SAKURA internet

SAKURA's REPORT 2026



SAKURA Integrated Report 2026

Corporate Philosophy

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

At SAKURA internet, our vision is to create a society where, with enough passion and drive, we can turn “WHAT YOU WANT TO DO” into “WHAT YOU CAN DO” with the internet. We believe in the internet’s potential to make life better for individuals and for society, and we are committed to sharing far-reaching approaches that transform ambition into achievement. We understand the importance of envisioning a better future for everyone we are connected with—starting with our customers, employees, and local communities.

Vision

Creating a future where every connection with SAKURA leads to success

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

Guiding Principles

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

01 Customer Focus

02 Experiment, Fail fast

03 Seek Root Cause

04 Be a Builder

05 Raise the Bar

06 Right Decision

07 Integrity

08 Dare to Guide

09 Ownership

10 Deliver Results

SAKURA Integrated Report 2026

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



Editorial Policy

SAKURA Integrated Report 2026 introduces the corporate philosophy of SAKURA internet Inc., the business strategies that support its sustainable growth, and the specific initiatives and efforts that bring them to fruition. We sincerely hope that all our stakeholders—including investors, customers, business partners, and local communities—will gain a deeper understanding of our company, and that this report will foster empathy and opportunities for co-creation.

Period: April 1, 2025 to March 31, 2026 (Some information outside of this period may also be included.)

Disclaimer

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

Guide to the Report

01 What does SAKURA internet do?

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

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

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

02 Why are domestic cloud services attracting so much attention?

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

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

Section 02 Growth Strategy of SAKURA internet → P.17

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

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

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

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

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SAKURA internet by the Numbers

Highlights of Consolidated Results (Fiscal year ended March 2026)

Net sales

35,301 million yen

CAGR (FY3/2022–FY3/2026) 15.2%

Profit attributable to owners of parent

216 million yen

Positioning

Government Cloud provider

Selected on March 27, 2026

Japan's only domestic provider

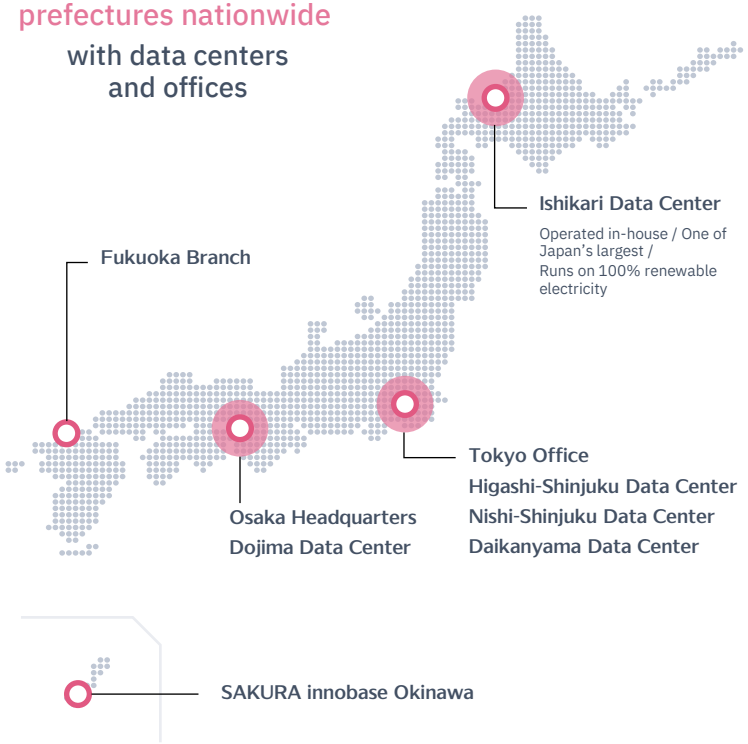
A long-established digital infrastructure provider

Founded on December 23, 1996

30th anniversary

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

5 prefectures nationwide with data centers and offices



Number of employees

Consolidated

1,135 employees

+138 year on year

Remote work implementation

Non-consolidated

89.6%

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

Average age of managers

Non-consolidated

46.8 years

Percentage of female officers (including executive officers)

Non-consolidated

24.0%



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

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

SAKURA Cloud

Selected for the Government Cloud

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

POINT

Data sovereignty in Japan

Unlimited data transfer

Intuitive controls and robust features

Generative AI services

Koukaryoku Series

Koukaryoku PHY

Bare Metal Series:

A high-performance physical platform

Koukaryoku VRT

VM Series:

A virtual platform designed for workload adaptability and agility

Koukaryoku DOK

Container Series:

A specialized operational platform for data processing

SAKURA AI*2

Business platform for generative AI

SAKURAONE

Japanese cloud-based supercomputer for generative AI

SAKURA Web Hosting

A popular server service with over 560,000 users

SAKURA VPS

Offers greater flexibility than SAKURA Web Hosting

SAKURA Dedicated Server PHY

A highly flexible, dedicated physical hosting service

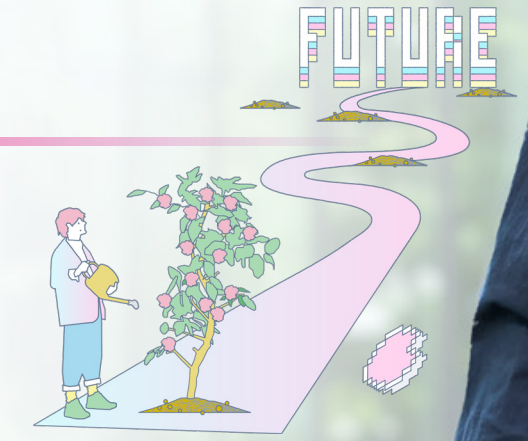
*1 Selected for the FY2023 and FY2026 Government Cloud on March 27, 2026.
*2 Launched in May 2025 as SAKURA Gen AI PLATFORM and renamed SAKURA AI in September of the same year.

Message from the President

President's Message

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





Kunihiro Tanaka Founder & CEO, President

Born in Osaka, Tanaka currently resides in Okinawa. He founded SAKURA internet at 18 while studying at NIT (KOSEN), Maizuru College. Drawing on his entrepreneurial experience and engineering background, he is dedicated to fostering the next generation of entrepreneurs and IT engineers. He also serves as an outside director for several companies and as a project manager for the Information-technology Promotion Agency's (IPA) MITOU Program. In addition, he contributes to the advancement of the industry through numerous roles, including Chair of SAJ, Chair of the Japan IT Federation, Vice Chair of JAIPA, President of JDCC, and Deputy Director of BCCC. Recently, he has been exploring new ways of working, including embracing a multi-location lifestyle.
(As of June 30, 2026)

Message from the President



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

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

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

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

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

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

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

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

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

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

Message from the President

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

↗ SAKUMAGA #KunihiroTanaka

