extraordinarily high technical requirements? President and CEO Kunihiro Tanaka; Kenichi Narishima, who led the project; and Hiroyuki Yamada, who handled coordination with the Digital Agency, sat down to discuss the two-and-a-half-year journey from conditional selection to full selection, and the future they see beyond it.

Kunihiro Tanaka (left)
Founder & CEO, President

Kenichi Narishima (center)
Project Management Office Group, Business Growth Operation Department, Cloud Business Strategy Division

Narishima began their career as a systems engineer in 1997. After working as a project manager in the building materials and finance sectors, they joined SAKURA internet in 2016. They served as a manager in the Technology Division and as development PM for projects including Tellus, and led the Government Cloud development project through March 2026. They are now in charge of another internal project.

Hiroyuki Yamada (right)
Sales Engineer Department, Solutions Division

Yamada joined Sony Corporation in 2002. They worked in system development, product planning, and business planning across a wide range of areas, including electronic money, digital cinema, and the broadcasting and medical businesses. Drawing on that extensive experience, they joined SAKURA internet in 2025. They now lead PM/PMO work for Government Cloud-related and other public sector projects.

Features

Government Cloud | Roundtable

Topic 01 Transforming our development practices through a rebuilt organization

Yamada When I heard the news of our selection, my first reaction was pure joy. Though to be honest, I was also quite relieved. I was handling the final security and procedural adjustments with the Digital Agency, so I felt like the final runner of a relay taking the baton, thinking, “What if I drop it here and cost us the selection?” It was the conditional selection that brought me to the company, so I was happy to be involved with a core part of the business. However, the final stretch was truly nerve-wracking. When the Minister for Digital Transformation announced SAKURA internet’s selection at the press conference on March 27, 2026, a huge weight lifted off my shoulders.



Narishima On the development side, we could see the finish line a little earlier than the others, so by then I felt we had done everything we could. Those last two weeks felt particularly long. All we could do was wait.

Tanaka I also spent the last few weeks before the result came out feeling restless. Actually, we’d wanted a role in the Government Cloud from the moment the public call for providers went out in 2021.



But the business was experiencing a rough patch, and we weren’t in a position to act on our vision at the time.

Then, in 2022, all four selected providers were foreign-owned, and calls for a domestic cloud grew even louder. However, the conclusion that came back from our internal review was, “It’s simply impossible. The requirements are too demanding.” Then again, you can’t credibly argue that the requirements are too strict when you aren’t yet able to meet them.

That’s why we started by showing that we could fully satisfy the requirements if given some additional time, which earned us an opportunity in the form of conditional selection.

Narishima Honestly, the mood in the company at the time was very much, “Can we really pull this off?” This was 2022, right in the middle of our large-scale GPU server build-out, so we were looking at two enormous projects running in parallel. When an employee asked Tanaka-san which project should take priority, he replied right away, “We’re doing both.” That one line is what got us here, I think. Once management’s intent is clear, the rest is just everyone putting their heads together to figure out how to make it possible.

I figured we’d find a way to overcome the technical challenges since other companies had already done it. However, what SAKURA internet overwhelmingly lacked was people and management capacity. So for the first six months, building the organizational structure came before everything else. Working backward from the engineering hours required for feature development, the math said we would need to conduct around 10 interviews a day to keep up. I remember the recruitment team and me being at our wits’ end over how we’d manage it.

Tanaka Another big shift we had in this process was our existing people developing the resolve to hire colleagues who would earn more than they did. And indeed, once we raised pay substantially, talent started arriving in a steady stream, including from the big foreign players. What made the difference, I think, was providing an environment where employees and their families could feel secure, which included flexible work arrangements and the credibility our company had built.

Narishima A particularly big part of our success was the early hiring of managers to lead the engineers and of tech leads who could interpret the requirements and translate them into development work. Our engineering managers took ownership of their teams, working on the ground to continually improve our development approach.

Tanaka I don’t think the old structure could have delivered this. Looking back over these three years, it feels like we’re in a completely different era.



Features

Government Cloud | Roundtable

↗ SAKUMAGA #GovernmentCloud

Topic 02

Selection is just the starting line. Growing with our users to become a service they keep choosing

Yamada SAKURA Cloud has two clear advantages over foreign options: it's a domestic cloud that keeps data under Japanese jurisdiction, and it's largely insulated from exchange rate swings. Another differentiator I've experienced firsthand is how simple it is to operate. Anyone who has run virtualization on-premises before can move to the cloud seamlessly. Foreign-owned services tend to have a steeper learning curve as proprietary terminology accumulates. But with SAKURA Cloud, it feels like the more existing IT knowledge you have, the easier it is to learn.

Tanaka Having that end-user focus is important, making sure they can intuitively think, "This is good." Lock-in might be more profitable in the short run, but I believe services that raise users' skills are what earn long-term loyalty. We'd rather teach people to fish than give them a fish.

Narishima Since launch, the challenges have also become clearer. We've gotten a lot of feedback in actual use from both the Digital Agency and private-sector customers about the level of support they want. Our task this fiscal year is to concentrate on the necessary updates in response to that feedback. And as we scale up in the private sector, we'll need to establish a support structure to match the ease of use. Once this happens, SAKURA will have the unique advantage of being a domestic provider that offers attentive customer support based on a deep understanding of their needs and usage environments.

Yamada With local government, we'll be entering a market where other providers already have a head start, so there will be hurdles. That's why we'll build a solid track record first with national government agencies, where inquiries have already outstripped our expectations. From there, we'll grow the partner base to secure local government work over the medium to long term. That's the approach we're mapping out.

Narishima This project reminded me how good it is to have a company culture that rallies behind anyone who takes on a challenge. When someone reaches beyond what they've done before, nobody responds with, "Why are you doing that?" Everyone asks how they can help. This culture is what makes SAKURA unique, and it has been consistently nurtured throughout the nearly 10 years I've been here.

Yamada My previous job is still fresh in my mind, but here at SAKURA, the average age is low, and people work with real energy. Meetings are abuzz with voices chiming in, and the open, lively discussion has been a breath of fresh air. It's been so meaningful for me to experience firsthand that even a very ambitious goal can be reached if you can truly commit to the challenge. Even in a long corporate career, you rarely get to see such a big undertaking all the way through. These achievements will no doubt serve us well in the challenges ahead, such as our push into the enterprise market.

Tanaka Listening to you both, I'm reminded that the greatest asset we gained here was a true success story. We can tackle our next big goal with the self-efficacy that comes from knowing we can achieve it.

Come to think of it, this company has always taken on big challenges. For our people, it must have felt like facing a new job day after day, each time as if they'd changed companies. But it is precisely in reaching beyond those challenges that the company grows and career opportunities expand for our people. Being selected for the Government Cloud is one milestone in a long line of challenges, and the starting point for the next. Let's use this success story to fuel new endeavors.



Sales Strategy Message



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, they were appointed Executive Officer of Operations in 2011. In 2016, they transferred to oversee sales, launched the nonprofit organization KidsVenture, served as CEO of a group company, and then managed the Technical Solutions Division, where they worked on developing partner strategies and providing user training support. As Senior Executive Officer, they oversee company-wide sales and customer success.

Delivering the value of a domestic cloud through customer-centric sales and a co-creation ecosystem

Unifying “build, sell, support” across the company for sustainable business growth

SAKURA internet is driving a shift toward “evolved solution sales,” an approach that starts with customer needs to deliver the optimal value. To realize this vision, beginning with the fiscal year ended March 2026, we reorganized into a company-wide, cross-functional structure in which development, sales, and support work together across departmental lines. Until then, we had not collaborated closely enough across Sales, Product, and other departments, so proposals for customers and service improvements were optimized for individual functions rather than the business as a whole. We are therefore moving to a more customer-centric business model fueled by collaboration between product, sales, support, and corporate functions. As part of this effort, we have consolidated customer-facing functions, including sales, pre-sales, and customer support, under my supervision. We are also building an organization where sales and engineering tackle customer challenges as one team. To keep pace with a fast-changing market, we are actively recruiting specialists with experience at foreign-owned cloud companies, while also appointing a head of pre-sales from within the Product Department. The integration of the Customer Support Department in April 2026 also marked the start of its transformation into a customer success function that offers proactive customer support. By catching early indicators of change in how customers use our infrastructure, we can resolve issues sooner and boost retention and expansion. We are also centralizing customer feedback (VoC) into pre-sales, where it is organized and analyzed before being fed back into the Product Department. Accelerating this “build, sell, support” cycle will not only help us win new customers, but also retain and expand existing accounts while driving cross-sell and upsell, thereby maximizing customer lifetime value (LTV). This cycle will become our engine, further enhancing customer value and fostering sustainable business growth.

Building on our Government Cloud selection to expand our customer base into the enterprise market

SAKURA Cloud’s selection for the Government Cloud was a major turning point for us. Becoming known as a cloud that meets the demanding requirements for national and local government use has significantly increased our recognition and credibility not only in the public sector but also among private companies. We have felt an enthusiastic response from the market, with many inquiries since the selection. And with economic security and data governance climbing the agenda amid rising geopolitical uncertainty, having the option of a cloud run by a domestic provider has become increasingly vital. For organizations that handle sensitive data in particular, where that data sits, who operates it, and what technologies underpin the service are becoming decisive criteria in choosing a cloud provider.

Sales Strategy Message

In this market environment, we will offer a new kind of cloud value that goes beyond functionality and price. At its core is the idea of digital sovereignty, which consists of three categories: “operational sovereignty,” having an operating structure fully based in Japan; “data sovereignty,” the ability to store and properly manage data within Japan; and “technological sovereignty,” choosing and developing our own technologies while leveraging open source. We believe the capability to secure all three forms of sovereignty domestically is a unique value SAKURA offers. Another strength of our company is attentive, detailed customer support. We do more than provide the cloud infrastructure. We stay with customers from implementation through operation, giving them an environment they can rely on and raising the value of the service as a whole. These strengths will help us extend our customer base beyond IT companies and SMEs to include large enterprises and the public sector, where advanced security and data management are required.

Evolving from our GPU platform into services that support customers’ use of AI

As the rapid spread of generative AI pushes up demand for high-performance compute, we have been working to provide the computing resources that underpin AI development and utilization in Japan. With our GPU platform as the starting point, we want to partner with customers to achieve their goals and overcome the challenges beyond them. In the AI market, we expect that the importance of inference—the use of AI in services and business operations—will continue to grow alongside model training. In the enterprise space, local LLMs tailored to company data and workflows will spread, and over the medium to long term, AI applications will expand significantly into areas such as physical AI and edge computing. With these market changes in view, we will build out cloud-based managed services alongside our bare-metal GPU platform. These expansions will provide an environment for building, running, and using AI that lets a broader range of customers access the computing resources they need, when they need them. Through strategic alliances such as the Japan GPU Alliance, we are also building a supply network that enables GPUs and other computing resources to be pooled between members. In the long term, we aim to develop an AI infrastructure ecosystem that reaches beyond Japan into Asia.

Building an ecosystem for sustainable growth through co-creation with partners

Another key pillar of our sales strategy is building a co-creation ecosystem with partner companies. As customer needs and challenges grow more diverse and sophisticated, we believe it is important to link with partner companies that bring strengths from many fields to help us address a wider range of issues. Our partnerships are not simply a means of expanding sales of our services. We will grow together with our partners as we keep expanding the value we deliver to customers. Creating this positive cycle is what we mean by “partner success.” Around 130 companies attended our 2025 partner conference, and we felt the growing interest in working with us. Looking ahead, we know we need to provide more support in the sales and technical domains that help partners grow their businesses. We are also working to enhance our educational programs, including the SAKURA Cloud Certificate, in order to keep our co-creation ecosystem growing. The aim is not short-term growth alone. By building knowledge and technical expertise together with partners and engineers, we want to broaden the domestic base from which new services and businesses can emerge, and enhance our capacity to support Japan’s digital infrastructure. We will reach more customers to deliver value born through co-creation with partners and talent development—value that we could not have provided alone. Over time, this builds a sustainable business platform where our partners, our customers, and SAKURA all grow together.

Continuous value, grounded in customer understanding, to empower all endeavors

What matters most for business growth is deeply understanding our customers and maintaining a continuous cycle that turns their insights into the next form of value we provide. To that end, we established a dedicated data analysis team during the fiscal year ending March 2027. We analyze service usage and other data combined with customer feedback (VoC) to detect emerging needs and issues early, which we can incorporate into sales strategy and service improvement. Our mission is to stand alongside our customers, partners, and everyone connected with us in whatever they want to do, using our technology and services to help make it happen. Rather than being a company with all the answers, we want to be a place where people, companies, technologies, and ideas come together, combine their strengths, and spark new endeavors. Think of it as the tavern in a role-playing game, where you meet new companions and set out on a quest together. Together with a diverse cast of companions, we turn “WHAT YOU WANT TO DO” into “WHAT YOU CAN DO.” Through this process, we aim to support more and more new undertakings and contribute to the development of Japan’s digital society.

Message from the CFO

CFO Message

Investing ahead of demand to achieve long-term growth and keep pace with the AI and cloud era

Growth investment that supports long-term enhancement of corporate value

As AI and the cloud grow in importance worldwide, SAKURA internet's role as a domestic digital infrastructure company has never been larger. We have treated this development not as a passing tailwind but as an opportunity to build competitiveness in the medium to long term, and continue investing in AI, cloud, and people.

In the fiscal year ended March 2026, we furthered growth investment in generative AI services and cloud, strengthening the platform we need to meet future demand growth. As a result, with GPU infrastructure services and cloud services driving growth, consolidated net sales rose 12.4% year-on-year to a record 35.3 billion yen. Since February 2026, we have won a succession of large generative AI contracts, and the groundwork laid to date is starting to show through in results. Our active investment in people and facilities has also borne fruit. In March 2026, SAKURA Cloud was selected as a Government Cloud service, the only cloud developed in Japan to be chosen.

We are focused not only on short-term profit but also on balancing medium- to long-term growth and capital efficiency. Consistently generating cash and redeploying it appropriately into the next round of investment is how we will build lasting corporate value. Under this policy, we have set management targets for growth and profitability: net sales growth of 10% or more, a gross profit margin of 30% or more, and an ordinary profit margin of 10%.

When I rejoined SAKURA in April 2008, we were at a critical juncture, rebuilding our financial base and refocusing on our core business. Since then, we have built a track record of investing and managing our finances in step with a changing business environment, as exemplified by our major investment in the Ishikari Data Center. That experience has taught me that sustainable growth in corporate value comes from balancing offense and defense in every investment decision, while carefully assessing four factors: future demand, likelihood of payback, funding capacity, and financial discipline.

*Amounts in this message are rounded down to the nearest 100 million yen.

Expanding the business and strengthening profitability

Anchored by our cloud service and other stable-revenue businesses, we see the surge in generative AI demand as a major opportunity to build out our earnings base in AI infrastructure. We believe the growth of the generative AI market is no passing phase, and expect adoption to keep spreading across industries and business functions.



Masataka Kawada

Director / Chief Financial Officer (CFO)

Born in Tokyo. Graduated from the School of Commerce at Waseda University. After working in corporate lending at a city bank, Kawada supported client growth through roles in an accounting firm and the launch of business support ventures. They joined SAKURA internet in 2005 and played a key role in its IPO. They 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, they are responsible for timely and appropriate financing and financial reporting. They also serve as a corporate auditor for Prunus-Solutions Inc.

Message from the CFO

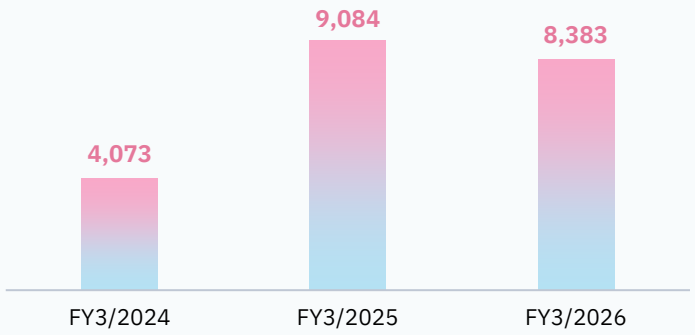
Against this backdrop, we are drawing on our strength in providing stable computing resources within Japan to serve a diverse range of applications.

As demand grows, the test is whether we can deliver services reliably when customers need them. We are expanding supply capacity by securing GPUs and building out infrastructure, and are set up to serve a wide range of needs from large-scale AI training to inference workloads. Securing that supply capacity is how we capture growth opportunities and sharpen our competitive edge.

We view our selection as a Government Cloud provider as recognition of our sustained initiatives in technology development and strengthening our operating structure. Beyond expanding use in the public sector, we expect it to raise trust in our services in the enterprise market as well. Going forward, we will build on this track record to bring our cloud services to more customers, and cultivate further opportunities to offer generative AI services.

These efforts are starting to show in earnings: EBITDA for the fiscal year ended March 2026 was 8.3 billion yen, second only to the record set in the fiscal year ended March 2025. We will reinvest this earning power in future competitiveness, while pursuing long-term growth and increased earning capacity through a broader lineup of generative AI services, richer cloud functionality, a stronger sales organization, and wider collaboration with partners.

EBITDA (million yen)



*EBITDA is calculated as ordinary profit plus depreciation and interest expense.

Investment progress, risk awareness, and investment decisions

In the fiscal year ended March 2026, we made a 36.8 billion yen capital investment, mainly in equipment for AI services and data center-related assets, to build the foundation needed for future business expansion. In the fiscal year ending March 2027, our policy is to keep making the necessary investments while closely monitoring market conditions and demand.

That said, innovation in the AI infrastructure market moves fast, and the road ahead is not always clear. Therefore, our investment decisions weigh not just market trends but a comprehensive assessment of project certainty, the utilization outlook, profitability, and other factors.

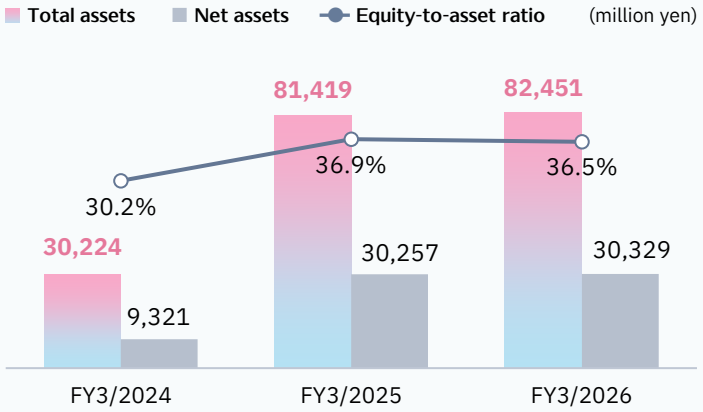
For GPU investments in particular, where the sums involved are large, we decide only after fully verifying the likelihood of recovering the investment, considering not just future demand but also contract periods, unit prices, break-even points, payback periods, and other factors. These investments also carry risks, including fluctuations in demand, falling unit prices, and lower utilization, as well as the risk of being unable to secure facilities and equipment at the right time. For this reason, we review the timing and scale of our investments flexibly, working to keep risk in check without missing growth opportunities. In line with this policy, we added around 1,100 B200 GPUs to our GPU infrastructure service in February 2026, expanding our capacity to serve a broad range of customer needs. We are also maintaining our focus on improving utilization across our entire GPU fleet and on progress in recovering our investment.

To hit our management targets while improving capital efficiency, it is crucial to seize key growth opportunities effectively and secure the funding we need at the right time and on the right terms. At the same time, we need to maintain a financial base that can respond nimbly to change while preserving funding headroom, repayment capacity, and liquidity. Rather than limiting ourselves to conventional financing, we will continue to explore a range of funding methods suited to each business and its payback period.

Financial soundness and capital allocation

A sound balance sheet is the foundation for continued investment, so we maintain financial discipline with an eye on our equity-to-asset ratio, cash on hand, and other indicators.

Equity-to-asset Ratio



Message from the CFO

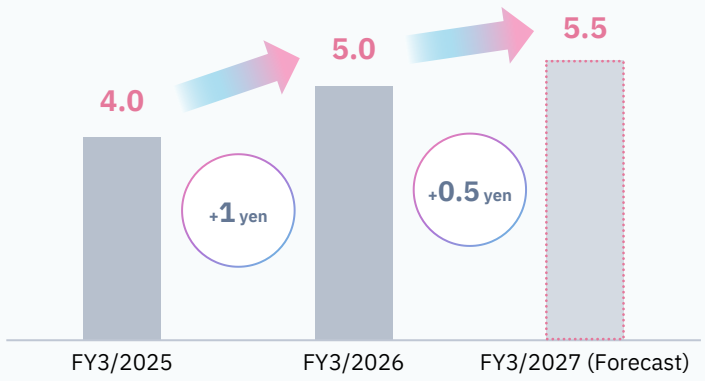
In the fiscal year ended March 2026, we front-loaded investment cash outflows, mainly into equipment for generative AI services. Thanks to our stable earnings base, we made these investments without compromising financial soundness.

Looking ahead, we aim to strengthen our financial foundation by boosting operating cash flow through higher GPU utilization, cloud service growth, and a larger recurring revenue base. On that footing, our capital allocation will balance growth investment, financial soundness, and shareholder returns, while raising capital efficiency and corporate value.

Shareholder returns and enhancing corporate value

Our basic policy on shareholder returns is to return profits in step with business progress while retaining the reserves needed for sustainable growth and stronger earnings. For the fiscal year ending March 2027, we are planning an annual dividend of 5.5 yen per share.

Dividend per Share (yen)



We are in a phase that prioritizes investment in AI and cloud, but over the medium to long term, our policy is to convert these initiatives into higher earning power and return the results to shareholders.

We will continue to pursue both stable dividends and lasting enhancement of corporate value.

Looking ahead to further growth

SAKURA internet marks its 30th anniversary in December 2026. Over those three decades, we have provided the infrastructure services that support the internet and digital society, growing and adapting to change among our customers and in society as a whole. Today, under our corporate philosophy of turning “WHAT YOU WANT TO DO” into “WHAT YOU CAN DO,” we strive for sustainable growth as a domestic digital infrastructure company for the AI and cloud era while fulfilling our societal responsibilities.

Our selection for the Government Cloud has increased awareness of our company and elevated expectations even further. Investor interest, in turn, has widened beyond near-term profitability to our growth potential in AI and cloud, our competitive advantage as a domestic cloud provider, and progress on investment recovery. We believe meeting those expectations means strengthening both our execution of growth investment and our financial discipline.

AI and cloud platforms will only become more important as infrastructure supporting society and economic activity. Building and operating that infrastructure domestically also matters for addressing structural challenges, such as enhancing Japan’s digital competitiveness and reducing its dependence on overseas providers. Drawing on the robust technical and operational capabilities we have built as a domestic digital infrastructure company, we will support our customers and society in taking on challenges as we keep building corporate value. To all our stakeholders, we remain committed to meeting your expectations with steady progress and tangible results.

IR Activity Report

We place great importance on dialogue with investors as we aim to enhance medium- to long-term corporate value. In the fiscal year ended March 2026, we held financial results briefings and conferences for institutional investors, as well as tours of the Ishikari Data Center, and the number of IR meetings for the year came to 179.

The Ishikari Data Center tours were held over three consecutive days in September 2025, with 34 analysts, fund managers, and institutional investors from 24 companies taking part. Participants came away with a deeper understanding of the Ishikari Data Center, one of our key assets.

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.

Section 03

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Our Approach

As a digital infrastructure provider supporting essential social infrastructure, the SAKURA internet Group regards cybersecurity as one of its highest priorities.
Our data centers—the cornerstone of our operations—consume large amounts of electricity, so we also recognize climate change and decarbonization as critical issues that we are taking steps to address. Finally, we are actively investing in human capital to achieve both a supportive workplace and job satisfaction.

Initiatives to Achieve Sustainable Business Growth and a Sustainable Society

	Policy		Related initiatives
E	• Curbing CO_2 emissions • Use of renewable energy	→ P.35–36	• Opening a solar power station • 100% renewable energy • Zero CO_2 emissions through non-fossil certificates
S	• Advancing human capital management • Achieving both a supportive workplace and job satisfaction	→ P.37–40	• Update to our guiding principles • Continued remote-first policy • Promoting paternity leave • Use of engagement survey tools
	• Developing digital talent and solving social issues through IT • Regional revitalization and digital innovation	→ P.41	• Opportunities to learn cloud technologies • Practical Education Through the KOSEN Support Project • Startup support in collaboration with local communities • Participation as a supplier to the Expo 2025 Osaka, Kansai, Japan Signature Pavilion “null[2]”
G	• Maintaining and improving information security • Rigorous compliance • Advancing risk management • Enhancing governance and management transparency	→ P.42–46	• Ongoing renewal of security certifications • Ongoing compliance with Government Cloud requirements • Compliance and security training • Operation of the Nomination and Compensation Committee • Timely and appropriate disclosure



Environment

Environmental Strategy Message

We are turning our ability to solve environmental challenges into a competitive advantage to build the green infrastructure of the future.



Toru Sawamura
Executive Officer (as of June 30, 2026)
Born in Hakodate, Hokkaido. After serving as a store manager and buyer at a specialty retailer of PC/AT-compatible computers, Sawamura joined a company engaged in the import, manufacture, and sale of PC components. They later helped establish a data center company before becoming a director overseeing operations at SAKURA internet in 2005, a role they held for 10 years. They have held their current position since 2020. They have extensive knowledge of subcultures, including games, anime, and internet memes. Chair of the JDCC Human Resource Management Working Group; NEDO Technical Committee Member (FY2019 and FY2020).

Integrating “power, connectivity, and location,” and fulfilling our social mission to reduce environmental impact

The rapid spread of generative AI is driving a sharp increase in the power consumed by high-performance servers. This is no longer simply an operating-cost issue; it has become a top management priority with fundamental implications for business sustainability and corporate responsibility. With the spare capacity of existing power infrastructure increasingly insufficient, securing sites with access to adequate power has become critical.

The energy load is now on an entirely different scale from that of conventional data center operations. SAKURA internet sees responding to this dramatic shift as its social mission and is taking a multifaceted approach unconstrained by conventional thinking. As an infrastructure company supporting the digital society, we have a major responsibility: to locate and operate facilities in ways best suited to applications ranging from cloud services to AI training and inference; to overcome the trade-off between growth and environmental protection; and to build a sustainable digital foundation for future generations.

As we secure infrastructure for future growth, we will make GX (green transformation) a central consideration in data center siting and pursue an integrated approach to “power, connectivity, and location.” In particular, I am convinced that Watt-Bit Collaboration—the coordinated development of digital connectivity and power infrastructure—will create formidable barriers to entry and distinctive added value that competitors will find difficult to replicate, making it our greatest competitive advantage in the years ahead.

Building resilience through geographic distribution and autonomous operations, and addressing climate risk from multiple angles

More specifically, our ability to bring new sites online quickly and reliably will create customer value by optimizing both cost and environmental performance for the distinctive demands of generative AI. By serving as a balancing mechanism for the power grid as a whole, we aim to turn power costs from a constraint into a source of advantage and evolve from a buyer of infrastructure into a creator of platforms centered on data center operations.

As customers increasingly factor environmental performance into their choice of providers, the capabilities we have built consistently since the design stage of the Ishikari Data Center are becoming a strong competitive foundation. These include demonstration research into superconducting power transmission, the operation of DC-powered servers, full-scale outdoor-air cooling, and the early adoption of water-cooled GPU containers. At the same time, we are proposing mechanisms through which the power consumed by data centers can benefit local communities. Through problem-solving partnerships among industry, academia, and government, we aim to become a company that local communities choose to host.

As demand for AI data centers grows, we must further strengthen our resilience: our ability to withstand climate-driven power shortages and natural disasters. Rather than relying solely on the availability of individual sites, we believe there is an urgent need to establish a geographically distributed, autonomously operated resilience framework that links multiple sites across Japan as an integrated network.

We will therefore begin by distributing our data center locations more widely, while also making full use of frontier technologies—workload shifting over All-Photonics Network (APN) technology, cross-region migration, and distributed AI computing—to dramatically strengthen our disaster preparedness and business continuity planning (BCP).

Against the many risks that climate change brings, we will work to stabilize power supply in cooperation with power companies across generation, transmission, and retail, and with local governments. We also plan to engage from the rule-making stage, drawing on our relationships with industry bodies and government agencies so that we can respond early. We will turn our ability to solve environmental challenges into durable competitive advantage and continue working across the company to build a resilient, green digital society.

Environment

Domestic AI Infrastructure for a Greener Society

Reducing Environmental Impact While Ensuring Reliable Infrastructure

As a provider of domestically developed digital infrastructure, we are working to reduce environmental impact while ensuring reliable infrastructure, including through energy-efficient data center operations that take advantage of the natural climate of Ishikari, Hokkaido.

SAKURA's Environmental Policy

Data centers, the foundation of our business, consume large amounts of electricity to run and cool servers, so we treat climate change and decarbonization as a key issue. By actively curbing CO_2 (carbon dioxide) emissions and expanding our use of renewable energy, we aim to help realize a decarbonized society.

Disclosure in Line with SSBJ Standards

The Group is preparing to disclose the impact of climate-related risks and opportunities on its business activities and financial performance in accordance with SSBJ standards. As part of this process, we have analyzed and assessed the climate-related risks facing the Group.
Our data center business runs large numbers of servers and other equipment and therefore consumes a great deal of electricity. If electricity prices rise more than expected and the resulting increase cannot be appropriately reflected in service prices, the Group's results could be affected. In response, the Group is working to reduce that risk by cutting power consumption through energy efficiency and by expanding its use of renewable energy through the procurement of non-fossil certificates.

Medium- and Long-Term Financial Impact of Climate Change

Category	Type	Driver	Business impact	Risk
Transition risks (2°C scenario)	Policy and regulation	Tighter regulation of GHG emissions	• Higher operating costs	Low
			• Write-offs, impairment, and early retirement of existing assets due to policies and regulations	Low
	Technical	Replacement of existing products with low-carbon technologies	• Upfront cost of transitioning to low-carbon technologies	Low
		Adding low-carbon options to existing products and services	• Upfront R&D spending on new and alternative technologies	Low
	Market	Changes in consumer behavior	• Lower demand for products and services as consumer preferences change • Declining value of services with weaker environmental performance as customers become more environmentally conscious	Low
		Tighter power supply as demand for digital infrastructure grows	• Higher investment required to secure power and higher electricity costs	Medium
Physical risks (4°C scenario)	Chronic / acute	Higher raw material and logistics costs due to conflicts, disasters, and other factors	• Higher service equipment and electricity costs	Medium

Building an Environmentally Conscious Data Center (Ishikari Data Center)

As digitalization accelerates and data centers grow in importance, power consumption by high-performance servers is rising. Heightened geopolitical risk has also highlighted the risks of dependence on particular energy sources or regions, heightening interest in the stability of infrastructure that processes and stores data within Japan. To address these challenges, we adopted direct and indirect outdoor-air cooling at the Ishikari Data Center, using Hokkaido's cold climate to reduce power consumption by approximately 40% compared with conventional cooling systems. At our other data centers and offices, we have achieved net-zero CO_2 emissions associated with electricity use by procuring non-fossil certificates.

Working Toward a Decarbonized Society

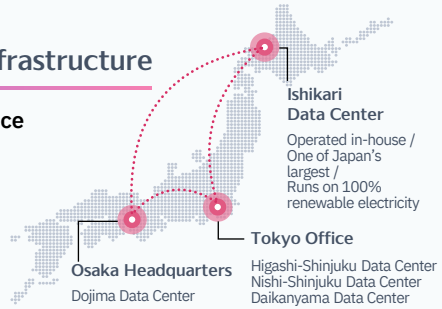


SAKURA internet's Resilience in Support of Social Infrastructure

In operating its data centers, the Group recognizes that raising the availability of individual sites can only go so far, and is establishing a geographically distributed, autonomously operated resilience framework that links multiple sites across Japan as an integrated network. In addition, by drawing on advanced technology and a practical, effective BCP, we will contribute to sustained service delivery and the development of society.

Initiatives to Improve Resilience

- Geographic Distribution of Data Center Sites
- Cross-Region Migration
- Workload Shifting Using APN Technology
- Distributed AI Computing



Business Continuity Plan (BCP) Disaster Drills / Stronger Power Supply and Equipment / Stronger Operating Structure

BCP in Practice: Hokkaido Eastern Iburi Earthquake (September 6, 2018)

During the island-wide Hokkaido blackout, the Ishikari Data Center continued operating for approximately 60 hours on emergency generators.
IT infrastructure services remained available to approximately **38,000** customers.

Social

Message from the CHRO

CHRO Message



Mariko Yabe
Executive Officer / Group Chief Human Resources Officer (CHRO)
Born in Kitakata City, Fukushima Prefecture. Yabe joined SAKURA internet in 2012, after sales and executive-assistant roles at a manufacturing company and recruitment, training, and management roles at an HR services firm. They have always been at the helm of the Human Resources Division, where they have worked on HR policy and value formulation, strengthening recruitment, workstyle reforms, and advancing diversity, equity, and inclusion. They currently promote human capital management in addition to overseeing all human resource operations.

Investing in our people to create corporate value: Through organizational reform and renewed guiding principles, we are translating the strengths of each individual into greater organizational competitiveness.

We are entering a phase in which human capital investment becomes a source of competitive strength and organizational reform accelerates growth.

SAKURA internet has long placed Employee Success and Customer Success at the heart of its management philosophy, recognizing people as one of its most important forms of management capital. As CHRO, my role is to lead the changes needed to build an organization capable of sustaining growth over the long term, with Employee Success and Customer Success at our core. The fiscal year ended March 2026 marked significant progress in that journey. We took a more strategic approach to investing in people, and the organization itself evolved substantially.

We hired 145 people, with a particular focus on growth areas such as cloud and AI. By strategically deploying talent in these areas, we have strengthened not only our development capabilities but also our ability to execute across sales, planning, operations, and other functions. Bringing together people with diverse expertise and experience has also encouraged employees to learn from one another, take on new challenges, and create new value. In that sense, recruitment during the year was about much more than increasing our headcount. It became a catalyst for moving the entire organization forward.

A major turning point was our decision to recruit senior management talent externally—something we had not actively pursued in the past. Beginning with appointments at the director level, we brought in leaders with deep expertise in areas including finance and marketing. This has strengthened management capabilities that would have been difficult to develop simply by extending our previous approaches. It has also improved the quality and speed of decision-making and reinforced the management foundation supporting our growth.

At the same time, rapid hiring in recent years has significantly increased the size of our organization. As we grew, we began to encounter situations in which our existing structure made swift decision-making and strategy execution more difficult. Sustainable growth requires more than a larger organization. It requires an organization designed to respond quickly to change.

For that reason, in April 2026 we reorganized the company, creating organizational units of a more manageable scale for faster decision-making and clarifying the responsibilities and authority associated with each role. We also enabled the Sales, Product, and Business organizations to structure themselves around their respective strategies. This has strengthened execution and given each organization greater autonomy and agility in creating value. In July 2026, we also established the System Development Group within the Information Systems Management Office. The group is responsible for improving back-office operations, supporting company-wide systems development, and optimizing integration among systems. For a company growing as rapidly as ours, maintaining speed in decision-making while building an efficient, company-wide operating foundation is critical. Going forward, we intend

Social

Message from the CHRO

to redesign business processes with the use of AI in mind, moving beyond improvements in individual productivity toward broader organizational transformation.

Developing leaders who can keep pace with our organizational growth is another priority. In the fiscal year ended March 2026, approximately 150 leaders and managers participated in a three-day management development program, giving us a common foundation for both “managing people” and “managing work.” The leaders we need are more than managers of organizations. They must be able to see issues from the customer’s perspective, take ownership, engage others, and deliver results. At the same time, they need to support the development of individual team members and bring out the strengths of the organization as a whole.

In the fiscal year ending March 2027, our emphasis will shift from the large-scale hiring that characterized the previous phase to enabling the people we have recruited to make their fullest contribution. We see people not as a cost, but as an asset that creates sustainable growth. By strengthening talent management across recruitment, development, deployment, and evaluation, we intend to maximize the value of our human capital.

At the same time, we have no intention of slowing our recruitment. We have steadily strengthened the talent base supporting our growth over the past several years, but executing the next stage of our growth strategy—particularly our expansion in the enterprise and public sectors—will require people with expertise and experience that complement our existing capabilities. We will therefore continue to recruit strategically in areas essential to our growth.

As recruitment and talent development advance in parallel, optimizing our talent portfolio will become increasingly important. In the markets we are targeting, developing excellent services is no longer enough. We must also be able to bring those services to customers in ways that address their real business challenges. Accordingly, while continuing to recruit across engineering, operations, sales, and other functions, we are placing particular emphasis on people who can identify the underlying issues customers face, develop appropriate solutions, and carry them through to execution.

By bringing together people with diverse capabilities—including technical expertise, market-development skills, and the ability to create customer value—and continually evolving our talent portfolio, we aim to support sustainable business growth and enhance corporate value.

Culture is not something we simply preserve. It must evolve. What SAKURA internet will become, set out in ten guiding principles.

In April 2026, we renewed our guiding principles. Our three longstanding values—“Affirmation First,” “Lead & Follow,” and “Always on the Same Page”—have shaped the way our employees work, fostering a culture of mutual respect, collaboration, and dialogue. Those values remain an enduring foundation for SAKURA internet.

At the same time, we have grown into an organization of approximately 1,000 people, and the scope of our business has expanded considerably. As organizations grow, values and decision-making principles that were once part of a shared, tacit understanding can become harder to embed across the organization unless they are clearly articulated. I do not believe culture is something that should simply be preserved. It needs to evolve as the company grows and as the business landscape changes.

With this in mind, we developed ten guiding principles that build on our three existing values. The objective is to give employees a common framework for judgment so that each person can act with greater autonomy. The new guiding principles build on our existing culture and make explicit the execution capabilities and the behaviors we will need for our next stage of growth.

New Guiding Principles

01. Customer Focus
We start with the customer’s problems and needs. When a decision is difficult, our first criterion is the value it creates for the customer, not what is convenient for us.

02. Experiment, Fail fast
Action creates business value. When we can see that the risk and cost of failure are low, we experiment quickly and evaluate the results.

03. Seek Root Cause
We do not judge what happens with customers or inside the company by appearances alone. We dig into the structure and causes behind it, and go as far as the root cause.

04. Be a Builder
When we find a problem or an inefficiency, our first question is not who is at fault. We ask what mechanism would have prevented it, and we build that mechanism so it does not happen again. By building mechanisms, we continue to raise quality, speed, and scale.

05. Raise the Bar
We do not overlook output that falls below what our customers and society expect. We believe that standards decline unless we deliberately raise them, and we keep raising our bar.

06. Right Decision
We make the decision that seems most right with what we know at the time. We combine intuition based on experience with data and the views of others. This keeps us from acting on preconceptions. When we find a contradiction or a new fact, we change our assumptions and our decision.

07. Integrity
When we realize that something we said or did was wrong, we admit it. We put the fact ahead of our own discomfort and how we look to others. We take feedback as a chance to grow, and we change how we act.

08. Dare to Guide
We invest in the growth of our colleagues. We tell them directly about their strengths and where they can grow, with respect and high expectations. When something is hard to say, we dare to say it, for the good of the organization.

09. Ownership
We cross organizational boundaries ourselves to meet our responsibilities. We do not treat the boundaries of the organization as the limits of our role.

10. Deliver Results
We take accountability for results. We focus our attention and our time on what matters most to the outcome, and we see it through.

Social

Message from the CHRO

I was involved in developing these guiding principles from the outset, working under our CEO, Tanaka, who owned the project, and serving as a bridge between management's intentions and the realities employees experience in their day-to-day work. In a rapidly growing organization, management must clearly communicate where the company is heading. But direction alone is not enough. That direction must translate into consistent behavior throughout the organization. The new guiding principles therefore place greater emphasis on execution and results, including "Ownership," "Be a Builder," "Deliver Results," and "Raise the Bar." Our aim is to preserve the trust and collaboration that have long defined our culture while becoming an organization that is equally clear about the behaviors required to deliver results in our next stage of growth.

For me, however, embedding the guiding principles in the organization matters far more than simply writing them down. Guiding principles have little value if they remain words on a page. Their value comes from becoming part of the everyday decisions and actions of our employees. Only a few months have passed since the guiding principles were introduced, but managers are already asking how they can incorporate them into employees' development goals. Culture cannot be established through messages from senior management alone. It takes root when managers demonstrate it through everyday leadership and when those behaviors become part of how teams actually work. We are still early in that process, but we have taken an important first step.

Ultimately, our goal is for these principles to become so deeply embedded that employees practice them naturally, without having to consciously refer to them as "guiding principles." One of my most important responsibilities will be to ensure that they do not become slogans. We intend to embed them throughout talent management—from recruitment and development to deployment and evaluation—including through our new personnel evaluation system scheduled for introduction in April 2027.

Turning diversity into competitive strength, creating sustainable value in an organization where talent thrives

I see diversity not as something an organization accommodates, but as a source of competitive advantage. Bringing together people with different experiences, values, and areas of expertise can broaden perspectives, strengthen decision-making, and create the conditions for new ideas to emerge. In a rapidly changing industry like IT, in particular, having a wide range of perspectives is itself a significant organizational strength. At SAKURA internet, diversity is therefore not an end in itself. We see it as part of the management foundation that supports better decisions and sustainable growth. We have worked to create an environment in which people can apply their abilities and take on challenges regardless of gender, age, place of residence, or background. This has helped us build an organization in which people with different experiences and expertise can contribute and succeed.

That philosophy is also reflected in how we recruit and work. We recruit throughout Japan without restricting candidates by where they live, and many of our employees choose to work remotely. This is not simply a matter of convenience. It allows us to reach talented people across the country and bring a wider range of expertise and experience into the organization. As a result, people are contributing successfully from locations throughout Japan, and we have been able to attract specialists and senior leaders whom we might previously have had difficulty reaching.

At the same time, our business is built on data centers. Employees at these facilities work on site, including night shifts, to maintain stable operations 24 hours a day, 365 days a year. Their work supports critical digital infrastructure.

For that reason, we do not frame the question as remote work versus office work. What matters is designing the most appropriate way of working for each role and for the needs of our business. We are also developing working conditions that reflect those differences. In 2026, for example, we introduced on-site and night-shift allowances for data center employees.

Our approach combines the flexibility for people to contribute regardless of location with the operational capabilities required to support digital infrastructure on site. Maintaining both is a defining feature of the way we work, and it is strengthening the organization as a whole.

Our corporate philosophy has always been to turn "WHAT YOU WANT TO DO" into "WHAT YOU CAN DO." The people who make that possible are our employees. That is why, under our HR policy of "Believe in Employees," we invest in people and create an environment in which they can continue to learn and take on new challenges. At a time when technological innovation, including AI, continues to accelerate, our task is to connect each individual's willingness to take on challenges with the organization's ability to execute. When employees and the company grow together, that growth contributes to our customers' success, the creation of new value, and ultimately value for society in a virtuous cycle. Sustaining that cycle—beginning with the growth and aspirations of each employee—is the foundation of our approach to human capital management.

We will continue to invest in our people and grow alongside our customers as we strengthen the digital infrastructure that Japan increasingly depends on—creating sustainable corporate value and helping shape a stronger digital future for society.



Social

Approach to Human Capital

The Five Pillars Guiding Talent to Growth and Success



Guiding Principles
→ P.38

Creating Social Value Through Customer-Centric Collaboration Across the Organization

Creating a Culture of Knowledge Sharing and Professional Development

- Employee-led generative AI onboarding training
- All employees encouraged to obtain the IT Passport and Di-Lite qualifications
- Access to external video learning services
- Financial support for obtaining qualifications
- Career consultation service
- Full reimbursement of generative AI service fees

Physical and Mental Well-Being

- Health updates from company nurses in the internal newsletter
- Health check surveys to improve the health of the organization as a whole
- Real-time monitoring and automated reminders for overtime
- Optimizing personnel allocation through workload management
- Accumulated leave system for injury, illness, and caregiving
- Hosting caregiving seminars and walking events

Empowering Diverse Talent

- Career support such as a women's leadership development program
- Base wage increases
- MVP awards
- Hiring diverse talent

Fostering a Culture That Creates New Value Through Challenge and Leadership

- Use of engagement survey tools
- Opportunities to take on new challenges through secondments based on internal postings or employee requests, as well as through our side-job program
- People management training to strengthen managerial capabilities

Flexible Workstyles

- Remote-first workstyle
- SaBuLiCo: a program supporting both job satisfaction and a supportive workplace
- Promoting paternity leave
- Flexible working arrangements, including flextime
- Allowances that encourage consecutive paid leave, such as anniversary leave





New value creation for customers

Achieving Both a Supportive Workplace and Job Satisfaction

Diverse talent pool adaptable to change

Exceptional talent for long-term success

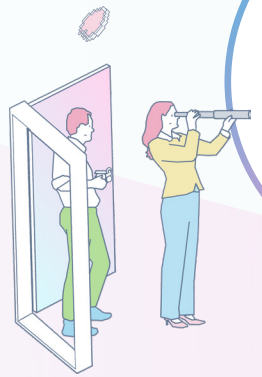


People as the source of value for society and our customers

Achieving Customer Success (CS)

Growing together

Achieving Employee Success (ES)



Social

Developing Digital Talent and Engaging Communities Through IT

Developing Digital Talent Inside and Outside the Company for a Digital-First Society

Drawing on SAKURA internet's strengths in cloud services and related technologies, we identify and develop talent who can lead the digital field while strengthening our connections with society through IT.

Providing Learning Opportunities

Launch of the SAKURA AI Certificate for AI Talent Development



- Launched in March 2026, the certification is designed to develop people who understand the fundamentals of AI and have the judgment and practical skills to select appropriate AI services and use them safely in their work.
- Learning materials are also available free of charge.

Expanding the SAKURA Cloud Certificate Program: Learning Digital Technologies from Fundamentals to Practical Application



- An online mock exam was launched in January 2025, and it has been used by more than 4,200 people as of June 2026.
- The SAKURA Cloud Certificate Lab, which provides one month of free access to a learning environment, was launched in December 2025.
- We introduced an Advanced level covering more sophisticated cloud applications and repositioned the existing certification as Basic, creating a structured learning path from the fundamentals through advanced design and optimization in March 2026.

Launched SAKURA Digital Infrastructure School, our official YouTube channel for learning about IT and digital infrastructure, in September 2025



- Released a video in June 2026 featuring a conversation with Yoichi Ochiai on insights gained from the "null²" pavilion at Expo 2025 Osaka, Kansai, Japan, and on the future of digital infrastructure.
- The channel has more than 30,000 subscribers and more than 80 videos (as of June 2026).

↗ SAKURA Digital Infrastructure School

Practical Education Through the KOSEN Support Project

Building on our comprehensive partnership agreement with the National Institute of Technology (KOSEN), we will provide students with practical, hands-on learning grounded in real-world experience.

SAKURA internet

	Visiting lectures	Provision of computing resources
	Early-career employees present KOSEN lectures	Free provision of cloud and VPS services, etc.
Technical colleges	• Cloud fundamentals • Practical knowledge of information security	• Use of exercises, extracurricular projects, and programming contests, among others
SAKURA internet	• Help early-career employees improve their presentation skills and consolidate their knowledge	• Expand future user base through experiencing our services

FY3/2026 Results

32 Colleges
(31 in Japan / 1 Overseas)
111 Classes
(82 in Japan / 29 Overseas)
15 Colleges / **215** VMs*
* VM = Virtual Machine

Partnership with New Mongol College of Technology Launched in March 2025

9 classes in the first term and 14 in the second, with 41 total enrollments



Class at New Mongol College of Technology

"Forging Lives," Produced by Yoichi Ochiai Expo 2025 Osaka, Kansai, Japan Signature Pavilion "null²"

As a supplier, SAKURA internet provided the GPU service used to generate avatars appearing in the pavilion experience. Our GPU service is designed for compute-intensive workloads such as deep learning and 3D processing, making it well suited to applications including image analysis and 3D avatar generation.

2D processing	Background removal and mouth animation from facial images
3D processing	Human-figure extraction and animatable avatar generation from Scaniverse 3D models



"null²" Pavilion Exterior

Pavilion Interior

Security

Message from the CISO

Security at SAKURA internet: A guardrail for taking on bigger challenges



Yota Egusa

Executive Officer / Chief Information Security Officer (CISO) / Chief Information Officer (CIO)

Born in Osaka Prefecture, Egusa founded the Robotics Research Club while attending St. Viator Rakusei Junior and Senior High School. They went on to study in the Division of Electronic and Information Engineering, School of Engineering, University of Osaka. They worked as an independent security consultant on system development and ISMS certification while still a student. They joined SAKURA internet in October 2014 and were appointed Executive Officer in July 2016 at the age of 25. They oversee technology initiatives across the company and are a network, database, and information security specialist.

Security is what lets us take on challenges with confidence and create new value.

For SAKURA internet, information security is a core management priority that bears directly on business continuity and corporate value. Advances in AI and data use have significantly changed the role security is expected to play, especially in recent years. It is no longer enough to defend against threats. Security must support business growth and innovation while strengthening the resilience of the organization and its services. So our approach is comprehensive: not only technical measures, but also developing our people, building our organizational culture, and reinforcing governance. The same discipline applies to our own use of generative AI, where we control risk through guidelines and contractual safeguards. We will keep assessing changes in technology and regulation, and support the safe use of AI through appropriate risk-based governance.

Following SAKURA Cloud's selection for the Government Cloud in March 2026, we have made layered defenses, rigorous operational controls, and documentation of controls and audit processes part of everyday operations. That has strengthened governance across the company and become a significant source of competitive advantage in the market.

SAKURA AI Engine, launched in September 2025, draws on the same security know-how: its strength is that communication, processing, and storage are handled end to end in Japan. Geopolitical and supply-chain risks are rising. Closed networks, dedicated GPU support, and no provision of data to outside parties allow customers to handle confidential information with confidence under Japanese law.

We prepare for information security incidents with a company-wide response process that involves senior management directly, and with regular drills. We focus on minimizing the impact when an incident does occur. A no-blame culture gives employees the psychological safety to raise issues early, and root-cause analysis then drives improvements to processes and operations. As the response team of a company that underpins society's digital infrastructure, SAKURA.SIRT works according to one guiding principle: "making the internet itself safer." Through industry collaboration, knowledge sharing, and public communication, we will help raise security standards across society and strengthen organizational resilience.

Meeting the demands of customers and society, and helping improve security across the internet as a whole

My own engineering background, my firsthand understanding of frontline operations, and my perspective from also serving as CIO all help make our approach to security genuinely effective. I make a point of understanding the characteristics of frontline systems, and of discussing them in a shared language as we look for practical measures to implement. So rather than leaving security to a specialist department, we are assigning a lead in each department, with the aim of building a culture in which the whole company takes ownership and an organization in which employees can make their own judgment calls. Security is not a brake on the business. It is the guardrail that makes bigger challenges possible, and a critical foundation for our corporate philosophy of turning "WHAT YOU WANT TO DO" into "WHAT YOU CAN DO." That is why we obtain and maintain third-party certifications as evidence of our security posture, use them as a mechanism for further strengthening security, and continue to enhance our controls as part of day-to-day operations.

Our goal is to establish security best practices that others in the industry can learn from, and in doing so to help the industry as a whole move forward. We treat security as a source of competitive strength that supports sustainable growth. By building security into our technology, people, culture, and governance, we aim to become the most trusted leader in digital infrastructure.

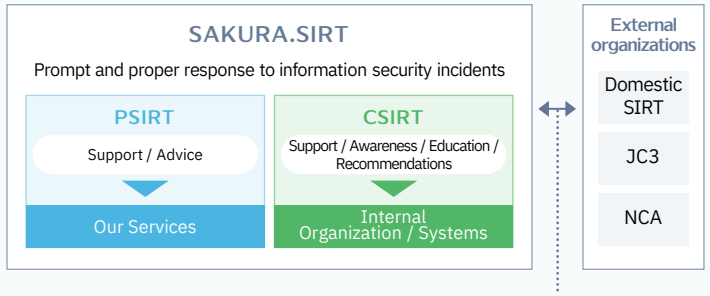
Information Security Policy

The SAKURA internet Group operates as a comprehensive IT infrastructure and platform business. Our corporate philosophy is to provide a wide range of solutions through the internet to everyone connected with us. To realize that philosophy, we face an important challenge: to uphold corporate ethics regarding information security, and to protect information assets from all possible threats. That covers both the assets entrusted to us by our customers and those that constitute the Group's own management resources. We address this challenge by establishing and continually improving our information security management system. To strengthen our security foundation, we have established and actively implement our Information Security Policy.

Cybersecurity Initiatives

SAKURA.SIRT

In May 2015, we established SAKURA.CSIRT to oversee internal systems, and joined the Nippon CSIRT Association (NCA) in July of that year. Then, we established SAKURA.SIRT to cover our services as well, with the mission of "making customers and the internet itself safer." Together with internal and external specialists, we monitor, share, and leverage security information and trends.



Incident response training

To prepare for attacks on our servers, we conduct hands-on training focused especially on less experienced staff. By providing such training, we develop future core personnel, ensuring the organization as a whole can respond quickly and effectively to incidents.

Maintaining and Improving Information Security

Certifications and guidelines obtained

We are continually strengthening our information security management framework so that customers can use our services with confidence. As part of these efforts, we have obtained the following certifications and registrations in accordance with international and domestic standards.

ISMAP / ISMS / ISMS Cloud Security Certification / PrivacyMark / PCI DSS / SOC2 and SOC3 / ISO/IEC 27018:2019 Certification

↗ Scope and details

Launch of transparency reports

We recognize the importance of "personal information," "freedom of expression," and "confidentiality of communications." When responding to requests, we are committed to protecting these rights by complying with relevant laws and guidelines, including the Act on the Protection of Personal Information, the Telecommunications Business Act, and the Information Distribution Platform Act.
As part of these efforts, we ensure transparency by publicly releasing a transparency report that discloses the number of requests received and summaries of our responses. This report covers the following services: SAKURA Web Hosting, SAKURA VPS, SAKURA Cloud, SAKURA Dedicated Server PHY, SAKURA Domain, and Housing Service.

SAKURA Cloud registered under government ISMAP

SAKURA Cloud meets the strict security standards the government requires, assuring safety for public-sector use and supporting smooth cloud adoption in the private sector.

ISO/IEC 27018 certification

Building on international information security standards, we provide controls that protect personal information processed in the public cloud.

Police Commendation

In January 2025, one of our employees received a commendation from the Director of the Gunma Prefectural Police Cyber Center. At the time they worked in the Customer Reliability Department, Customer Service Division, Cloud Business Division (now the Customer Support Department, Customer Service Division).

Comment

A contact at a company we regularly work with invited me to give a lecture at the Gunma Prefectural Police Academy. I covered the basics of how hosting and cloud services are structured, what fraudulent sign-ups actually look like in practice, and the records (evidence) we are able to provide in response to inquiries and seizure warrants. It was my first time giving a lecture, and I already felt it had done a lot for my own growth. To be recognized with this commendation on top of that is a real honor.

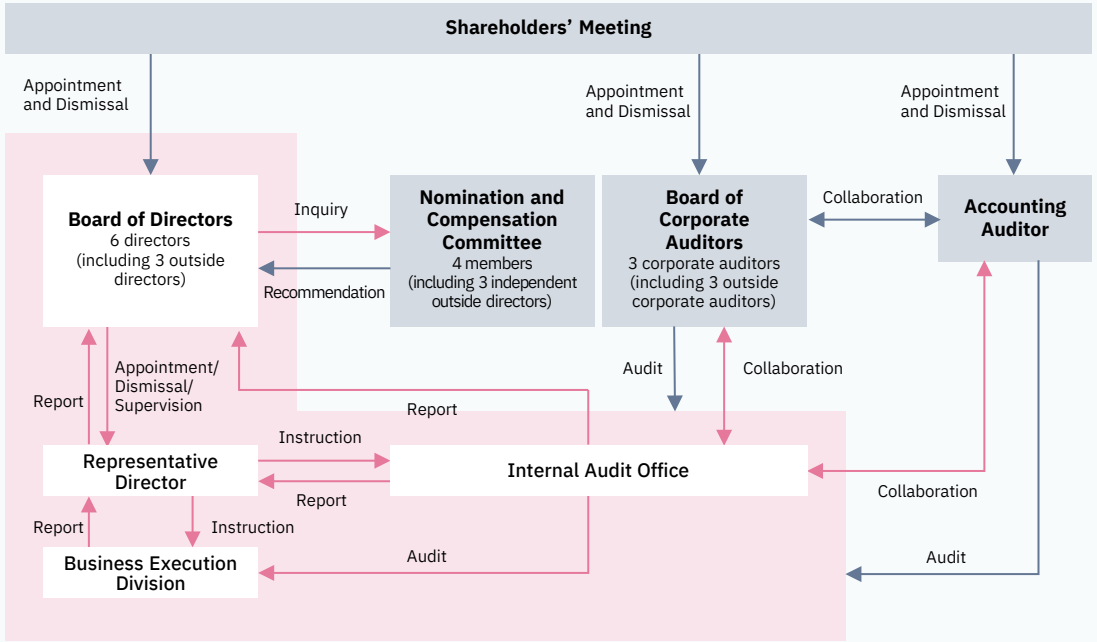
Governance

Approach to Governance

Policy

Our Basic Approach to Corporate Governance

Our basic approach to corporate governance is to strengthen our management and administrative framework as we grow our business, ensuring efficient and well-organized operations across all divisions while enhancing internal controls. This fundamental approach continues to underpin our efforts to this day.
The internet industry bears a greater social responsibility than other industries because it operates on a truly global scale, with its communication infrastructure open to countless unseen users and its market consisting of customers around the world. The corporate governance we have established forms the basis of our management, enabling us to fulfill this social responsibility.
The diagram below illustrates our corporate governance structure.



Activities of the Board of Directors (FY3/2026)

In the fiscal year under review, the Board's main agenda items covered financing and major contracts arising from capital investment to strengthen the business foundation and support growth. The Board also addressed management structure and corporate governance, including personnel and compensation for directors and executive officers. The main reports to the Board covered the operation of corporate governance, including the activities of the Nomination and Compensation Committee and the results of the Board effectiveness evaluation. They also covered business management, including progress on the medium-term management plan and the state of budget formulation. The Board is also duly briefed on matters including the financial position and the execution of key duties, and on the state of internal control and internal audit.

Activities of the Nomination and Compensation Committee (FY3/2026)

The Nomination and Compensation Committee met six times in the fiscal year under review. To bring a wider range of perspectives into its discussions, the company also reviewed the composition of the committee and added a member, strengthening its structure.

Activities of the Corporate Auditors and the Board of Corporate Auditors (FY3/2026)

Corporate auditors attend Board meetings, where they monitor the body that makes management decisions and state their views where necessary. They also duly receive reports on how duties are being carried out at group companies, both by working with those companies' corporate auditors through reporting and information sharing, and by interviewing the internal audit department. The Board of Corporate Auditors meets once a month as a rule, and additionally whenever required. It met a total of 13 times in the fiscal year under review, with meetings averaging a little under an hour.

Name		Meetings held*	Meetings attended
Kunihiro Tanaka		14	14
Masataka Kawada		14	14
Koichi Ise		14	14
Akihiro Maeda		14	14
Hiroo Hatashita	(Outside, Independent)	14	14
Toshihiro Igi	(Outside, Independent)	14	14
Yukie Osaka	(Outside, Independent)	14	14
Tomomi Arakawa	(Outside)	13	11
Tatsuya Morita	(Outside)	10	8

*Meeting counts are the number of Board meetings held during each person's term of office.

	Position	Name	Meetings held	Meetings attended
Chairperson	Independent Outside Director	Hiroo Hatashita	6	6
Member	Independent Outside Director	Toshihiro Igi	6	6
Member	Independent Outside Director	Yukie Osaka	3	3
Member	Representative Director	Kunihiro Tanaka	6	6

Name		Meetings held*	Meetings attended
Yayoi Yamaguchi	(Full-time, Outside, Independent)	13	13
Toshiyuki Umeki	(Outside)	13	13
Hiroyuki Hasegawa	(Outside, Independent)	13	13
Tomoyuki Hirose	(Outside)	12	11

*Meeting counts are the number of Board of Corporate Auditors meetings held during each person's term of office.

Governance

Initiatives to Strengthen Governance Structure

Making Use of Outside and Independent Officers and Strengthening Corporate Governance (as of June 30, 2026)

Establishment of the Nomination and Compensation Committee and appointment of outside and independent officers

Enhancing the fairness, transparency, and objectivity of nomination and compensation procedures

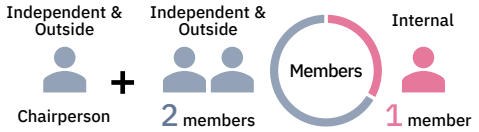
Voluntary advisory committee led by independent outside directors

Our Nomination and Compensation Committee was established as a voluntary committee to advise the Board of Directors. We appoint the chairperson from among our independent outside directors, who constitute the majority of the committee. This further reinforces governance of the Board's functions concerning the nomination and compensation of directors and corporate auditors.

The Nomination and Compensation Committee's main role

The committee reviews the overall policies and procedures for determining the compensation of executive officers, directors, and corporate auditors. The committee also reviews policies pertaining to areas such as the determination of individual directors' compensation, which are submitted to the Board of Directors.

Composition of the Nomination and Compensation Committee (FY3/2026)



Outside and independent officers on the Board of Directors



Composition of the Board of Directors

The number of directors and corporate auditors at SAKURA internet satisfies the requirements of law and of our Articles of Incorporation. The Board also brings together a wide range of knowledge and experience from both inside and outside the company. We will work to raise the standard of governance further, so that it supports a digital infrastructure business that is expanding fast. We will strengthen the independence and agility of management, and build our ability to adapt as the business environment changes. Making decisions quickly and soundly is how we will pursue sustainable growth and greater corporate value.

Message from an Outside Director



Raising the standard of governance to support growth is the key to greater corporate value.

Hiroo Hatashita, Outside Director

Hatashita is a certified public accountant and licensed tax accountant. After working at an audit firm and a major U.S. accounting firm, they founded ProCUBE Japan Co., Ltd. in 2005 and became its President and CEO. They bring deep expertise in corporate management and financial accounting, and have been an outside director of the company since 2015. They currently chair the Nomination and Compensation Committee.

Using insights from a diverse range of companies as a benchmark for governance

Since leaving an audit firm to work independently, I have seen companies at every stage, from startups to businesses with market capitalizations in the trillions of yen. My strength is being able to draw on that and propose best practices suited to the stage the company is at.

SAKURA internet has grown rapidly in recent years, after pursuing large-scale investment in response to surging AI demand. To turn that growth into lasting corporate value, I see raising the standard of governance further as an important theme. I keep a close watch, as an independent outside director, on whether the company is growing at pace and through the right processes. Board discussion is where I work to raise the quality of management decisions.

Evolving governance is what raises corporate value.

After many years involved in management decisions, my sense is that SAKURA has a culture where misconduct and mistakes don't easily take hold. Every employee approaches their work with integrity, and the result is an organization with a high degree of transparency.

The foundation of governance is, in the end, corporate culture. Precisely because that foundation is solid, I believe SAKURA has now reached the stage of strengthening the Board's oversight and decision-making further, in step with the growth of the business. I strongly welcome people joining from outside with deep management experience, including our newly appointed officers. That is what raises the quality of Board discussion and widens the range of decisions open to us.

For me, strengthening governance is more than a compliance exercise. That is because a decision-making process that works properly raises the quality of management judgment, and with it the quality of the business itself. In that sense, governance underpins SAKURA's corporate value and is also a key to a higher market valuation. While respecting the leadership of the management team, I will go on putting questions from the outside, so that we meet the expectations of investors and every other stakeholder.

Governance

Executive Appointment Policy

Executive Appointment Policy

SAKURA internet has established a voluntary Nomination and Compensation Committee, made up principally of independent outside directors. Its purpose is to strengthen the fairness, transparency, and objectivity of the procedures for nominating and compensating directors and corporate auditors. The Board of Directors decides the nomination of candidates for director and corporate auditor, taking the committee's recommendations into account. We select those candidates according to the policies below.

Director Appointment Policy

We nominate director candidates based on a comprehensive review of the following points.

a. Management Skills

- Should have thorough knowledge of our company's business
- Should possess the qualities and abilities that will contribute to improving our company's corporate value over the medium to long term, based on our company's management strategy and business characteristics
- Should be able to accurately understand current trends, the business environment, and market changes
- Should have an excellent ability to perform analysis and make decisions from an objective, company-wide standpoint
- Should be able to initiate change on their own and involve others in promoting change
- Should be able to constructively contribute to discussions and deliberations during meetings, including actively expressing their own opinions from a company-wide perspective
- Should possess the qualities to appropriately reflect stakeholder views at Board of Directors' meetings
- Should have experience in corporate leadership or have held managerial positions in publicly listed companies
- Should have professional expertise in key management issues (for example, corporate management, technology, legal and compliance, finance and accounting, marketing, global trends)

b. Humanity

- Should comply with laws, regulations, and codes of conduct, both internal and external, as well as possess the necessary judgment and fairness expected of a director
- Should understand and practice our corporate philosophy, and possess integrity that our stakeholders can trust
- Should understand and embrace diverse values and perspectives, and demonstrate behavior that respects individuality

Corporate Auditor Appointment Policy

We nominate corporate auditor candidates based on a comprehensive review of the following points.

a. Management Skills

- Should have thorough knowledge of our company's business
- Should possess the qualities and abilities that will contribute to improving our company's corporate value over the medium to long term, based on our company's management strategy and business characteristics
- Should be able to accurately understand current trends, the business environment, and market changes
- Should have an excellent ability to perform analysis and make decisions from an objective, company-wide standpoint
- Should possess the qualities to appropriately reflect stakeholder views at Board of Directors' meetings
- Should have experience in corporate leadership or have held managerial positions in publicly listed companies
- Should have extensive experience and insight to guide audits, or professional expertise in key management issues (for example, corporate management, technology, legal and compliance, finance and accounting, marketing, or global trends)

b. Humanity

- Should comply with laws, regulations, and codes of conduct, both internal and external, as well as possess the necessary judgment and fairness expected of a corporate auditor
- Should understand and practice our corporate philosophy, and possess integrity that our stakeholders can trust
- Should understand and embrace diverse values and perspectives, and demonstrate behavior that respects individuality

Board of Directors Diversity and Structure

- We select director and corporate auditor candidates based on individual technical expertise, managerial competence, and personal abilities, regardless of age, gender, nationality, or other attributes.
- In determining the composition of the Board of Directors, we take into account the balance of knowledge, experience, and expertise across the Board as a whole. This ensures the diversity required for effective decision-making and supervision of management, as well as a suitable size to enable the Board to function most effectively.
- We maintain the Board's ratio of independent outside directors at one-third or more to strengthen supervisory functions and ensure objectivity. Furthermore, we include individuals with executive experience at other companies among our independent outside directors. Their insights enable us to more effectively anticipate changes in the business environment and reflect them in our management strategy. Corporate auditors shall include persons who have requisite knowledge of finance and accounting.

Governance

Directors and Executive Officers (as of July 31, 2026)

Directors



Kunihiro Tanaka
Founder & CEO, President



Masataka Kawada
Director / Chief Financial Officer (CFO)



Hirohisa Tamonoki
Director (newly appointed)

Outside Directors

Hiroo Hatashita	Independent
Toshihiro Igi	Independent
Yukie Osaka	Independent

Outside Corporate Auditors

Yayoi Yamaguchi	Independent, Full-time
Toshiyuki Umeki	
Hiroyuki Hasegawa	Independent

Director & Corporate Auditor Skills Matrix

↗ Directors

	Attendance Record			Experience / Expertise					
	Board of Directors	Nomination and Compensation Committee	Board of Corporate Auditors	Corporate Management	Legal Affairs & Compliance	Finance & Accounting	Engineering & Technology	Customer Success & Marketing	Global
Kunihiro Tanaka	100%	100%	-	●			●		
Masataka Kawada	100%	-	-	●		●			
Hirohisa Tamonoki	-	-	-	●			●	●	●
Hiroo Hatashita	100%	100%	-	●		●			
Toshihiro Igi	100%	100%	-	●	●				
Yukie Osaka	100%	100%	-					●	
Yayoi Yamaguchi	100%	-	100%	●		●			●
Toshiyuki Umeki	100%	-	100%	●			●		
Hiroyuki Hasegawa	100%	-	100%	●		●			●

*This skills matrix is based on the Annual Securities Report disclosed on June 15, 2026. Please note that this matrix does not exhaustively list all skills and experiences of each director and corporate auditor.

Governance

Directors and Executive Officers (as of July 31, 2026)

Executive Officers



Masaaki Tateno
Vice President /
Senior Executive Officer



Takayuki Takahashi
Senior Executive Officer



Takashi Shishido
Executive Officer



Yota Egusa
Executive Officer /
Chief Information Security Officer (CISO) /
Chief Information Officer (CIO)



Akihiro Maeda
Executive Officer



Masatoshi Yokota
Executive Officer



Akira Horimoto
Executive Officer



Masako Ohsaki
Executive Officer



Mamiko Tsukada
Executive Officer



Sayuri Masaki
Executive Officer



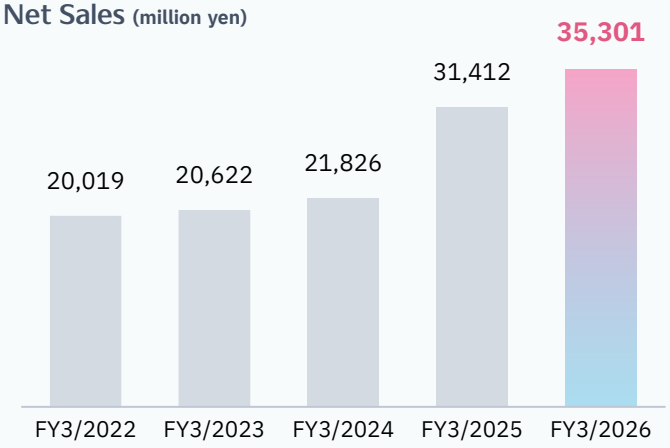
Mariko Yabe
Executive Officer /
Group Chief Human Resources Officer (CHRO)

Data

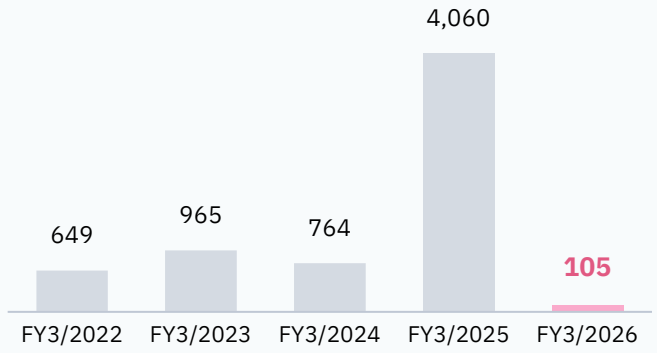
50 Consolidated Financial Highlights
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53 Group Company Information

Consolidated Financial Highlights

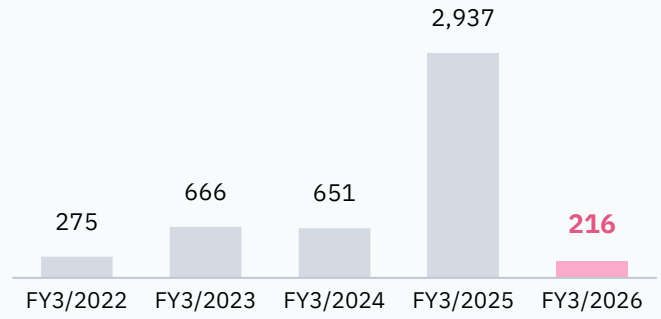
Net Sales (million yen)



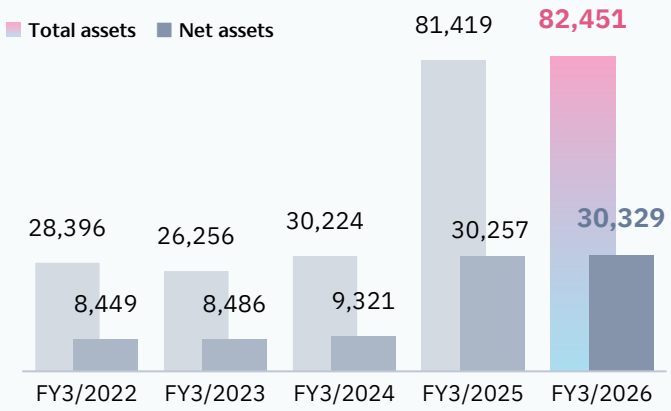
Ordinary Profit (million yen)



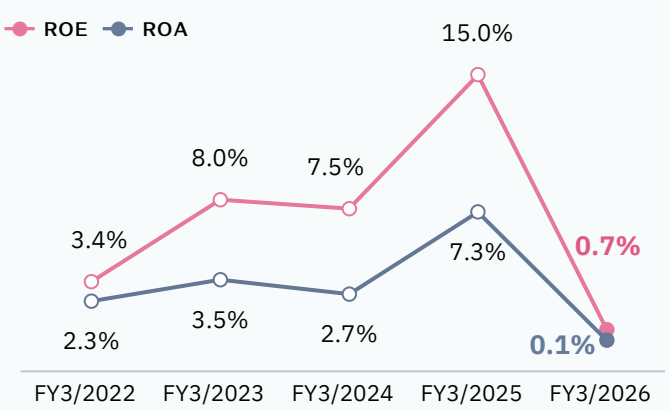
Profit Attributable to Owners of Parent (million yen)



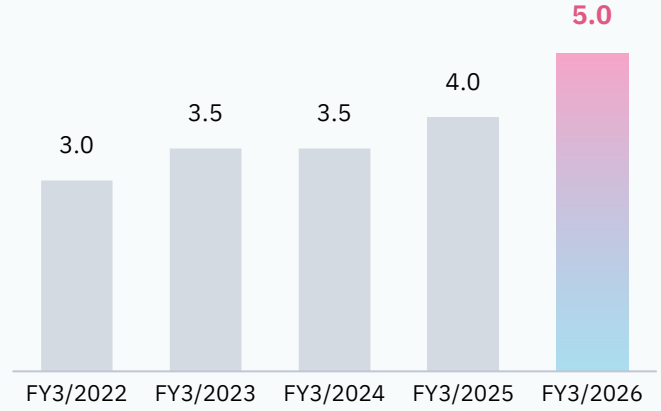
Total Assets / Net Assets (million yen)



ROE / ROA (%)



Dividend per Share (yen)



10-Year Financial Summary

	FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022	FY3/2023	FY3/2024	FY3/2025	FY3/2026
Operating Results (million yen)										
Net sales	13,961	17,033	19,501	21,908	22,168	20,019	20,622	21,826	31,412	35,301
Operating profit	1,018	745	567	939	1,372	763	1,093	884	4,145	(403)
Ordinary profit	804	574	395	789	1,099	649	965	764	4,060	105
EBITDA	2,572	3,013	3,117	4,010	4,466	4,073	3,895	4,073	9,084	8,383
Profit attributable to owners of parent	548	349	91	160	758	275	666	651	2,937	216
Cash flows from operating activities	1,852	3,067	2,231	4,582	4,110	3,957	3,963	2,884	5,787	6,223
Cash flows from investing activities	(5,410)	(1,382)	(2,576)	(2,973)	(1,359)	(1,674)	(606)	(2,025)	(8,323)	(24,643)
Cash flows from financing activities	4,349	(1,941)	1,237	(2,541)	(3,148)	(1,005)	(3,999)	(410)	26,763	4,319
Free cash flows	(3,558)	1,685	(345)	1,608	2,751	2,282	3,357	858	(2,535)	(18,419)
Financial Condition* (million yen)										
Total assets	26,005	26,111	31,158	28,787	27,975	28,396	26,256	30,224	81,419	82,451
Net assets	7,609	7,889	7,344	7,424	8,113	8,449	8,486	9,321	30,257	30,329
Interest-bearing liabilities	13,596	12,817	16,220	14,371	12,324	11,552	9,582	12,414	23,657	35,832
Per Share Data* (yen)										
Basic earnings per share	15.74	9.29	2.44	4.39	20.79	7.55	18.29	18.26	75.23	5.40
Net assets per share	202.26	209.03	199.06	201.10	219.41	228.01	234.10	255.82	751.36	752.07
Dividend per share	2.50	2.50	2.50	2.50	3.00	3.00	3.50	3.50	4.00	5.00
Ratios*										
Return on assets (ROA)	3.6%	2.2%	1.4%	2.6%	3.9%	2.3%	3.5%	2.7%	7.3%	0.1%
Return on equity (ROE)	9.1%	4.5%	1.2%	2.2%	9.9%	3.4%	8.0%	7.5%	15.0%	0.7%
Equity-to-asset ratio	29.3%	30.1%	23.3%	25.5%	28.6%	29.3%	31.8%	30.2%	36.9%	36.5%
Payout ratio (Consolidated)	15.9%	26.9%	102.4%	57.0%	14.4%	39.7%	19.1%	19.2%	5.3%	92.6%

*On June 21, 2024, new shares were issued via a public offering, increasing the total number of issued shares by 4,270,000.

Corporate / Stock Information (as of March 31, 2026)

↗ IR information

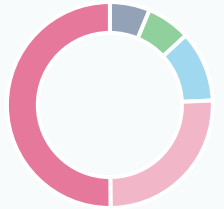
Corporate Name	SAKURA internet Inc.
Founder & CEO, President	Kunihiro Tanaka
Date of Foundation	December 23, 1996
Date of Incorporation	August 17, 1999
Capital	11,283,160,000 yen
Registered Office Address	6-38 Ofukacho, Kita-ku, Osaka-shi, Osaka 530-0011 Japan
Business Activities	Providing cloud computing services Operating data centers
Total Number of Issued Shares	41,890,700 shares
Stock Listing	Prime Market of the Tokyo Stock Exchange (Securities code: 3778)
Number of Employees	1,135 employees (consolidated)
Information Security Management	ISMAP ISMS ISMS Cloud Security Certification PCI DSS PrivacyMark SOC2 SOC3
Affiliations	KEIDANREN (Japan Business Federation) Software Association of Japan Japan Data Center Council Japan Internet Providers Association and others
Osaka Headquarters	GRAND GREEN OSAKA North, JAM BASE, 3F 6-38 Ofukacho, Kita-ku, Osaka-shi, Osaka 530-0011 Japan
Tokyo Office	Sumitomo Fudosan Nishi-Shinjuku Bldg. 32F 7-20-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo 160-0023
Fukuoka Branch	Fukuoka Growth Next 2-6-11 Daimyo, Chuo-ku, Fukuoka 810-0041
SAKURA innobase Okinawa	Haseko Naha Bldg. 1F 1-2-13 Matsuyama, Naha-shi, Okinawa 900-0032

Stock Information

Total Authorized Shares	99,200,000 shares
Total Number of Outstanding Shares (excluding 1,598,539 treasury shares)	40,292,161 shares
Number of Shareholders	55,787

Share Distribution

Securities companies	6.3%
Financial institutions	6.9%
Foreign investors	11.1%
Other domestic companies	25.6%
Individuals and others	50.1%



*Treasury shares are included in the “Individuals and others” category.

Major Shareholders

Shareholder Name	Number of Shares Held	Shareholding Ratio (%)
Sojitz Corporation	5,963,300	14.80
Kunihiro Tanaka	5,170,027	12.83
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,213,900	5.49
BNYM SA / NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	1,325,737	3.29
JPMSLLC CL JPY	1,009,400	2.50
Ken Washikita	984,000	2.44
Nomura Securities Co., Ltd.	691,161	1.71
Rakuten Securities, Inc. (Shared Account)	491,000	1.21
SAKURA internet ESOP	408,700	1.01
SBI Securities Co., Ltd.	294,157	0.73

*The shareholding ratio is calculated after deducting 1,598,539 treasury shares.
*The number of shares held by our President and CEO, Kunihiro Tanaka, includes the shares held by his asset management company, Kunihiro Tanaka Office Co., Ltd., reflecting his effective ownership.
*In the fiscal year ended March 2025, Sojitz Corporation was a major shareholder (our largest) and an “other affiliated company.” Following a change on March 12, 2026, in its percentage of voting rights in our common shares, it no longer falls under that category.

Group Company Information (as of March 31, 2026)

Corporate Name	ITM Inc.
President	Takeshi Kawamoto
Head Office	Sumitomo Fudosan Nishi-Shinjuku Bldg. 32F 7-20-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo 160-0023
Website	https://www.itmanage.co.jp/

Business Activities

- Managed cloud and security service provider (MCSSP) business (system management services / cloud services / cybersecurity services)
- Data center business
- Network services business

Corporate Name	SAKURA Mobile LIMITED
President	Ryosuke Yamaguchi
Head Office	89 Queensway, Hong Kong

Business Activities

- Provision of connectivity and licenses for SAKURA secure mobile connect
- Liaison and partnership management with international telecommunications providers

Corporate Name	Gehirn Inc.
President	Daiki Ishimori
Head Office	Seki Bldg. 7F 1-3-6 Kudankita, Chiyoda-ku, Tokyo 102-0073
Website	https://www.gehirn.co.jp/en/

Business Activities

- Security consulting and vulnerability assessment
- Planning, management, operation, and sales of rental server services
- Analysis and distribution of disaster and weather information
- Web development, design, management, planning, operation, and sales

Corporate Name	bitstar Inc.
President	Akihiro Maeda
Head Office	Sapporo Otemachi Bldg. B1F 4-5-1 Minami-ichijo Nishi, Chuo-ku, Sapporo-shi, Hokkaido 060-0061
Website	https://bitstar.jp/

Business Activities

- Internet services business
- Service integrations business
- Consulting business (related to the businesses mentioned above)
- Virtual offices and shared offices business

Corporate Name	Prunus-Solutions Inc.
President	Hironori Usui
Head Office	Sumitomo Fudosan Nishi-Shinjuku Bldg. 32F 7-20-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo 160-0023
Website	https://www.prunus-sol.co.jp/en/

Business Activities

- System integration focused on high-performance computing

Corporate Name	IzumoBASE Inc.
President	Junpei Arakawa
Head Office	Sumitomo Fudosan Nishi-Shinjuku Bldg. 32F 7-20-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo 160-0023
Website	https://www.izumobase.com/#

Business Activities

- Development of storage software products
- Research and consulting on storage software technologies

Corporate Name	BBSakura Networks, Inc.
President	Hiroyuki Kawabata
Head Office	Sumitomo Fudosan Nishi-Shinjuku Bldg. 32F 7-20-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo 160-0023
Website	https://bbsakura.net/en

Business Activities

- Network virtualization
- Provision of mobile communications
- Development and operation of connectivity platforms

Corporate Name	Tellus Inc.
President	Hideto Yamazaki
Head Office	Sumitomo Fudosan Nishi-Shinjuku Bldg. 32F 7-20-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo 160-0023
Website	https://corp.tellusxdp.com/en/

Business Activities

- Various information provision services through the internet
- Planning, production, and sales of multimedia
- Information and data business consulting
- Planning, development, and sales of computer software
- Other businesses related to the above



SAKURA internet
30th Anniversary

SAKURA internet will celebrate
its 30th anniversary in December 2026