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

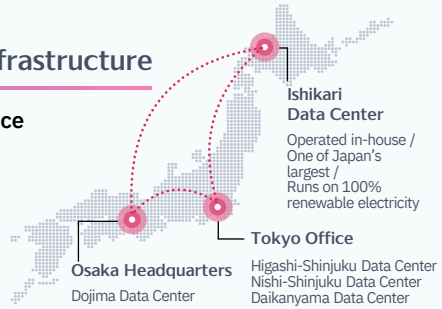


SAKURA internet's Resilience in Support of Social Infrastructure

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

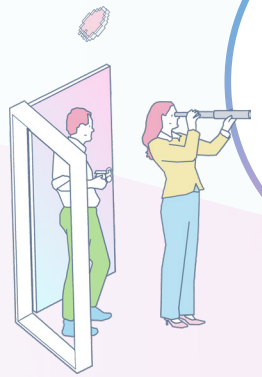


People as the source of value for society and our customers

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.

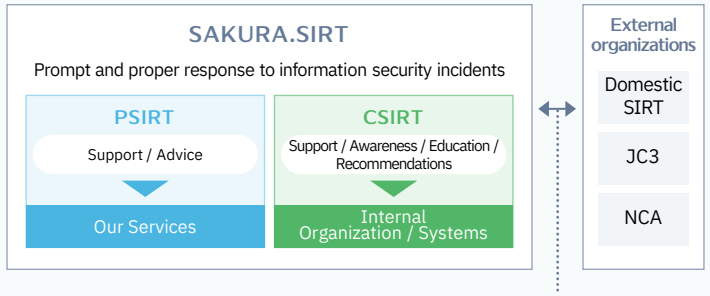
Information Security Policy

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.

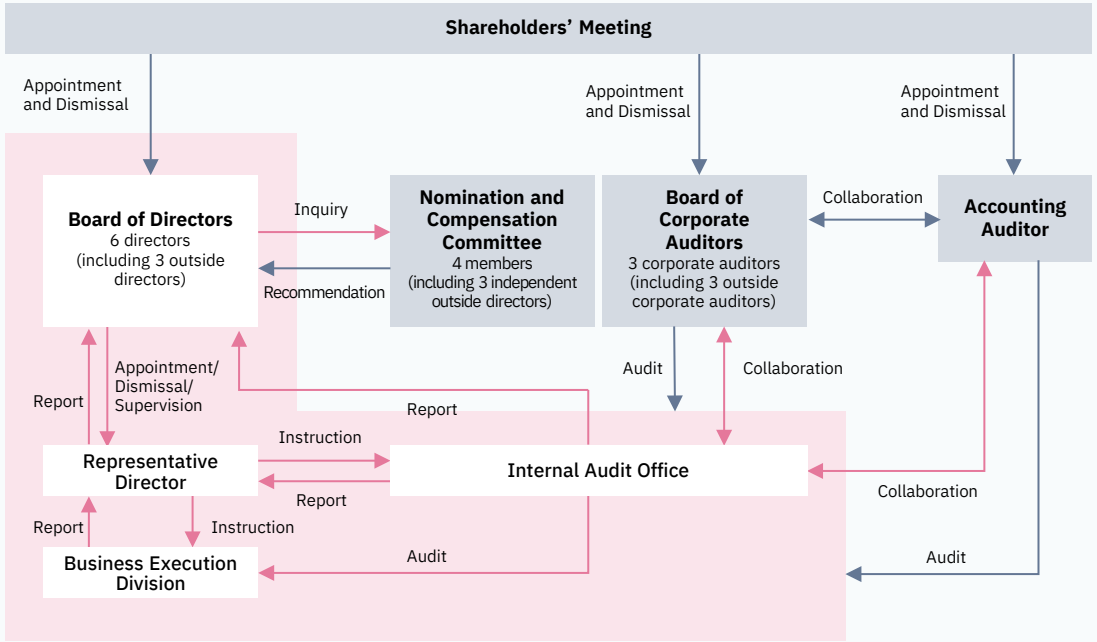
Governance

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

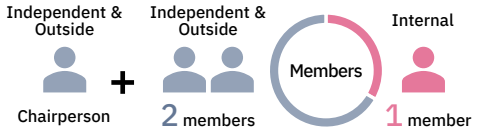
Voluntary advisory committee led by independent outside directors

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)