Section 02

Growth Strategy of SAKURA internet

02

18 Our Growth Model: Cycle of Management Resources and Investment
19 Medium- to Long-Term Growth Strategy Overview
20 Growth Strategy Message

Government Cloud Features
22 Government Cloud Explained
23 Path to Selection
25 Roundtable

28 Sales Strategy Message
30 Message from the CFO

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



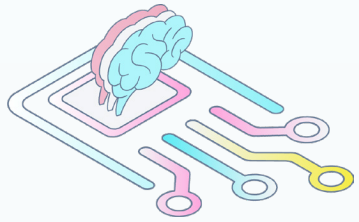
Driving growth

Project revenue

High-performance AI infrastructure

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

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



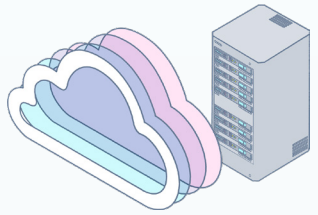
Supporting stable growth

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.

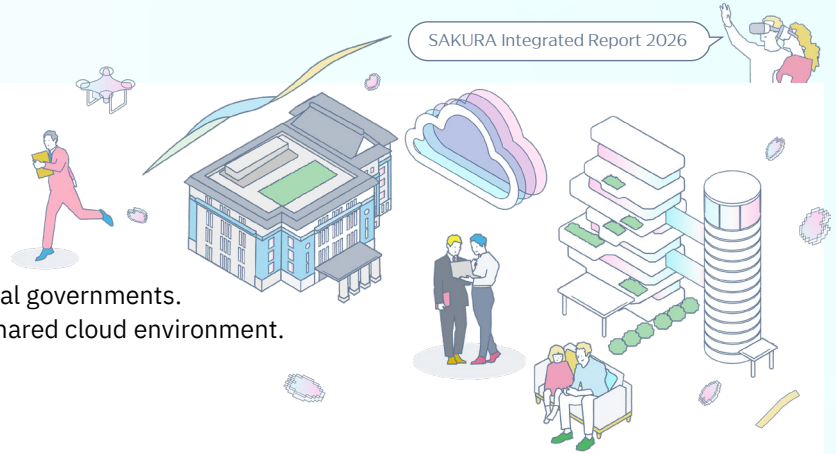
Nurturing the people, technology, and services that sustain the IT industry’s core

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



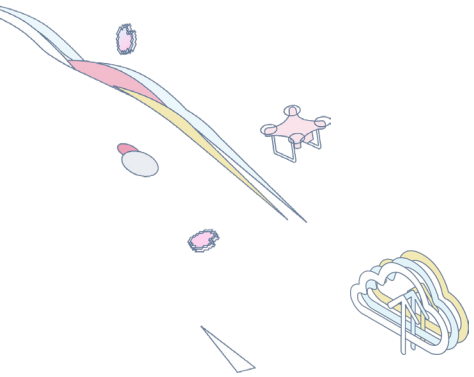
Project team structure takes shape



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

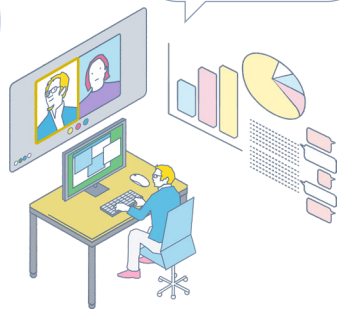
- Held 3 "reading camps" (14 hours total)

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.

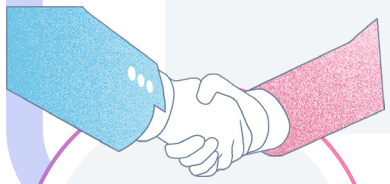


The team kept pushing forward, returning again and again to the core purpose of the project: not for themselves, but to turn customers' "WHAT YOU WANT TO DO" into "WHAT YOU CAN DO" and "to make Japan's cloud better."

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

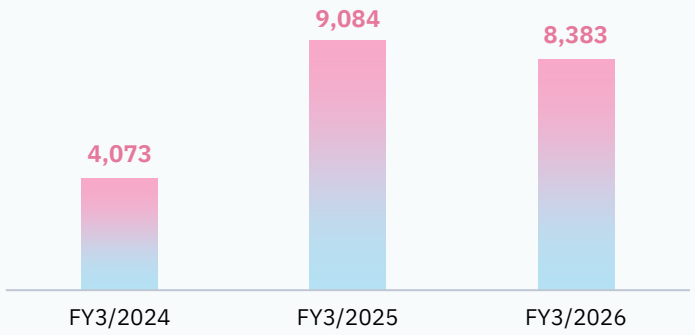
Against this backdrop, we are drawing on our strength in providing stable computing resources within Japan to serve a diverse range of applications.

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.

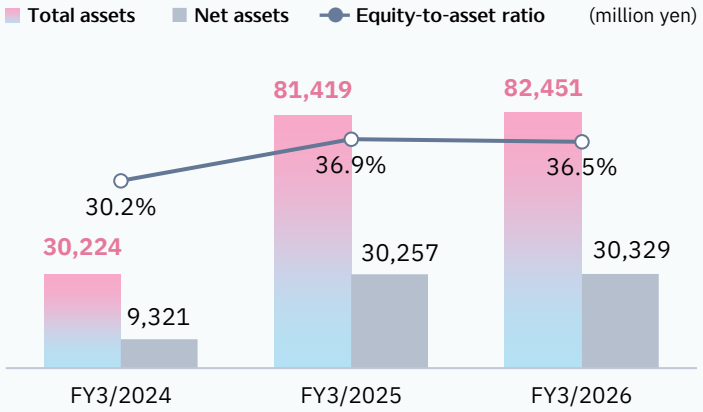
For GPU investments in particular, where the sums involved are large, we decide only after fully verifying the likelihood of recovering the investment, considering not just future demand but also contract periods, unit prices, break-even points, payback periods, and other factors. These investments also 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

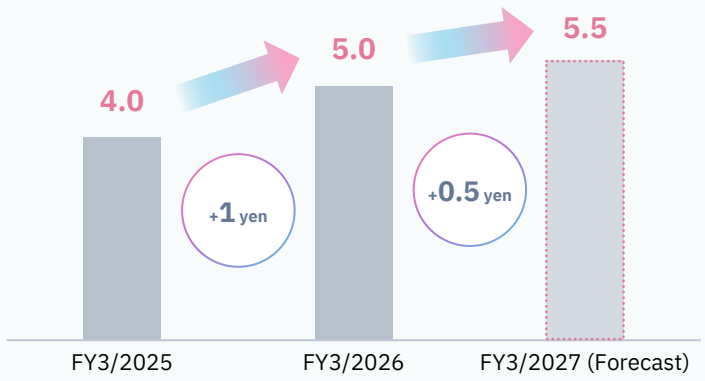
In the fiscal year ended March 2026, we front-loaded investment cash outflows, mainly into equipment for generative AI services. Thanks to our stable earnings base, we made these investments without compromising financial soundness.

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.