3rd Quarter of Fiscal Year Ending March 2025

Financial Results

January 31, 2025

SAKURA internet

Financial Highlights

Consolidated financial results

Net sales and operating profit recorded a YoY increase of **36.6%** and **476.3%**, respectively, **and steady progress is being made toward a new growth phase, with GPU cloud services driving significant growth**

- Launch of AI-focused GPU cloud services(January 2024), revenue and profit growth driven by the expansion of cloud services and the acquisition of large-scale projects by group companies

Consolidated earnings forecast

Upward revision of full-year earnings forecast due to additional investment in GPU cloud services

- Expect to exceed forecast for Q4 due to the early provision of services for 800 NVIDIA H100 Tensor Core GPUs, for which additional investment was decided upon in September 2024 (December 2024), and the acquisition of large-scale projects with government and Group companies
- While depreciation and electricity costs increased due to the start of operations for additional investment in GPU cloud services, profit increased due to improved sales mix
- Plan to implement sales and marketing as well as employee motivation improvement measures and more aimed at medium- to long-term growth in the next fiscal year and beyond

SAKURA internet

Achieved record high profit as of Q3 while continuing strong recruitment

- Consolidated net sales increased **36.6**% YoY mainly due to strong growth in GPU cloud service sales of **3,747** million yen (started from the current fiscal year), cloud service sales of **10,356** million yen (up 9.8% YoY), and acquisition of projects by Group companies

- The progress rate of the current hiring plan, which targets 200 new hires, is at a strong 81%※. Increased investment in human resources to strengthen cloud service development and sales promotion efforts, as well as the launch of the GPU cloud services, has led to higher depreciation costs and electricity expenses.Depreciation and electricity costs increased due to the commencement of operation of GPU cloud services　※including 162 prospective personnel by the current fiscal year end

- By prioritizing the early provision of a GPU infrastructure for generative AI and strengthening cloud services, which are key initiatives for the current fiscal year, revenue from high-value-added services increased. As a result, by the third quarter, we achieved a performance exceeding the highest full-year profit on record

(Millions of yen)

Item	Q3 FY 3/24 Amount	Q3 FY 3/25 Amount	YoY Change	Change (%)
Net sales	15,658	21,397	5,738	36.6
Operating profit	448	2,585	2,136	476.3
Ordinary profit	319	2,488	2,168	678.3
Profit attributable to owners of parent	304	1,642	1,338	440.2

In this document, FY 2025 refers to the period from April 1, 2024, to March 31, 2025, and the same applies to other fiscal years
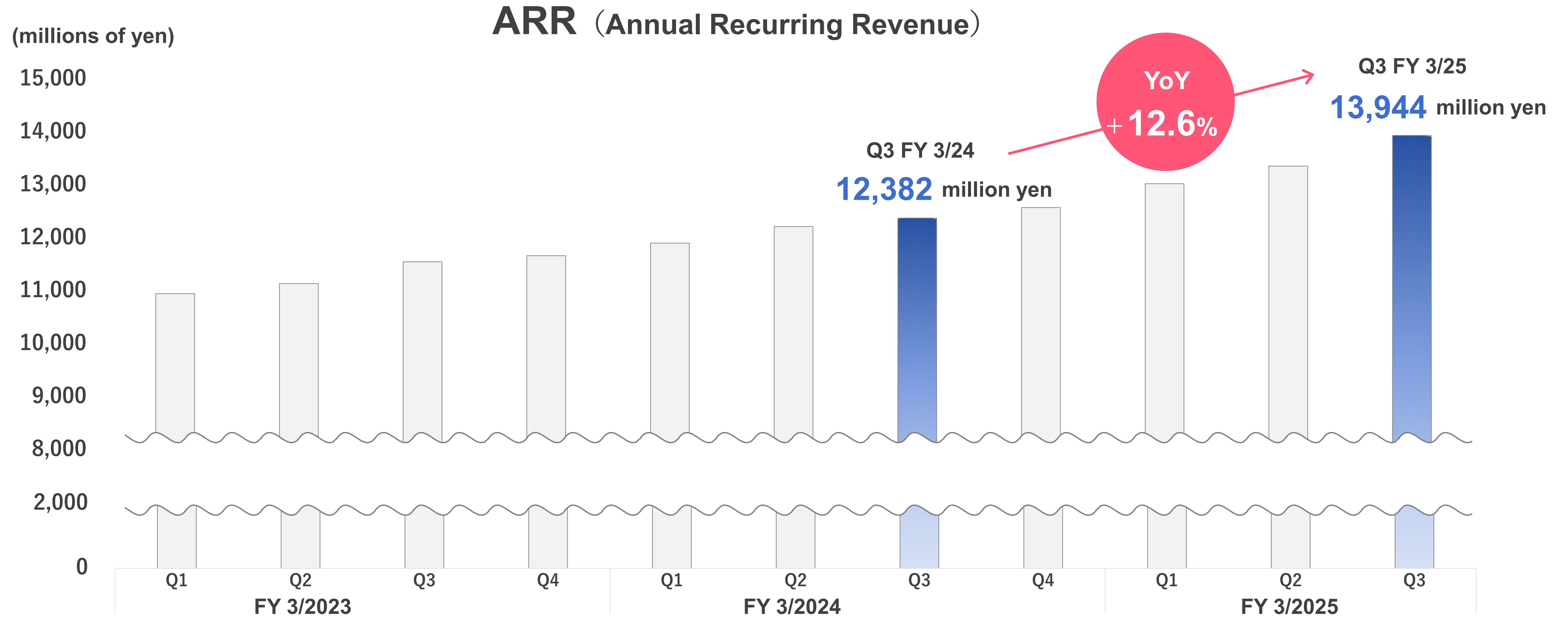
Full-year earnings forecast revised upward due to investment in 800 additional NVIDIA H100 Tensor Core GPUs

[Net sales]
- Consolidated net sales were revised upward due to the prompt start of operations of the additional investment of 800 NVIDIA H100 Tensor Core GPUs in GPU cloud services, which was decided after the previous earnings forecast revision, and the acquisition of government and Group company projects, etc.

[Profit]
- While depreciation and electricity costs increased due to the start of operations for additional investment in GPU cloud services, profit increased due to improved sales mix
- Plan to implement sales and marketing as well as employee motivation improvement measures and more aimed at medium- to long-term growth in the next fiscal year and beyond

(Millions of yen)

Item	Previous forecast Amount	Revised forecast Amount	Change Amount	Change (%)	(Reference) Results for the previous fiscal year Amount	Change (%)
Net sales	29,000	31,000	2,000	6.9	21,826	42.0
Operating profit	2,600	3,400	800	30.8	884	284.4
Ordinary profit	2,450	3,250	800	32.7	764	325.3
Profit attributable to owners of parent	1,550	2,100	550	35.5	651	222.2

SAKURA internet

ARR, representing recurring fee revenue, increased **12.6**% YoY

ARR（Annual Recurring Revenue）

(millions of yen)

YoY
+**12.6**%

Q3 FY 3/25
13,944 million yen

Q3 FY 3/24
12,382 million yen

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	FY 3/2023				FY 3/2024				FY 3/2025		

*The ARR includes revenue of cloud service, VPS service, and rental server service of SAKURA internet on a non-consolidated basis
*Although the cloud-service adopts a pay-as-you-go pricing system, these figures are calculated in accordance with a method of fixed-rate service calculation
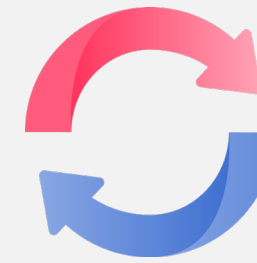*Annual Recurring Revenue (ARR): Calculated by multiplying the Monthly Recurring Revenue (MRR) at the end of each period by 12. These figures indicate annual revenue on a recurring billing basis and differ from net sales

SAKURA internet

Practice of growth strategy ⟳ Strengthen infrastructure that underpins growth strategy

Capturing strong demand by providing additional GPU infrastructure for generative AI
Acquiring a unique position in the government cloud domain

Steady progress in acquiring human resources to support growth strategy
In the process of building digital infrastructure for next stage of growth

- In response to growing demand, started providing the services of 800 NVIDIA H100 Tensor Core GPUs, for which the additional investment was decided upon in September 2024 (December 2024)

- Started collaboration with NEC Corporation to provide AI platform services* (November 2024). Incorporating generative AI developed by NEC into a platform service for generative AI utilizing our GPU cloud

- Received an order from the Digital Agency for the design and development of government multi-cloud networks (December 2024). It is a project to construct network infrastructure to safely and efficiently connect and operate multiple government cloud services. Contributing to the digitization of public services and strengthening security

- A progression rate of 81% on a non-consolidated basis (including 162 prospective personnel by the current fiscal year end), aiming to hire about 200 or more personnel within the current fiscal year. Of these, 84% are leading players or higher level, and we are securing human resources to support growth strategies in all job categories

- We are building a container-type data center on the Ishikari Data Center site and plan to provide services as soon as the GPUs are delivered

- Entered into basic agreements with Preferred Networks Inc. and Rapidus Corporation with the aim of developing domestic AI infrastructure that contributes to a green society (January). Rapidus will manufacture the cutting-edge models of the MN-core series that will be newly designed by Preferred Networks moving forward, and combined with our knowledge in developing cloud services for generative AI, we will develop domestic AI infrastructure that will contribute to a green society
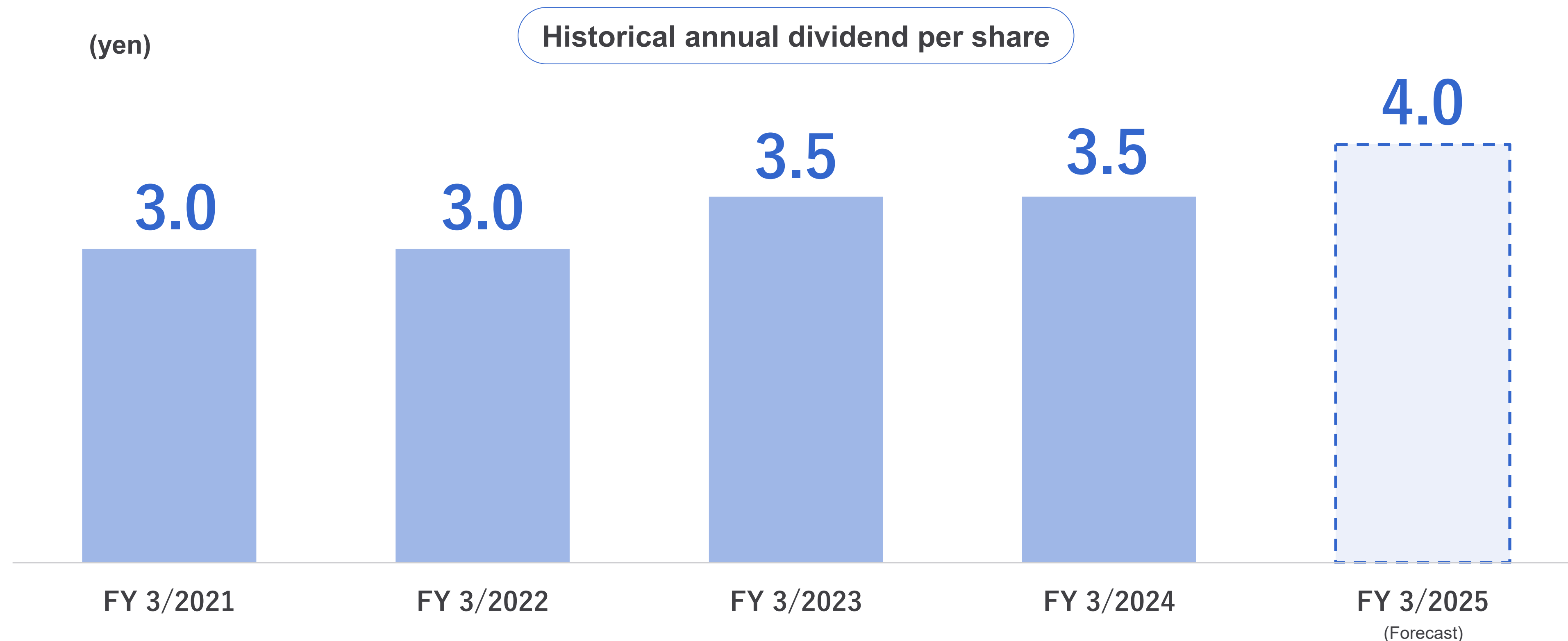
*News Release: Sakura internet Starts Development of Platform Service for Generative AI

Dividend policy

Basic dividend policy

Our dividend policy is to return profits to shareholders in accordance with the business development, while maintaining a certain level of internal reserves in order to ensure sustainable growth and profitability

- **Planned dividend for FY 3/25:Maintaining an increased dividend of JPY 4.00 per share**
  While ensuring stable profit returns, we aim for business growth through active investment in the GPU cloud services by utilizing funds raised through capital increases and cloud program subsidies. At the same time, we will secure the necessary funds for growth investments

(yen)

Historical annual dividend per share

FY 3/2021	FY 3/2022	FY 3/2023	FY 3/2024	FY 3/2025 (Forecast)
3.0	3.0	3.5	3.5	4.0

SAKURA internet

**Strive to provide environmental and social contributions through its business activities to help build a digital-ready society, in pursuit of the corporate philosophy:
turn "what you want to do" into "what you can do"**

Environment

Ishikari Data Center

Topic **Achieve zero annual CO2 emissions**

- **Ishikari Data Center**
  - Reduced power consumption substantially with air conditioner using natural cold air in Hokkaido
  - Achieved virtually zero annual CO_2 emissions by using 100% renewable energy sources

Governance

Topic **Percentage of women executives including executive officers: 25.0%**
(as of December 31, 2024)

- **Enhance corporate governance**
  - Appointment of diversified outside officers and independent officers
  - Diversification by increasing the ratio of female executives
- **Maintain and improve information security**

Social

Topic **Awarded "Excellent Work Style Company Award" at My Navi Tenshoku (Career Change) BEST VALUE AWARD** (January 2025)

- **Promote educating and supporting next-generation startups and professionals**
- **Promote the development of digital professionals and provision of IT-driven solutions to social issues**
- **Put human-capital-oriented management into practice**
  - **Virtuous cycle of learning and practice**
    [Development of human resources and a culture of mutual learning]
    [Tackling challenges and leadership]
  - **Provide opportunities for diversified professionals to socialize and tackle challenges**
    [Promotion of active participation of diversified talented people]
  - **Establish an infrastructure to ensure a safe and long career**
    [Mental and physical health]
    [Flexible work styles]

Environment

Governance

Social
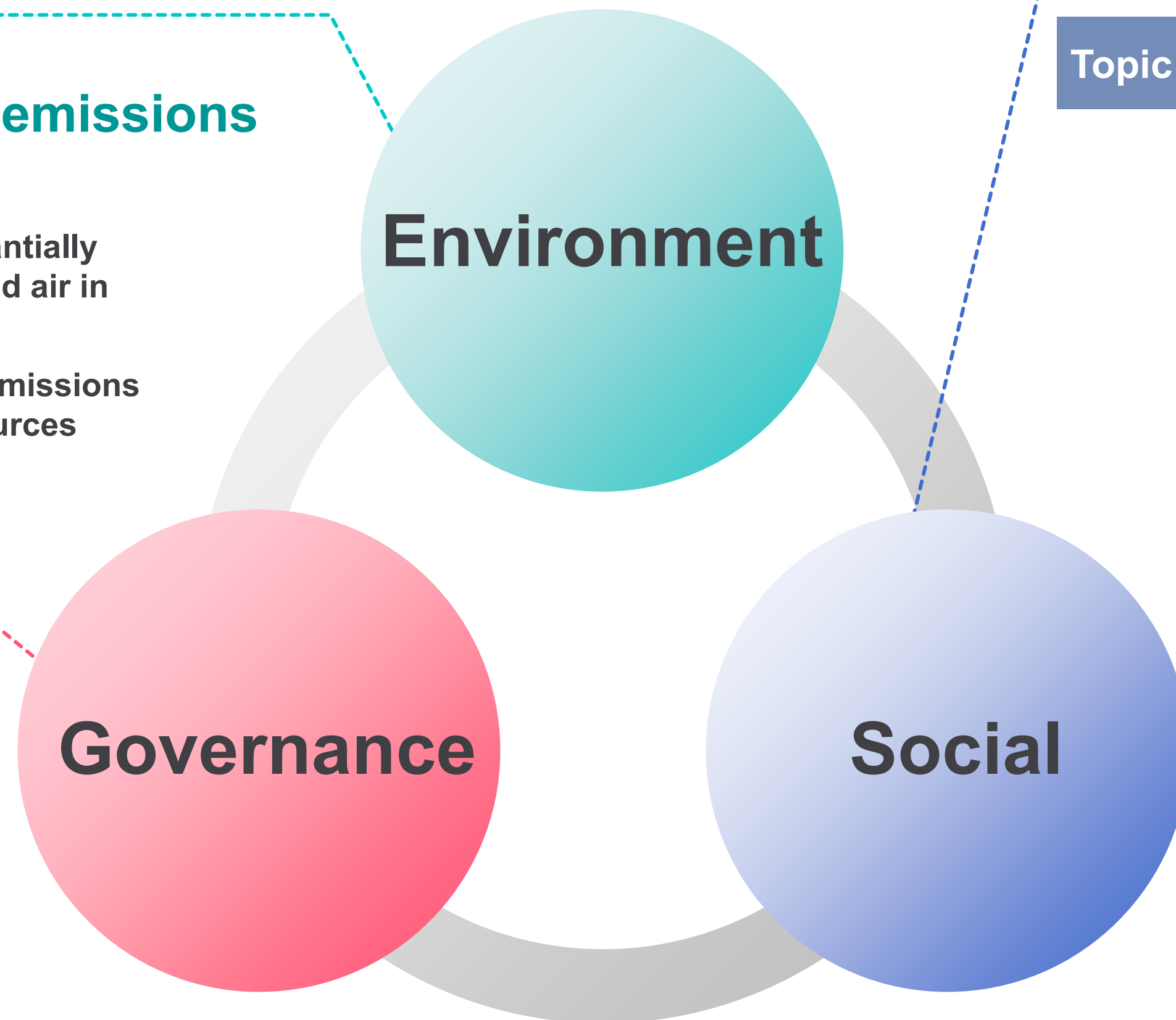
Consolidated Financial Results for Q3 FY 3/2025

Summary of Consolidated Financial Results for Q3 FY 3/2025

With the launch of GPU cloud services, etc. net sales and operating profit recorded a YoY increase of 36.6% and 476.3%, respectively

Actively invested in areas focused on human resources and GPU cloud services to implement growth strategy
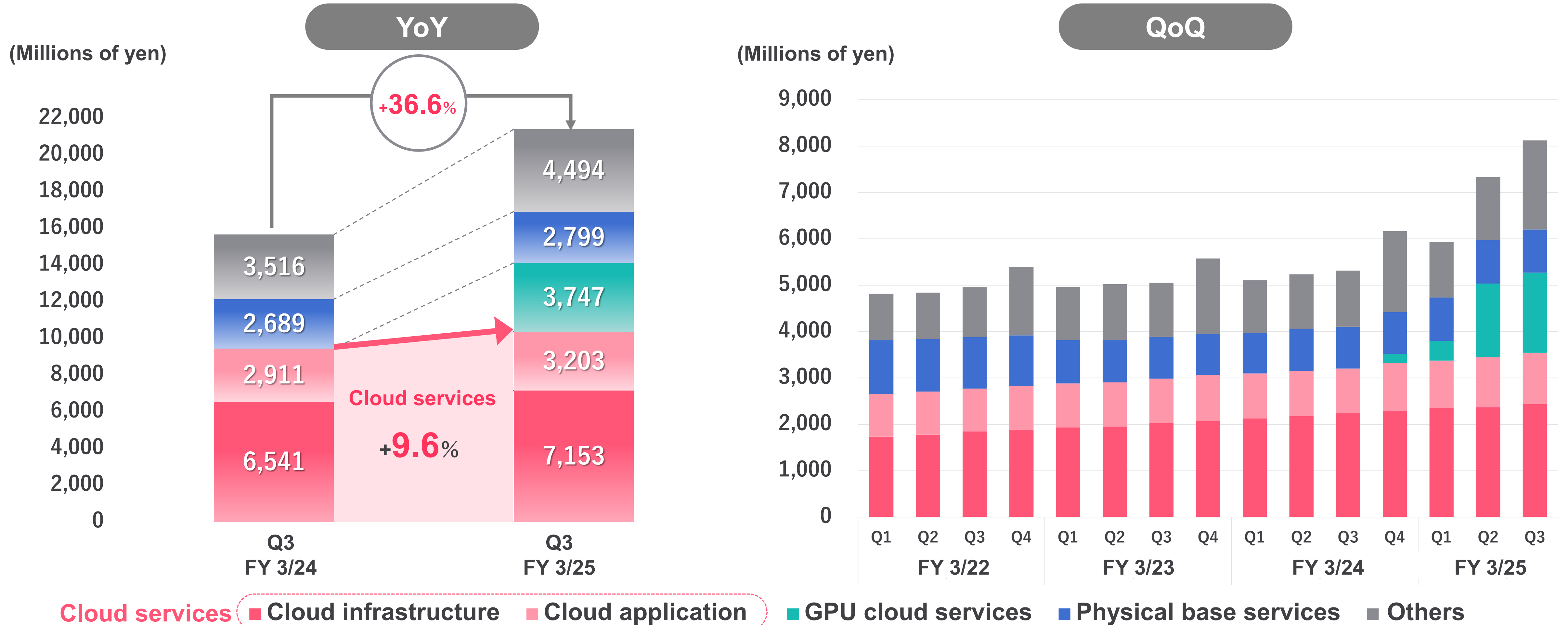
（Millions of yen）

Item	Q3 FY 3/24		Q3 FY 3/25		YoY	
	Amount	Sales composition (%)	Amount	Sales composition (%)	Change	Change (%)
Net sales	**15,658**	100.0	**21,397**	100.0	**5,738**	36.6
Cost of sales	11,633	74.3	14,081	65.8	2,447	21.0
Gross profit	4,025	25.7	7,315	34.2	3,290	81.7
SG&A expenses	3,576	22.8	4,730	22.1	1,153	32.3
Operating profit	**448**	2.9	**2,585**	12.1	**2,136**	476.3
Ordinary profit	**319**	2.0	**2,488**	11.6	**2,168**	678.3
Profit attributable to owners of parent	**304**	1.9	**1,642**	7.7	**1,338**	440.2

Note: National subsidies, etc. of 5,332 million yen were recorded as extraordinary income, and loss on tax-purpose reduction entry of non-current assets of 5,331 million yen was recorded as extraordinary loss
The reduction in assets will lessen the burden of future depreciation

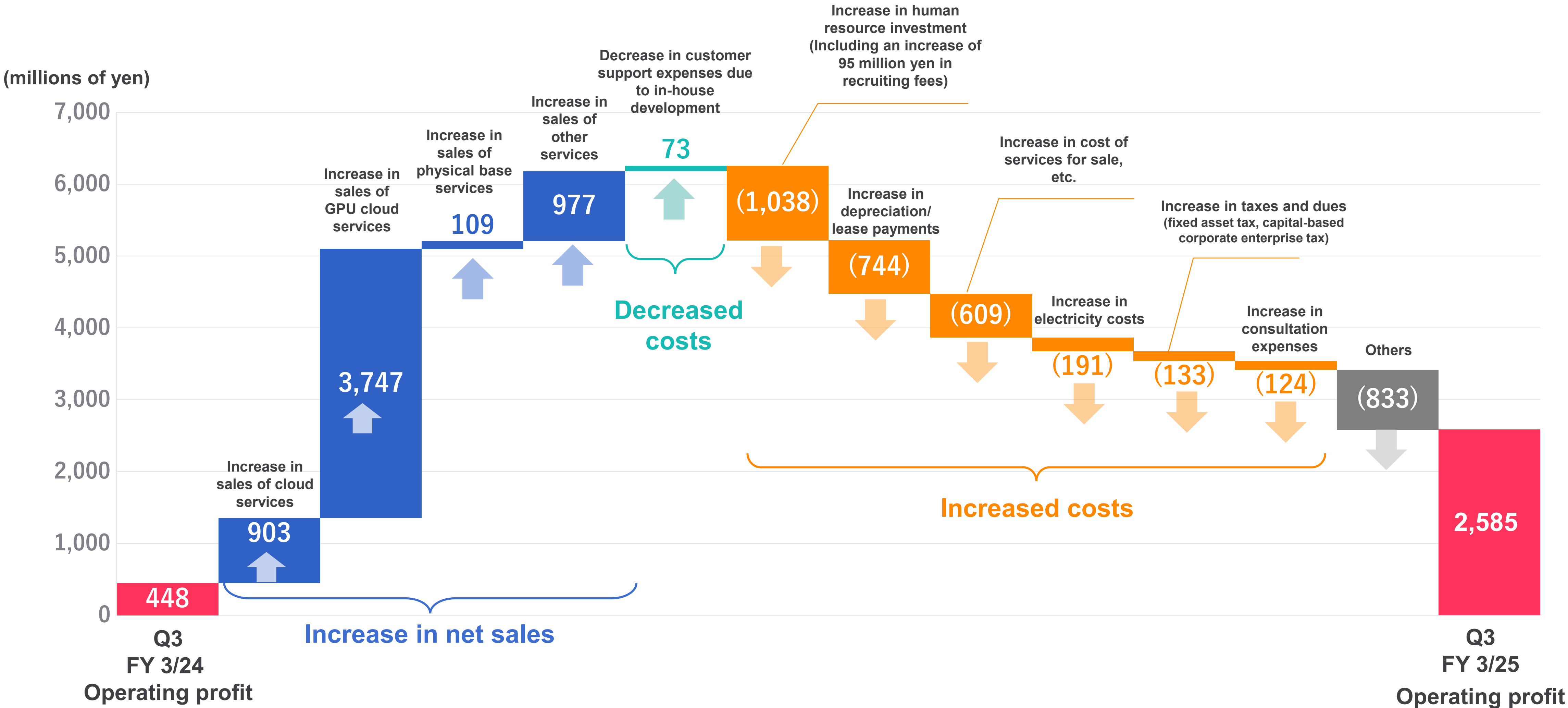# Consolidated Net Sales by Service Category (YoY and QoQ)

SAKURA internet

Due to the launch of GPU cloud services for generative AI (net sales of **3,747 million yen**) and the growth of cloud services (an increase of **9.6**%), consolidated net sales recorded a YoY increase of **36.6**%

YoY

(Millions of yen)

+36.6%

	Q3 FY 3/24	Q3 FY 3/25
Others	3,516	4,494
Physical base services	2,689	2,799
GPU cloud services		3,747
Cloud application	2,911	3,203
Cloud infrastructure	6,541	7,153

Cloud services **+9.6**%

QoQ

(Millions of yen)

FY 3/22	FY 3/23	FY 3/24	FY 3/25
Q1 Q2 Q3 Q4	Q1 Q2 Q3 Q4	Q1 Q2 Q3 Q4	Q1 Q2 Q3

Cloud services ■ **Cloud infrastructure**   ■ **Cloud application**   ■ **GPU cloud services**   ■ **Physical base services**   ■ **Others**

*Figures for Q4 FY 3/2024 **were changed due to adding a new catego**ry of "GPU cloud services" for FY 3/2025

Factors that affected operating profit

(millions of yen)

- Q3 FY 3/24 Operating profit: 448
- Increase in sales of cloud services: 903
- Increase in sales of GPU cloud services: 3,747
- Increase in sales of physical base services: 109
- Increase in sales of other services: 977
- Decrease in customer support expenses due to in-house development: 73
- Increase in human resource investment (Including an increase of 95 million yen in recruiting fees): (1,038)
- Increase in depreciation/lease payments: (744)
- Increase in cost of services for sale, etc.: (609)
- Increase in electricity costs: (191)
- Increase in taxes and dues (fixed asset tax, capital-based corporate enterprise tax): (133)
- Increase in consultation expenses: (124)
- Others: (833)
- Q3 FY 3/25 Operating profit: 2,585

Decreased costs

Increased costs

Increase in net sales

Consolidated Balance Sheet

- Increase in cash and deposits, share capital, and capital surplus due to issuing new shares through public offering
- Investment in equipment for GPU cloud services, etc. and increased related subsidy income and borrowings

(millions of yen)

Item	Previous year end (FY 3/24)	End of Q3 (FY 3/25)	Change
Current assets	10,574	46,744	36,169
Non-current assets	19,650	30,348	10,698
(Property, plant and equipment)	16,656	25,881	9,224
(Intangible assets)	505	942	437
(Investments and other assets)	2,488	3,524	1,036
Total assets	30,224	77,092	46,867

Item	Previous year end (FY 3/24)	End of Q3 (FY 3/25)	Change
Curren liabilities	10,598	35,435	24,836
Non-current liabilities	10,304	12,748	2,443
Total liabilities	20,903	48,183	27,280
Net assets	9,321	28,908	19,587
(Including shareholders' equity)	8,989	28,635	19,646
Total liabilities and net assets	30,224	77,092	46,867

appendix

Initiatives for ESG management

Overview of initiatives for human capital oriented management

Sustainable corporate management that will turn "what you want to do" into "what you can do"

What we aim to achieve

Sustainable corporate management

Improving the value of human resources as a source of value to society and customers

Capacity to generate new value for customers

Diversified talented people who can respond to environmental changes

Quality employees are retained in the medium to long term

Virtuous cycle of learning and practice

- Human resource development and a culture of mutual learning
- Tackling challenges and leadership

Provide opportunities for diversified professionals to socialize and tackle challenges

- Promote active participation of diversified talented people

Establish an infrastructure to ensure a safe and long career

- Mental and physical health
- Flexible work styles

Individual employees pursuing "job satisfaction" in a comfortable work environment and enjoying their work provide value to customers.
Create a virtuous cycle of learning to achieve success together

Grow together

ES

CS

Employee Success

Customer Success

Please visit the Company's website below for the Company's initiatives for ESG management at **https://www.sakura.ad.jp/ir/corporate/work/**

SAKURA internet

Initiatives for human capital oriented management (cycle of learning and practice)

Training of human resources in the digital field: For students and companies

To build a new digital-ready society, contribute to the recruitment and training of people who can move forward with the digital field through the provision of the cloud services, etc. in which we are strong

### Provide learning opportunities through a test of certification of cloud

Established and regularly holding SAKURA Cloud Certification, designed for people to learn a wide range of digital skills from the basics to practical levels

Aiming to popularize DX education and establish standards, we are providing educational content for exam preparation for free online
Exams are easier to take, and students are supported by discounted exam fees

The next exam will be held in March 2025

Cumulative number of successful examinees: 378

Basics of digital technology

Specifications of SAKURA's cloud

SAKURA Cloud Certification

Architecture design

▲Certificate of acceptance and logo of acceptance
* Design of certificates of acceptance may be different from the image below.
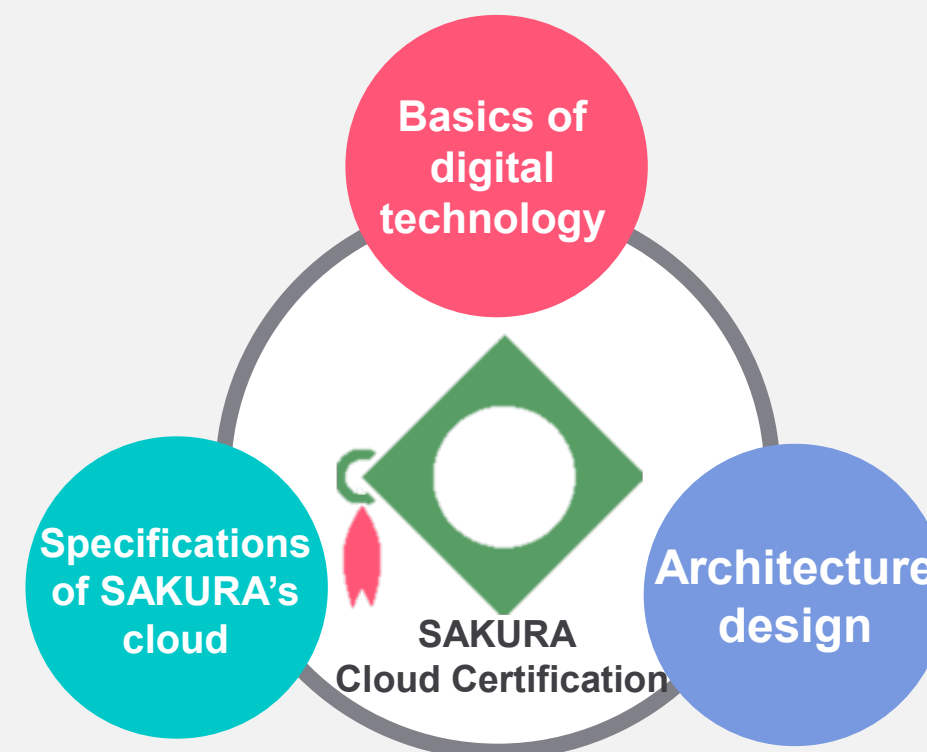
Practilal education through KOSEN support project

Providing more "practical education" on the back of the conclusion of the comprehensive, collaborative agreement with the National Institute of Technology (KOSEN)

SAKURA internet

Off-campus classes

Young engineers who graduated from a technical college take the stage and give lectures at their alma mater

Provision of computational resource

Freely providing servers, cloud and VPS services, etc.

	Off-campus classes	Provision of computational resource
Technical colleges	● Cloud basics ● Practice-based knowledge on information security	● Use in exercises, extracurricular activities, programming contests, etc.
SAKURA internet	● Improving the presentation skills of young engineers and reorganizing knowledge	● Expanding the future user base through service experience

Please visit the Company's website below for the Company's initiatives for ESG management at **https://www.sakura.ad.jp/ir/corporate/work/**

Initiatives for human capital oriented management (cycle of learning and practice)

Training of human resources in the digital field: Provide continuous learning opportunities

Promote the digitalization of organizations and society by providing IT and programming education opportunities to all employees and fostering the ability of ordinary employees to speak a common language with engineers
Provide opportunities for employees to acquire portable skills so that each employee can continue to play an active role in a changing society

From the basics of digital literacy to its application

Promote the acquisition of Di-Lite* certifications

Starting with the Information Technology Passport Examination, which aims to improve the digital skills of all employees, encourage people to acquire Di-Lite* certifications, including the Japan Data Scientist Test and JDLA Deep Learning for GENERAL Certification, to support people who lead the field of DX including generative AI

*Di-Lite: The range of digital skills that should be common to all business people as "users of digital technology" technologies

Employee growth support program

Proactive support for employees who want to grow and learn in a variety of ways

1 Career counseling service
Counselors are selected according to the details of consultation

2 Providing external video learning services
Accounts are issued to those who desire them

3 Subsidies for acquisition of qualification
Full subsidies for the cost of purchasing textbooks, etc.

4 Full subsidies for use of generative AI services
For those who passed the Information Technology Passport Examination

DX Journey internal training program

Unique educational curriculum tailored to social conditions and internal needs in order to develop digital human resources directly linked to business operations

Voluntary participation by employees of all ages, mainly in the back office divisions

Based on the results of internal questionnaires, we have created a practical course structure that can be used in business operations.
It is rapidly spreading in the business world, and it needs to be used appropriately for productivity improvement and business transformation. *A new course to learn how to use generative AI has been added

*Based on the Ministry of Economy, Trade and Industry/IPA "Digital Skill Standards version 1.2"

Establishing courses with a greater awareness of application in business

- Can be selected according to the level and interest of the trainee and the background of the work they are responsible for

Application Business tool utilization
- Programming, automation, etc.

Application Business AI communication
- Technology trends, risks, usage

Basic IT literacy

Please visit the Company's website below for the Company's initiatives for ESG management at https://www.sakura.ad.jp/ir/corporate/work/
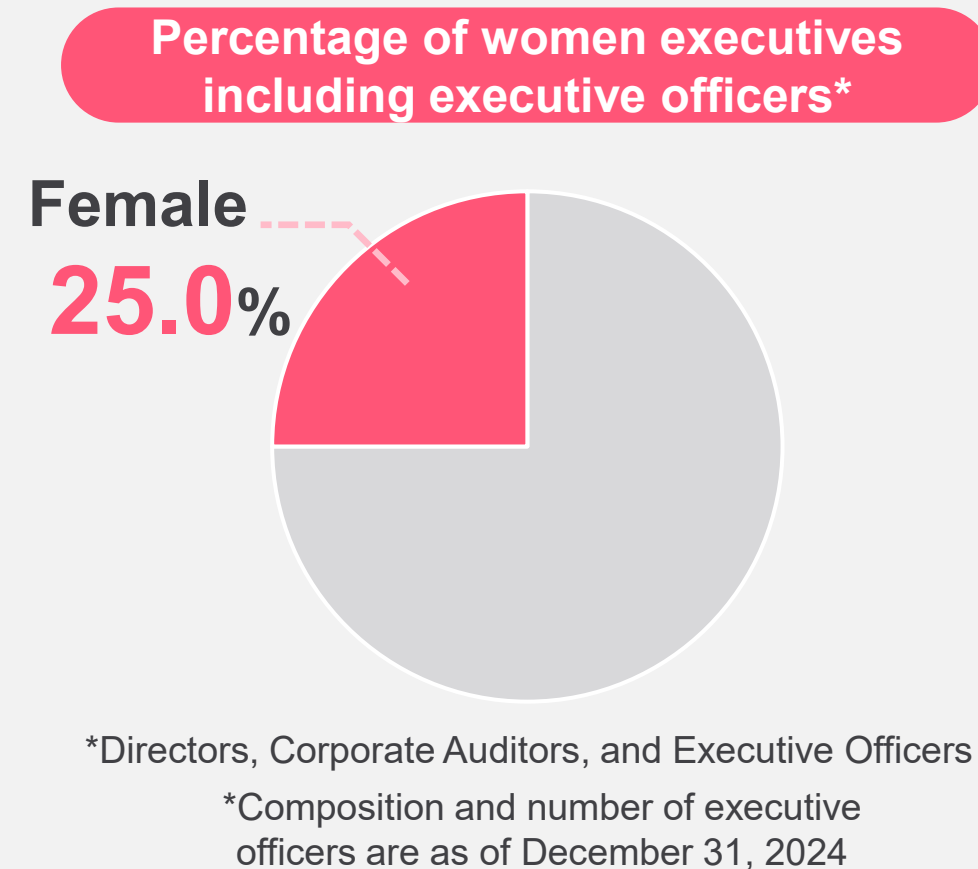
Initiatives for human capital oriented management (provide opportunities for diversified professionals to socialize and tackle challenges)

SAKURA internet

Expand and diversify the management and high-layer personnel, aiming to strengthen management functions and transform the businesses and operations

Strengthen management functions and develop future management personnel

Simultaneously develop management personnel and strengthen management functions, through strengthening the business execution system by increasing executive officers
Female executive officers will add diversification in management, and are expected to be a role model for the next generation

Percentage of women executives including executive officers*

Female
25.0%

*Directors, Corporate Auditors, and Executive Officers

*Composition and number of executive officers are as of December 31, 2024

CASE Create a dedicated GPU team to support cloud businesses

Transitioned from operations engineer to sales, working in sales for a mega-cloud provider and as a sales manager for an IT company. He joined our company because he wanted to work with GPUs and was responsible for sales regarding GPU cloud services for generative AI. Currently, he is leading sales around Koukaryoku PHY and is also recruiting to establish a sales team dedicated to GPU cloud services

Ryo Tomita (Joined July 2024) ▶
Division Director, Sales Department, CS Division

(Photo by Yoshinobu Nakamura)

Strengthen human resources for transformation of businesses and operations

As the Company continues to expand in business and size, mid-career recruitment is centered on leading players and above who are key to the business
Acquired an industry-leading specialist who breaks through traditional frameworks and leads the creation of new value

Area of active participation for specialists

- Network management specialist
- Engineering manager at a major IT company
- Senior director of the cloud development division, senior director of the corporate strategy office at another cloud service provider

and more

CASE Planning strategies for the growth and expansion of SAKURA Cloud

After working as a software engineer for a major IT company, he worked as a freelance technical advisor for several startups.
In addition to creating customer value, he will play an important role at our company in formulating the growth strategy and roadmap for SAKURA Cloud.
He is a maintainer of OSS· including "Fluentd," and is also known as the originator of the event "ISUCON"·

Satoshi Tagomori (Joined August 2024) ▶
Product Manager, Cloud Business Division
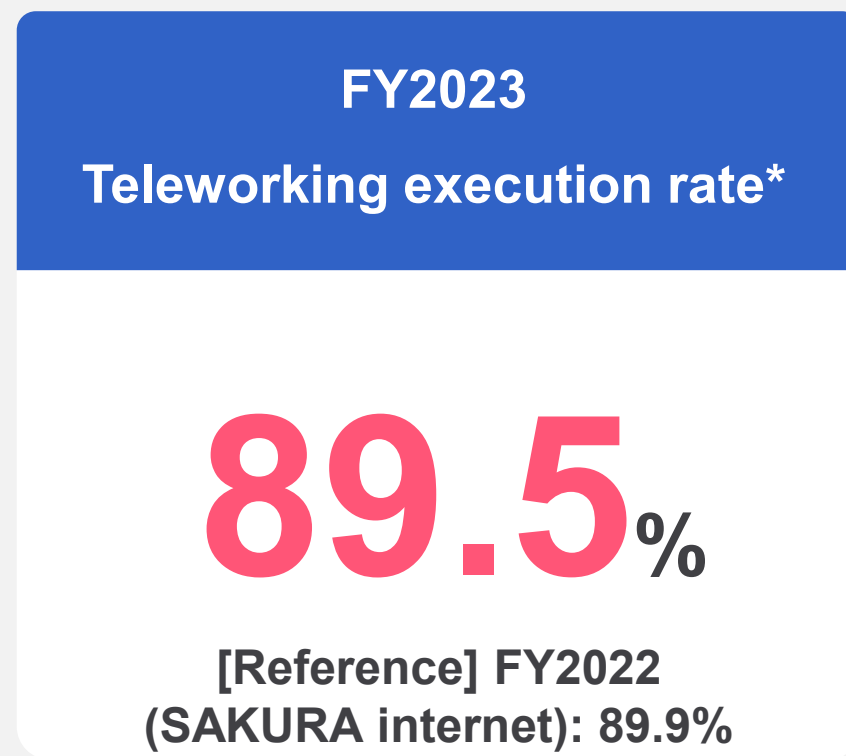
(Photo by Yoshinobu Nakamura)

*OSS: Open Source Software
*ISUCON: A tuning event where participants compete to speed up web services within a defined set of rules

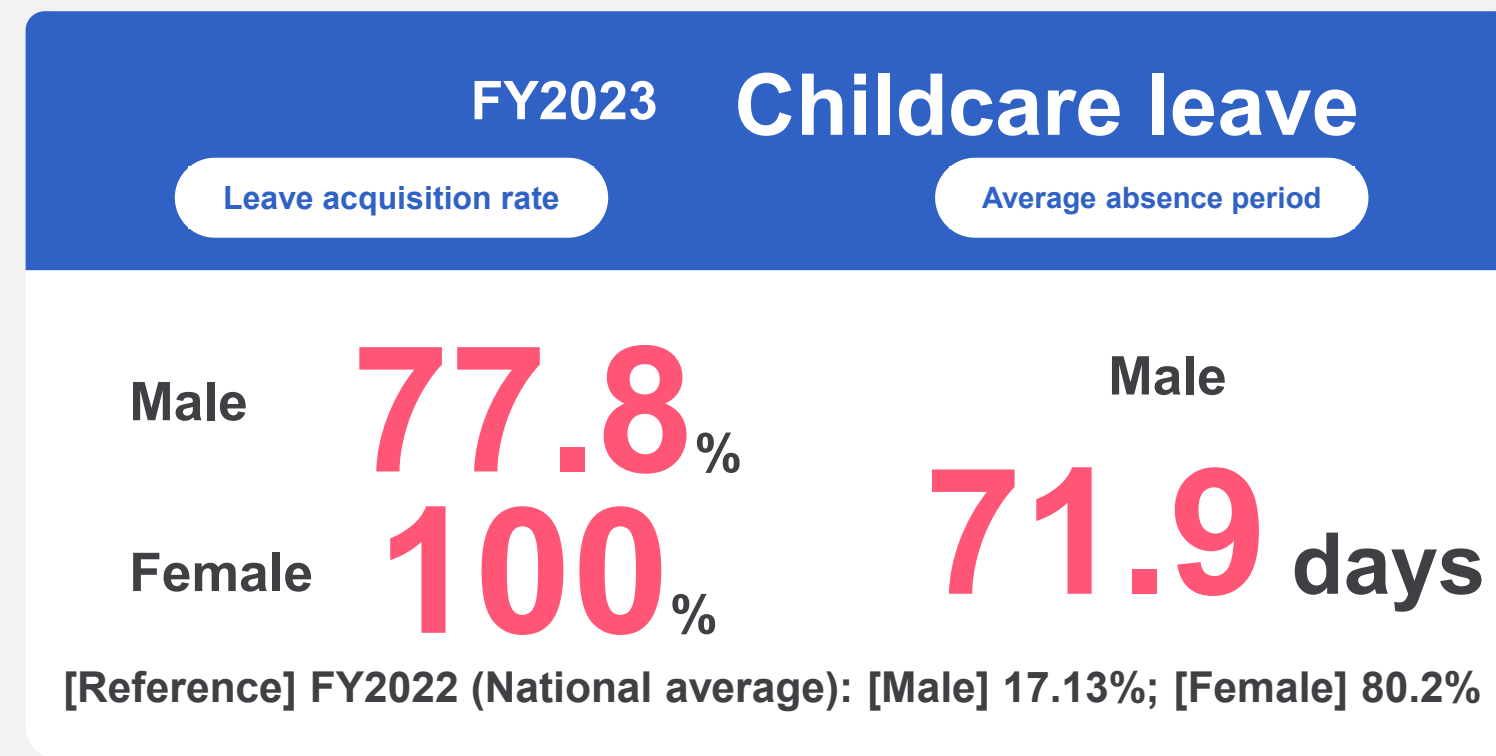Please visit the Company's website below for the Company's initiatives for ESG management at **https://www.sakura.ad.jp/ir/corporate/work/**

Initiatives for human capital oriented management
(to establish an infrastructure to ensure a safe and long career)

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Pursuing both "job satisfaction" and "a comfortable work environment"

Continue to support flexible work styles including internal HR programs to promote teleworking and parallel careers
Improve the working environment and career development support system for working parents, focusing on boosting the ratio of women and active appointment of women in managerial positions
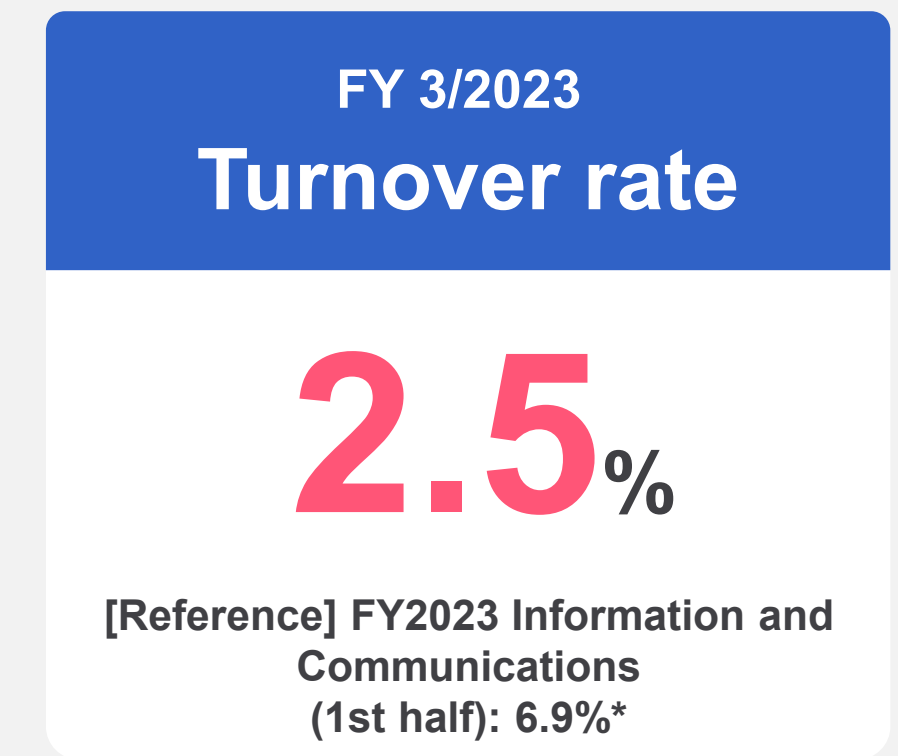
FY2023
Teleworking execution rate*

89.5%

[Reference] FY2022
(SAKURA internet): 89.9%

Calculated for March 2023. Non-attendance rate

FY2023 Childcare leave

Leave acquisition rate

Male **77.8**%

Female **100**%

Average absence period

Male **71.9** days

[Reference] FY2022 (National average): [Male] 17.13%; [Female] 80.2%

Source: Survey of Gender Equality in Employment Management for 2022

FY2023
Average over-time work hours

9 hours 28 minutes

[Reference] FY2023 Information and Communications Average: 15.5 hours*

Source: 2023 Monthly Labour Survey

FY 3/2023
Turnover rate

2.5%

[Reference] FY2023 Information and Communications
(1st half): 6.9%*

Source: Survey on Employment Trends for the First Half of 2023

Awarded "Excellent Work Style Company Award" at Mynavi Tenshoku (Career Change) BEST VALUE AWARD

We established the "Saburiko"· program to promote a variety of work styles, and have worked to create a comfortable working environment. Some of these initiatives include the "Short 30" system, which allows employees to leave work 30 minutes before their scheduled time, and the "Refresh" system, which encourages employees to take continuous paid leave. As a result, we have achieved positive results, such as improved evaluations on career change review sites, an increase in referral recruiting and alumni hires, and the maintenance of a low turnover rate. These achievements allowed us to be recognized as an attractive company, and we received the "Excellent Work Style Company Award." We will continue to enhance this environment in which employees can develop a broad range of long-term careers and further promote human capital-oriented management

*Saburiko (Sakura Business and Life Co-Creation) is a general term for systems that aim to expand one's career beyond the confines of the company, to enrich one's private life, and to use the knowledge and experience gained through both to co-create

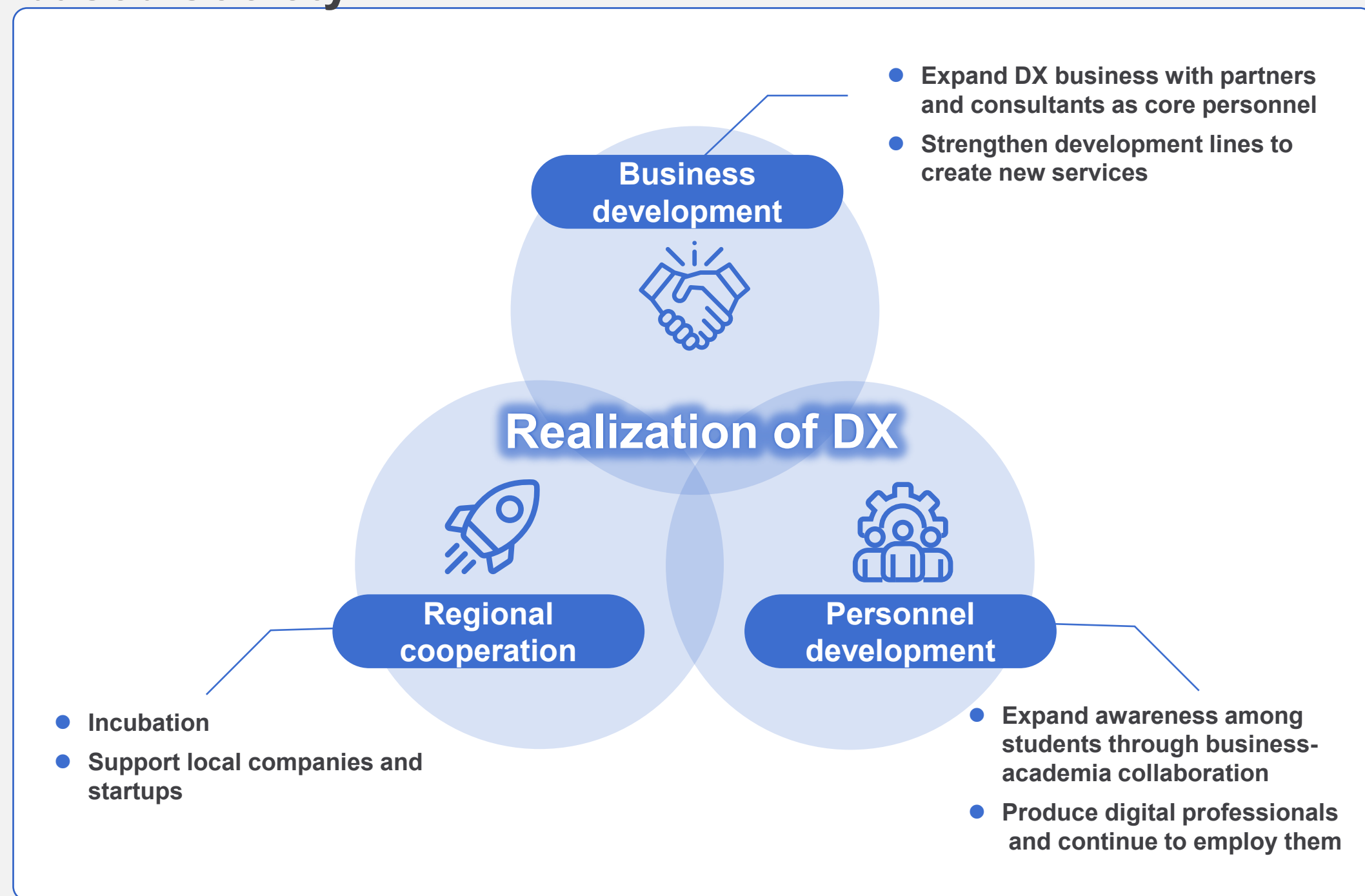**Please visit the Company's website below for the Company's initiatives for ESG management at https://www.sakura.ad.jp/ir/corporate/work/**

Support the next-generation of entrepreneurs in tackling challenges and promote open innovation initiatives from various regions

SAKURA internet

Local revitalization and creation of digital innovation

Accelerate the efforts to drive open innovation

With focus on digitalization, education, local revitalization, and startup support, realize a new digital-based society

Business development
- Expand DX business with partners and consultants as core personnel
- Strengthen development lines to create new services

Realization of DX

Regional cooperation
- Incubation
- Support local companies and startups

Personnel development
- Expand awareness among students through business-academia collaboration
- Produce digital professionals and continue to employ them

Regional sites for open innovation

Create a place for communication

Blooming Camp

Osaka

At JAM BASE, GRAND GREEN OSAKAOpened in September 2024

The opening of Blooming Camp, an open innovation facility where people can freely gather and meet.
More than 200 events are held annually, organized by companies, startups, educational institutions, and various communities

Fukuoka

Opened in Feb. 2017

Support start-ups

Okinawa

SAKURA innobase Okinawa

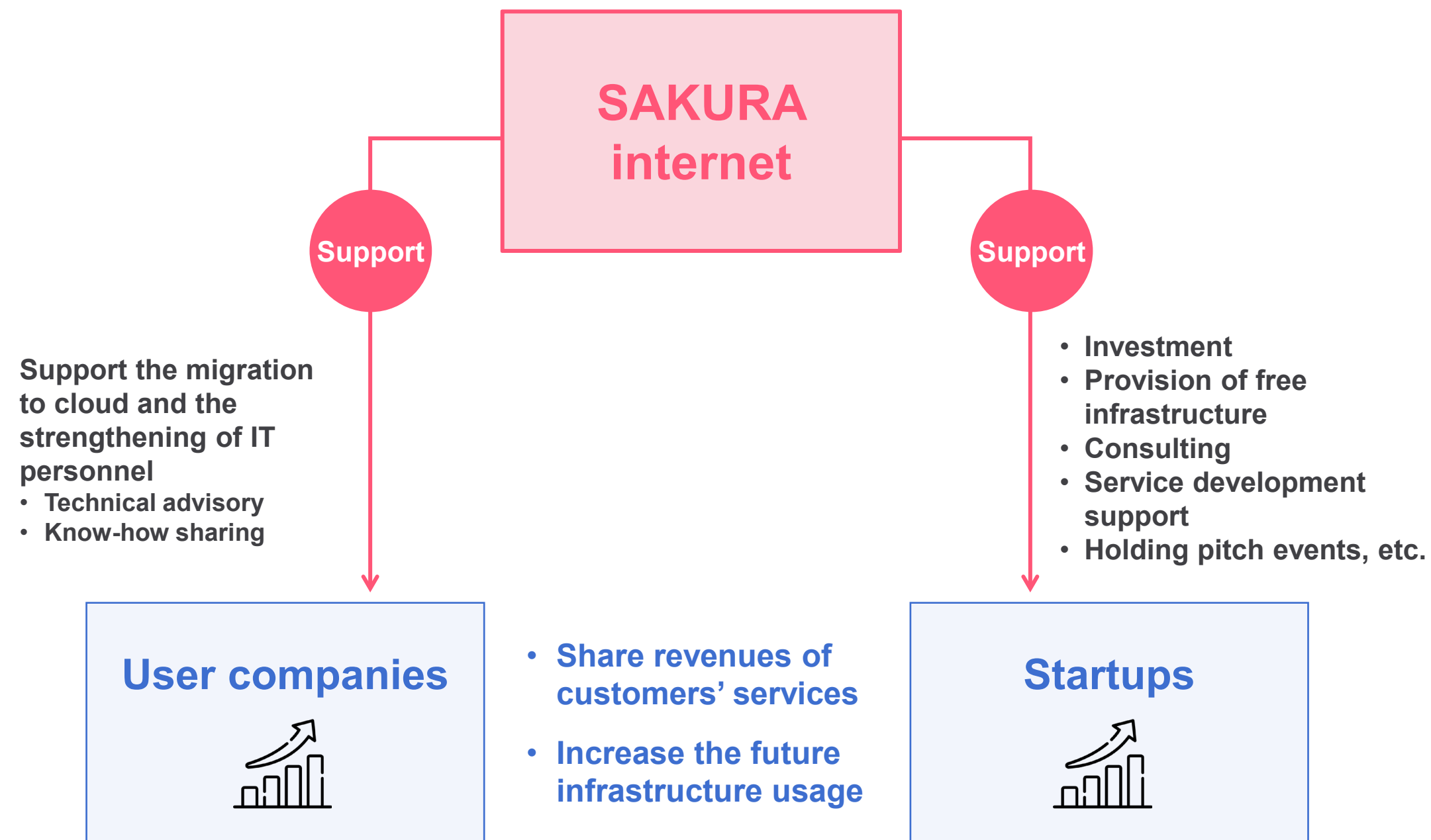Opened in September 2023

Hire more local personnel

Please visit the Company's website below for the Company's initiatives for ESG management at https://www.sakura.ad.jp/ir/corporate/work/

SAKURA internet

Promote multi-dimensional support to back up efforts of next-generation entrepreneurs

Startup support

Investment and development support for startups

Promote DX of society by supporting the growth of companies that take on challenges

SAKURA internet

Support

Support

Support the migration to cloud and the strengthening of IT personnel
• Technical advisory
• Know-how sharing

• Investment
• Provision of free infrastructure
• Consulting
• Service development support
• Holding pitch events, etc.

User companies

• Share revenues of customers' services
• Increase the future infrastructure usage

Startups

Launched "Link up," a startup co-creation program

Provides all-in-one resources to support the foundation that startups need to operate and deploy the infrastructure to accelerate their growth

Link up

01 Provision of environment

Provide up to 10 million yen's worth of SAKURA's cloud suited for their business scale and growth for up to one year. ImageFlux, Koukaryoku GPU server, and SAKURA's IoT are also provided

さくらのクラウド   ImageFlux Powered by pixiv   高火力 KOUKARYOKU   さくらのIoT

02 Technical support

Growth support service by preferentially handling inquiries and providing opportunities to attend meetings with sector experts

● Technical advice
● Hands-on events
● Dedicated contact

03 Business support

Help resolve problems by providing opportunities to exchange opinions and proposals with partner companies and to co-host events

● Support alliance with a partner company
● Provide opportunities for promotion
● Mentoring startup personnel

Please visit the Company's website below for the Company's initiatives for ESG management at **https://www.sakura.ad.jp/ir/corporate/work/**

Environmental initiatives: Ishikari Data Center

Data centers, the essential part of our business, consume large amounts of electricity when operating and cooling their servers. Due to recent rapid advances, etc., of large language models (LLM), the amounts consumed by high-performing servers are also increasing *. We strive to reduce energy consumption and have decarbonization, aiming to contribute to a sustainable society

Strive for decarbonization and reduction of energy consumption

Ishikari Data Center, Japan's largest suburban mega data center optimized for cloud computing, has actively made efforts to improve sustainability since its opening.

Appearance of Ishikari Data Center (front: Building 3, left: Buildings 1 and 2)

* Reference: "Global electricity demand from data centers could double toward 2026" according to the IEA's Electricity 2024 https://www.iea.org/reports/electricity-2024

Maintained 100% renewable energy

As part of our decarbonization efforts, we achieved virtually zero annual CO_2 emissions at the Ishikari Data Center by shifting the power source to renewable energy sources

Drastically reduced the energy consumption for air conditioning and improved the power supply efficiently

Installed air conditioners using a "direct outdoor-air cooling system" which incorporates the fresh outdoor air of Hokkaido into server rooms, and an "indirect outdoor-air cooling system" which cools refrigerant circulating between a compressor unit and an air conditioning unit. The electricity consumption was reduced about 40% compared with general data centers located in urban areas.
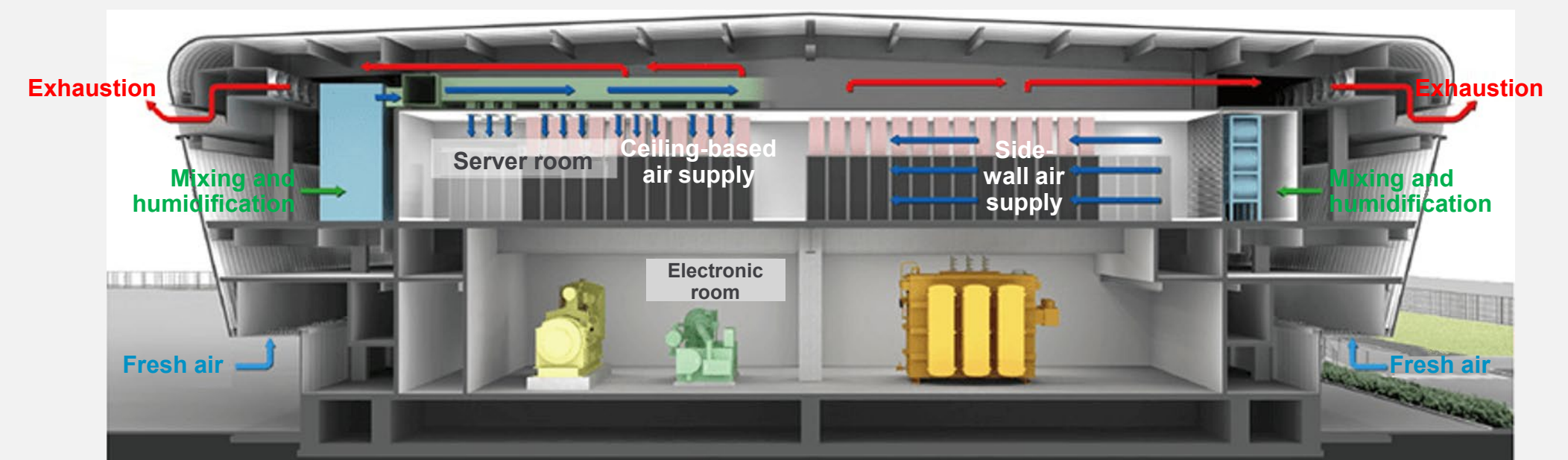
(Above) Conceptual diagram of the air conditioning system of Ishikari Data Center

Please visit the Company's website below for the Company's initiatives for ESG management at **https://www.sakura.ad.jp/ir/corporate/work/**
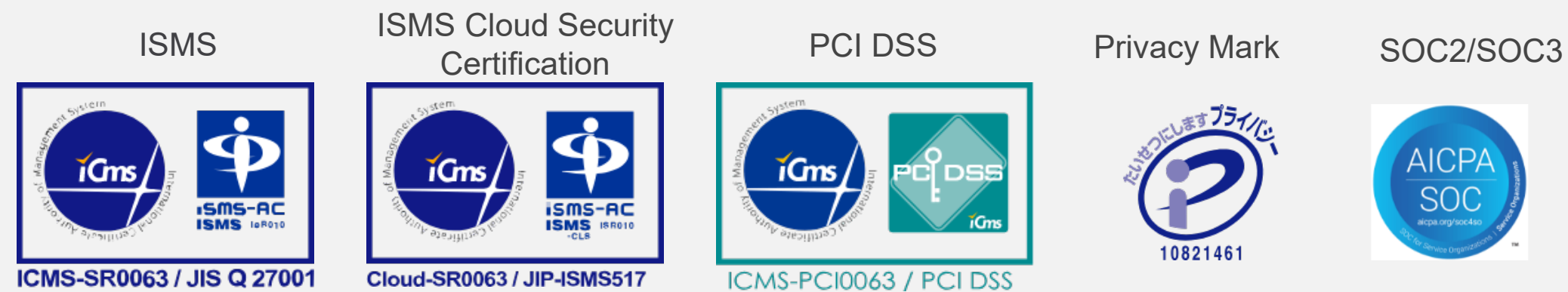
SAKURA internet

Security Initiatives

Maintain and improve information security

Registration with various certification programs

- ISMS, a comprehensive information security management system, is applied to all companies to ensure strict conformity to the information security standards on a continuous basis
- SAKURA Cloud was registered with the ISMAP (Information system Security Management and Assessment Program*(December 2021)

ISMS | ISMS Cloud Security Certification | PCI DSS | Privacy Mark | SOC2/SOC3

ICMS-SR0063 / JIS Q 27001 | Cloud-SR0063 / JIP-ISMS517 | ICMS-PCI0063 / PCI DSS | 10821461 | AICPA SOC

*A system in which the ISMAP Steering Committee evaluates and registers cloud services that meet the security requirements of the government in advance

CASE **Disclosure of Transparency Report**

To improve the safety and quality of the Internet, the Company complies with the Act on the Protection of Personal Information, the Provider Liability Limitation Act and other related laws and guidelines, and responds to disclosure requests from investigating authorities. Since August 2023, to ensure transparency, the Company has disclosed the Transparency Report, which contains the number of requirements and cases that have been addressed

Cyber security Initiatives

SAKURA.SIRT

Contributing to customer satisfaction by improving the Company, our service infrastructure, and customer security
Under the motto, "Secure the safety of customers and the Internet itself," the Company cooperates internally and externally with professional engineers to assess and utilize security-related information and situations

SAKURA.SIRT
Responding promptly and accurately to information security incidents

PSIRT
Support, Advice
SAKURA's services

CSIRT
Support, Education - Training - Recommendation
Internal organization - System

Information linkage

External parties
Domestic SIRT
JC3
NCA

CASE **Efforts to reduce the occurrence of human errors**

We hold risk prediction training on a regular basis for data center staff as well as information security personnel in each division. This reduces the occurrence of internal human errors and provides more stable services

Please visit the Company's website below for the Company's initiatives for ESG management at **https://www.sakura.ad.jp/ir/corporate/work/**

Utilize outside or independent officers and enhance corporate governance
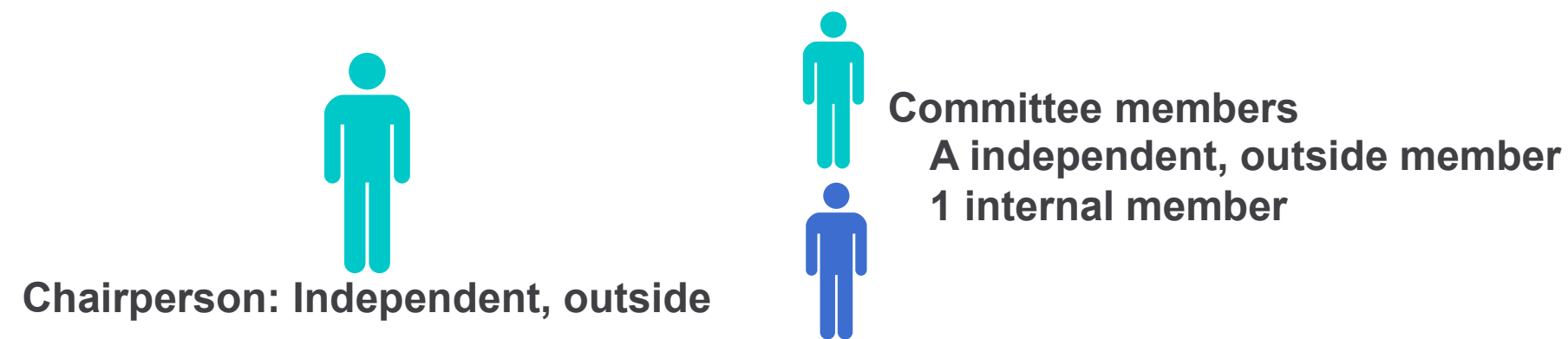
Establishment of the Nomination and Compensation Committee and appointment of outside and independent officers

Enhance fairness, transparency, and objectivity in nomination and compensation procedures

● **A voluntary advisory body mainly consisting mainly of Independent Outside Directors**

The Nomination and Compensation Committee was established as a voluntary advisory body of the Board of Directors.
Independent Outside Directors make up the majority of the committee members and act as committee chairs, thereby providing greater governance than ever over the functions of the Board of Directors in relation to the nomination and remuneration of Directors and Auditors and related matters

Composition of the Nomination and Compensation Committee

Committee members
A independent, outside member
1 internal member

Chairperson: Independent, outside

Decide the policy to select Directors and Corporate Auditors

Based on a discussion and a recommendation of the Nomination and Compensation Committee, the Board of Directors discusses a policy on appointment of Directors and Corporate Auditors. The policy defines the management capability and personality required of a Director and Corporate Auditor, respectively, and sets the percentage of Independent Outside Directors to Directors at 1/3 or more.

● **Percentage of outside or independent officers of the Board of Directors**

(*As of December 31, 2024)

9 Directors

4 internal members

5 external members
(including **3** independent members)

4 Corporate Auditors
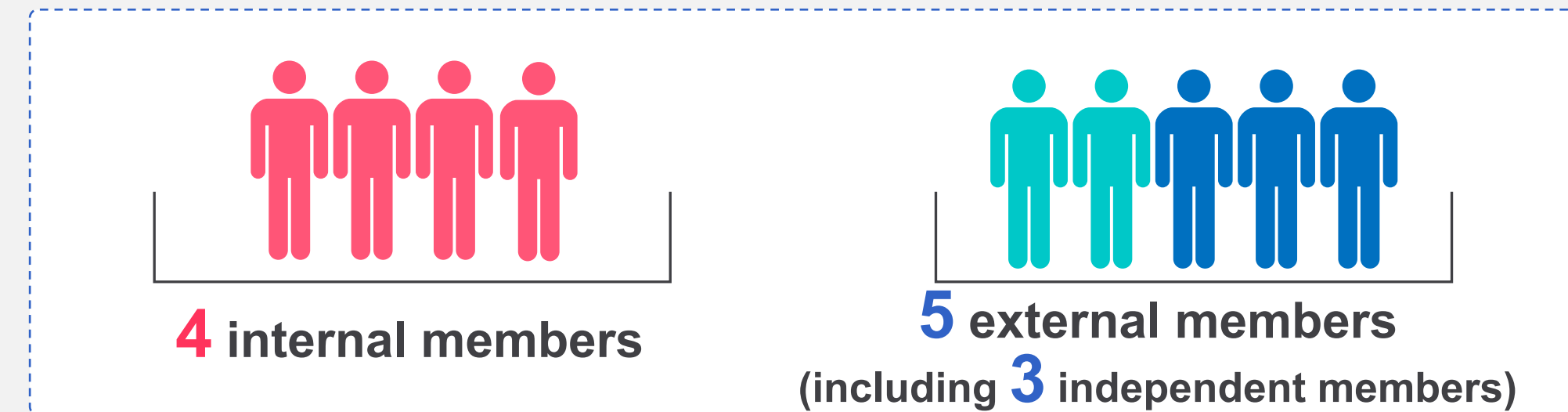
4 external members
(including **2** independent members)

Percentage of external officers: **69**%

Percentage of independent officers: **38**%

Please visit the Company's website below for the Company's initiatives for ESG management at **https://www.sakura.ad.jp/ir/corporate/work/**

appendix | Data/Company Profile

Consolidated Net Sales by Service Category (QoQ Change)

SAKURA internet

(Millions of yen)

Service category	FY 3/24				FY 3/25			QoQ change	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Change	Change (%)
Cloud services	**3,096**	**3,152**	**3,204**	**3,320**	**3,375**	**3,437**	**3,543**	**106**	**3.1**
Composition (%)	60.6	60.2	60.3	53.8	56.9	46.9	43.6		
Cloud infrastructure	2,125	2,177	2,238	2,282	2,354	2,362	2,436	73	3.1
Cloud application	971	974	965	1,038	1,021	1,075	1,107	32	3.0
GPU cloud services	—	—	—	**201**	**427**	**1,591**	**1,728**	**137**	**8.6**
Composition (%)	—	—	—	3.3	7.2	21.7	21.3		
Physical base services	**881**	**906**	**901**	**900**	**932**	**935**	**931**	**(4)**	**(0.4)**
Composition (%)	17.3	17.3	17.0	14.6	15.7	12.7	11.5		
Other services	**1,127**	**1,179**	**1,209**	**1,745**	**1,200**	**1,371**	**1,922**	**550**	**40.1**
Composition (%)	22.1	22.5	22.8	28.3	20.2	18.7	23.6		

・ Cloud infrastructure: Mainly includes cloud services and VPS services
・ Cloud application: Mainly includes rental server services and application services
・ Physical base services: Housing and exclusive server services
 * Figures forQ4 FY 3/2024 were changed due to adding a new category of "GPU cloud services" for FY 3/2025
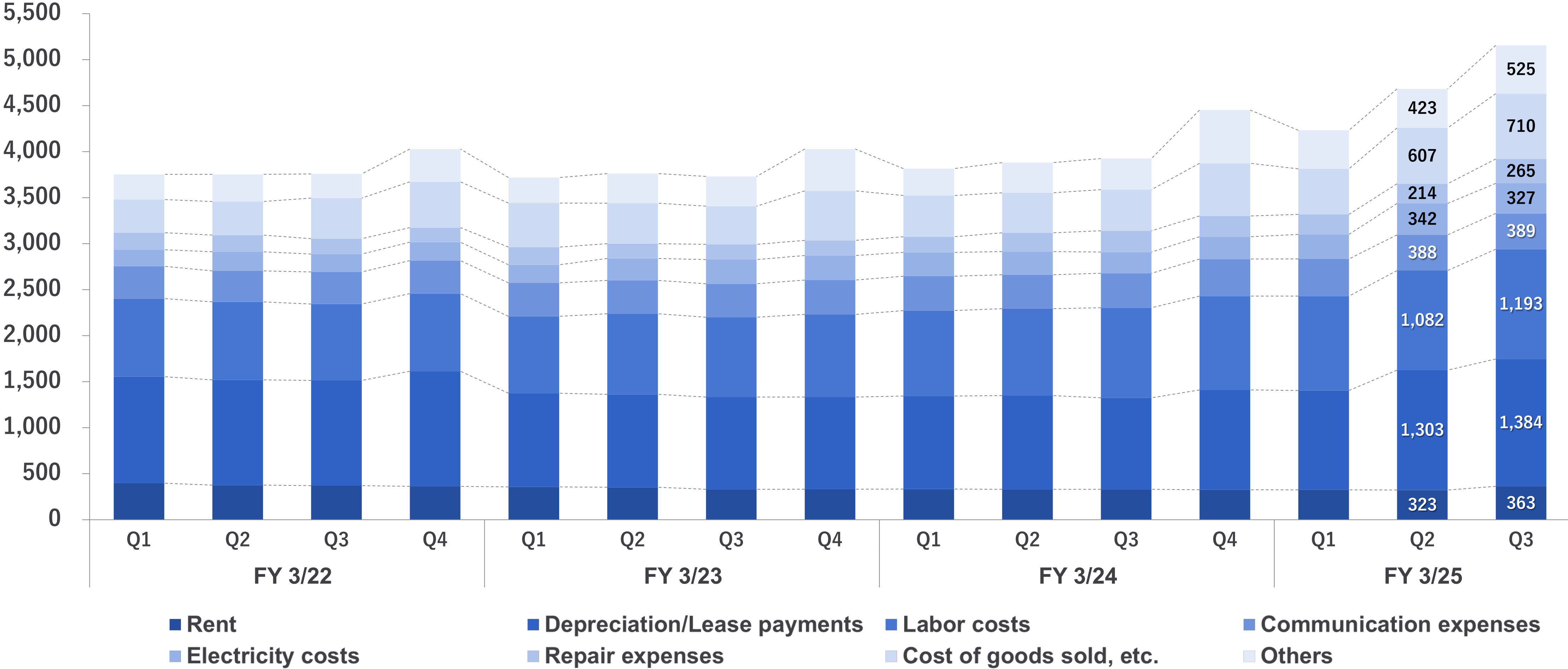
Consolidated Statement of Income (QoQ Change)

SAKURA internet

(Millions of yen)

Item	FY 3/24				FY 3/25			QoQ change	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Change	Change (%)
Net sales	5,105	5,237	5,315	6,167	5,935	7,335	8,125	789	10.8
Cost of sales	3,819	3,884	3,929	4,457	4,236	4,685	5,159	473	10.1
Gross profit	1,285	1,353	1,385	1,710	1,698	2,650	2,966	315	11.9
SG&A expenses	1,181	1,208	1,186	1,274	1,467	1,586	1,676	90	5.7
Operating profit	104	145	199	435	231	1,064	1,289	225	21.2
Operating margin(%)	2.0	2.8	3.7	7.1	3.9	14.5	15.9		
Ordinary profit	73	99	147	444	95	1,006	1,386	379	37.7
Profit attributable to owners of parent	108	66	128	347	41	668	932	263	39.5
EBITDA	852	901	955	1,363	1,032	2,212	2,712		

SAKURA internet

Breakdown of major costs

(millions of yen)

	Rent	Depreciation/Lease payments	Labor costs	Communication expenses
	Electricity costs	Repair expenses	Cost of goods sold, etc.	Others

SAKURA internet

Investments for FY 3/2025

(100 millions of yen)

Description of investment	Full-year plan	Full-year result
Data centers	56	27
Servers and network equipment	117	145
Others (systems and office-related, etc.)	7	5
Total	181	178

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

■Breakdown of actual investments in servers and network equipment

Cloud services	Physical base services	GPU cloud services	Others	Total (actual)
7	3	（※）132	1	145

* Amount before applying reduction entry

Number of personnel in FY 3/2025

Increased by **117** from the previous year end

[Number of persons hired]

	End of FY 3/24	'25/ 3 Q3
Number of employees*	839 ▶	956

■ Breakdown of changes

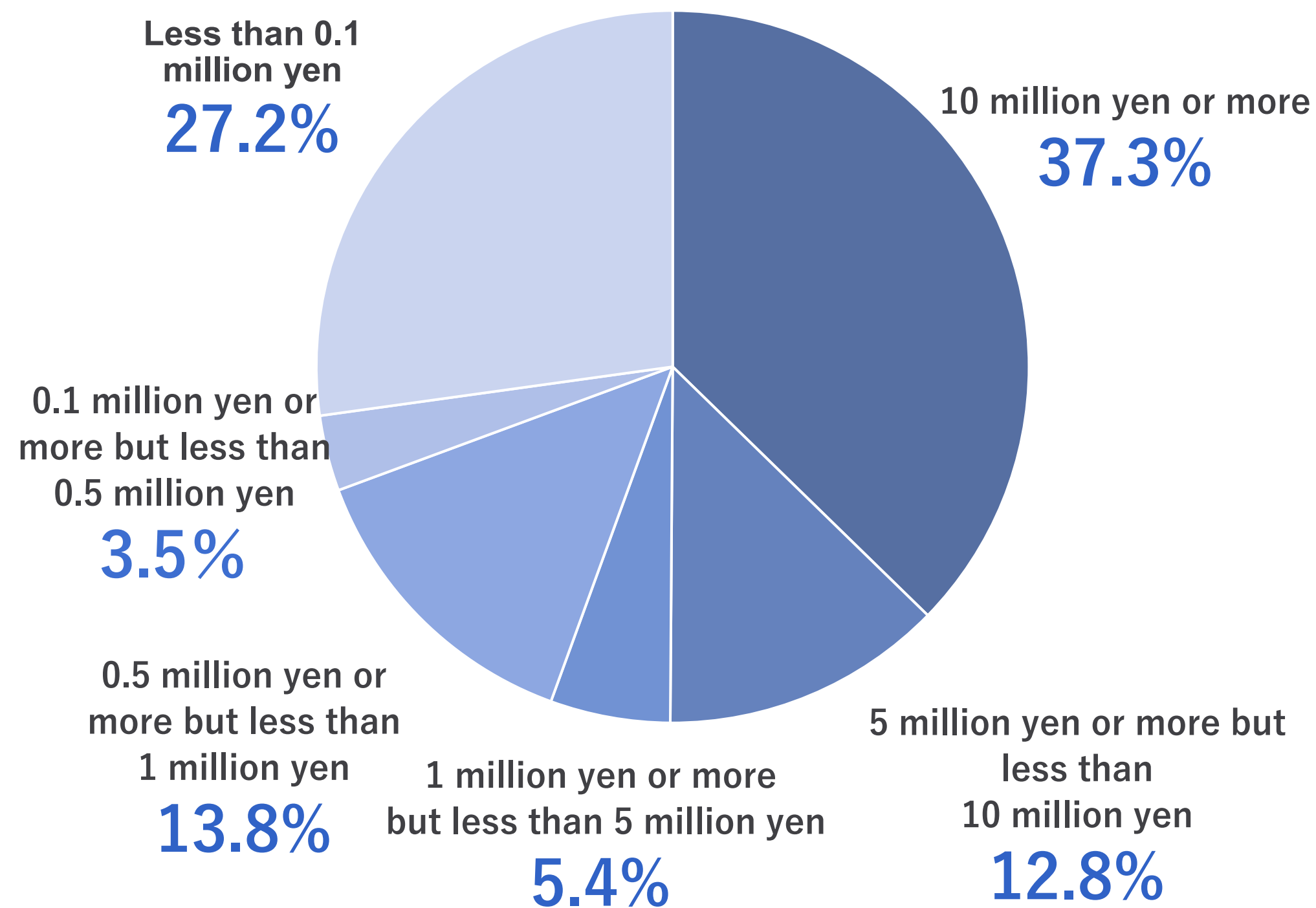|		Change (persons)
SAKURA internet	Engineers	+59
	Sales/marketing/new project planning	+26
	Administration	+10
Group companies		+22
Total		117

* The figures exclude SAKURA internet employees seconded to other companies and include other companies' employees seconded to SAKURA internet.
The figure for the Group companies includes an increase caused by transfer from SAKURA internet due to the company split of Tellus Inc.

Composition of Customers (as of the end of December 2024)

SAKURA internet

A diverse customer base in terms of sales size, industries and attributes

Breakdown by monthly fee

(Composition by sales)

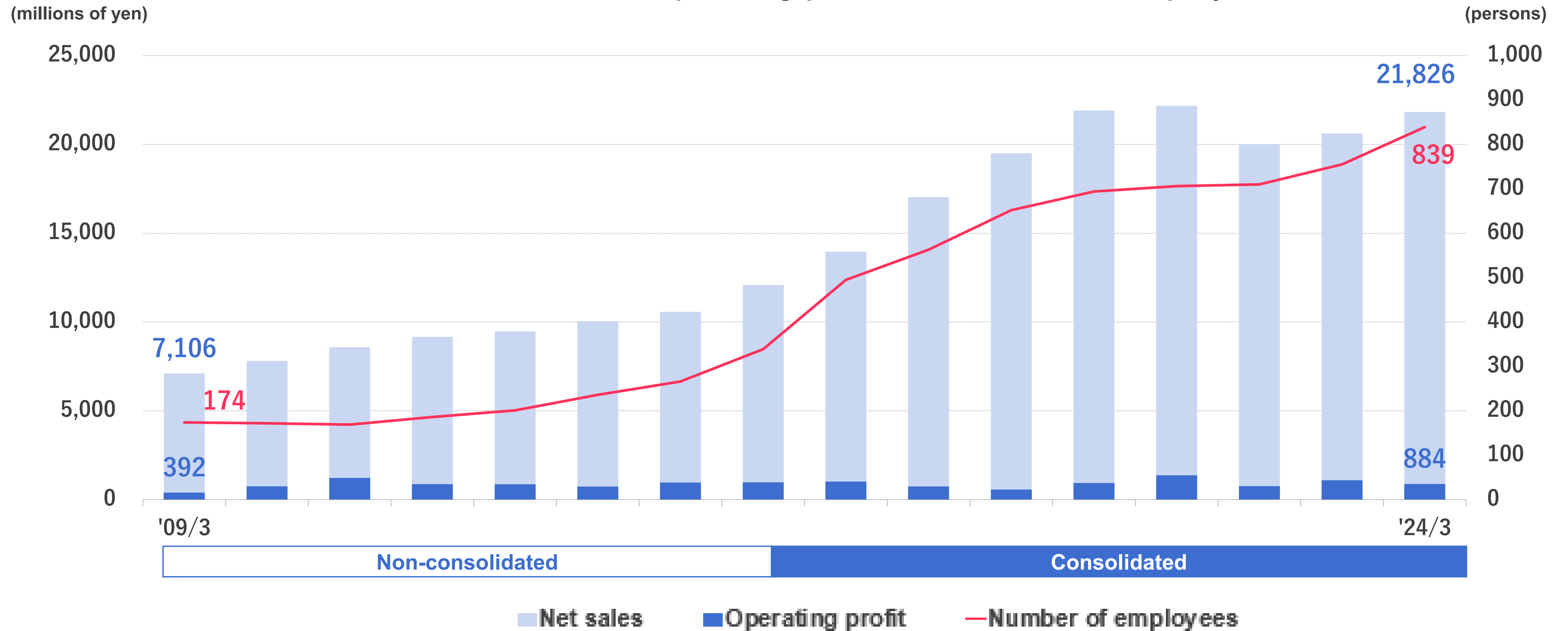- Less than 0.1 million yen **27.2%**
- 10 million yen or more **37.3%**
- 0.1 million yen or more but less than 0.5 million yen **3.5%**
- 0.5 million yen or more but less than 1 million yen **13.8%**
- 1 million yen or more but less than 5 million yen **5.4%**
- 5 million yen or more but less than 10 million yen **12.8%**

Customer composition

(Composition by sales)

- Others and individuals **12.6%**
- Real estate, goods rental Construction **3.0%**
- Service **3.7%**
- Wholesale and retail trade **5.5%**
- Information and communications **40.4%**
- Academic research and education-related businesses **34.8%**

Examples of applications
- Operation of in-house core systems
- R&D of in-house services
- Provision of operating support systems and web-filtering services, etc.
- Operation of free market apps and Furusato Tax (hometown tax) websites, etc.

*The figures represent SAKURA internet on a non-consolidated basis.

Historical net sales, operating profit, and number of employees

(millions of yen)

(persons)

Non-consolidated

Consolidated

'09/3   '24/3

7,106   21,826

392   884

174   839

■ Net sales ■ Operating profit ── Number of employees

*The figures for FY 3/2015 or older are from non-consolidated financial results, and those for FY 3/2016 or later are from consolidated financial results.

Consolidated Financial Indicators

Company Profile
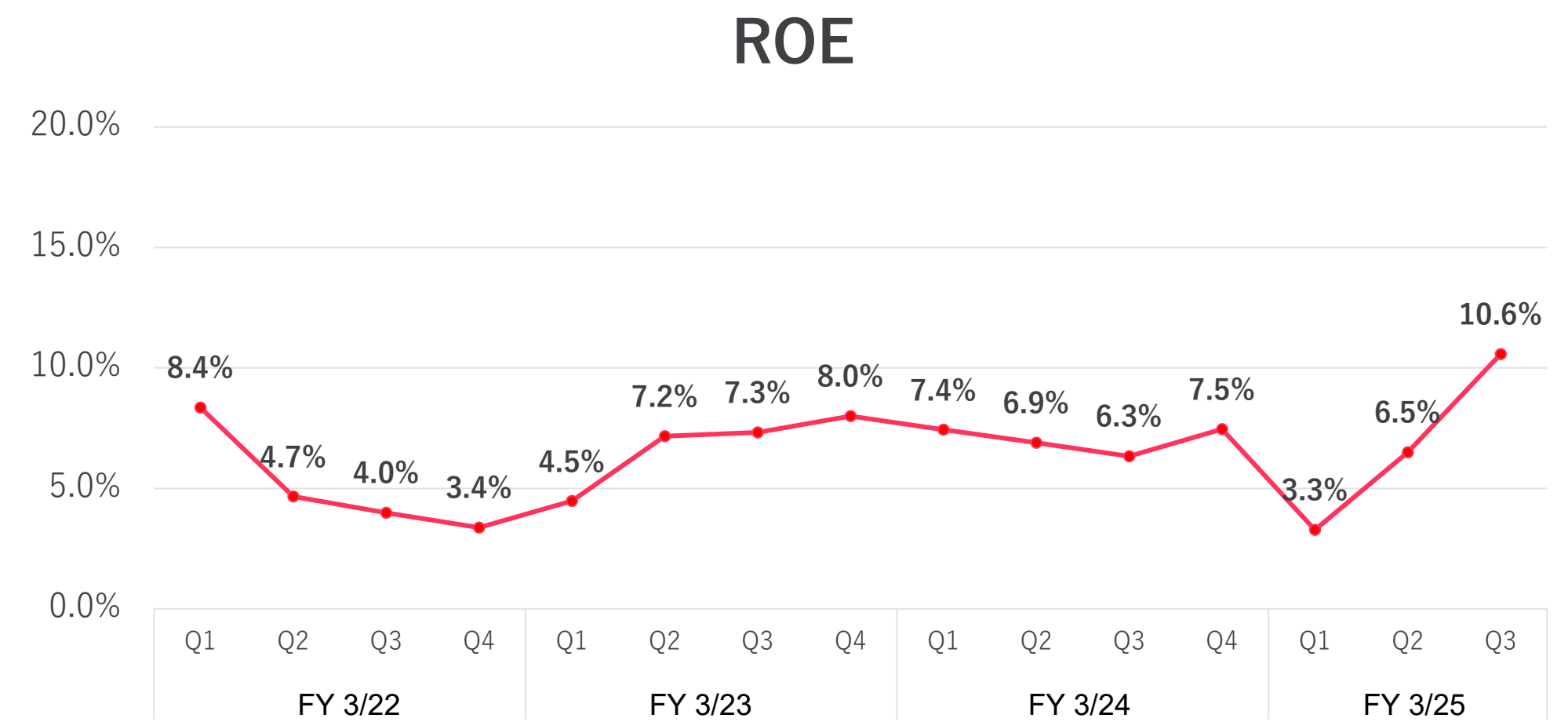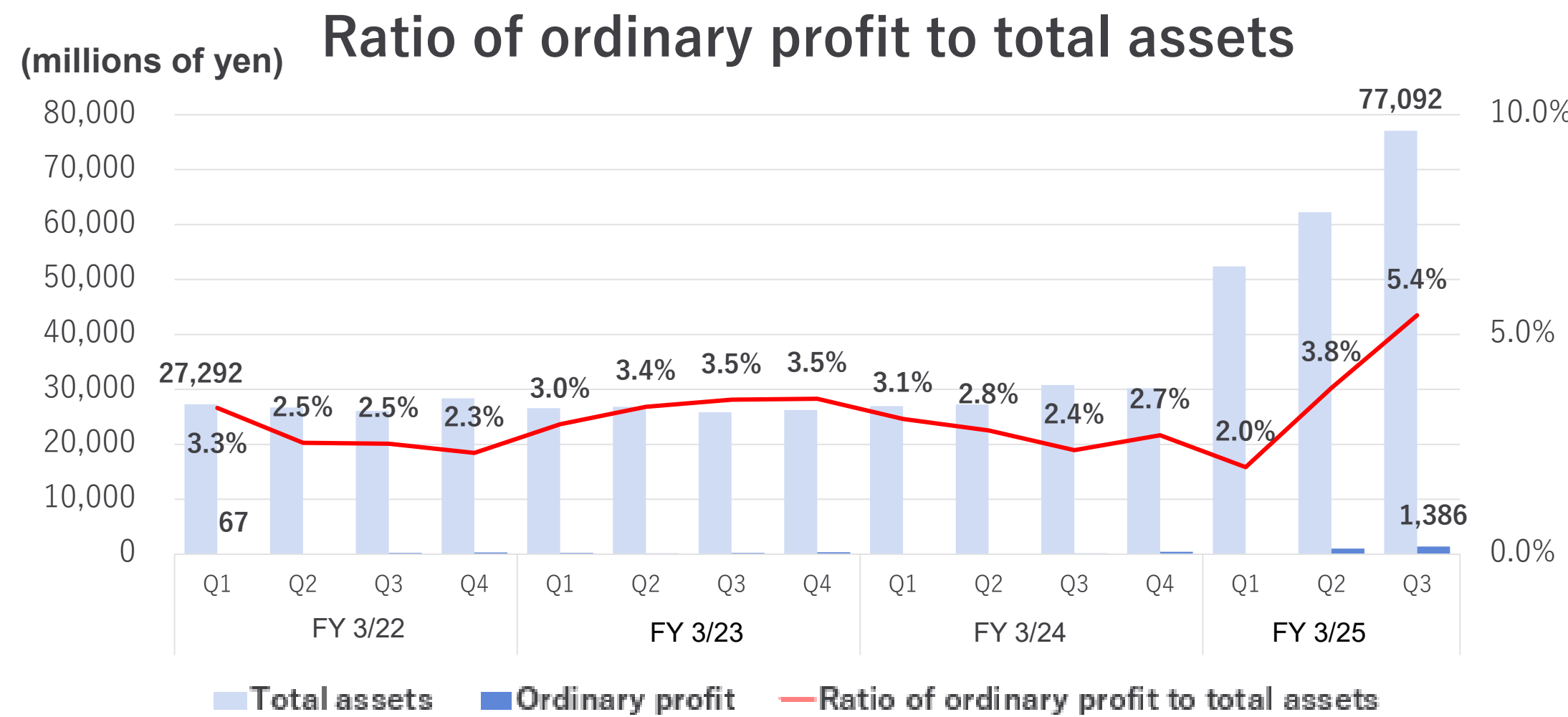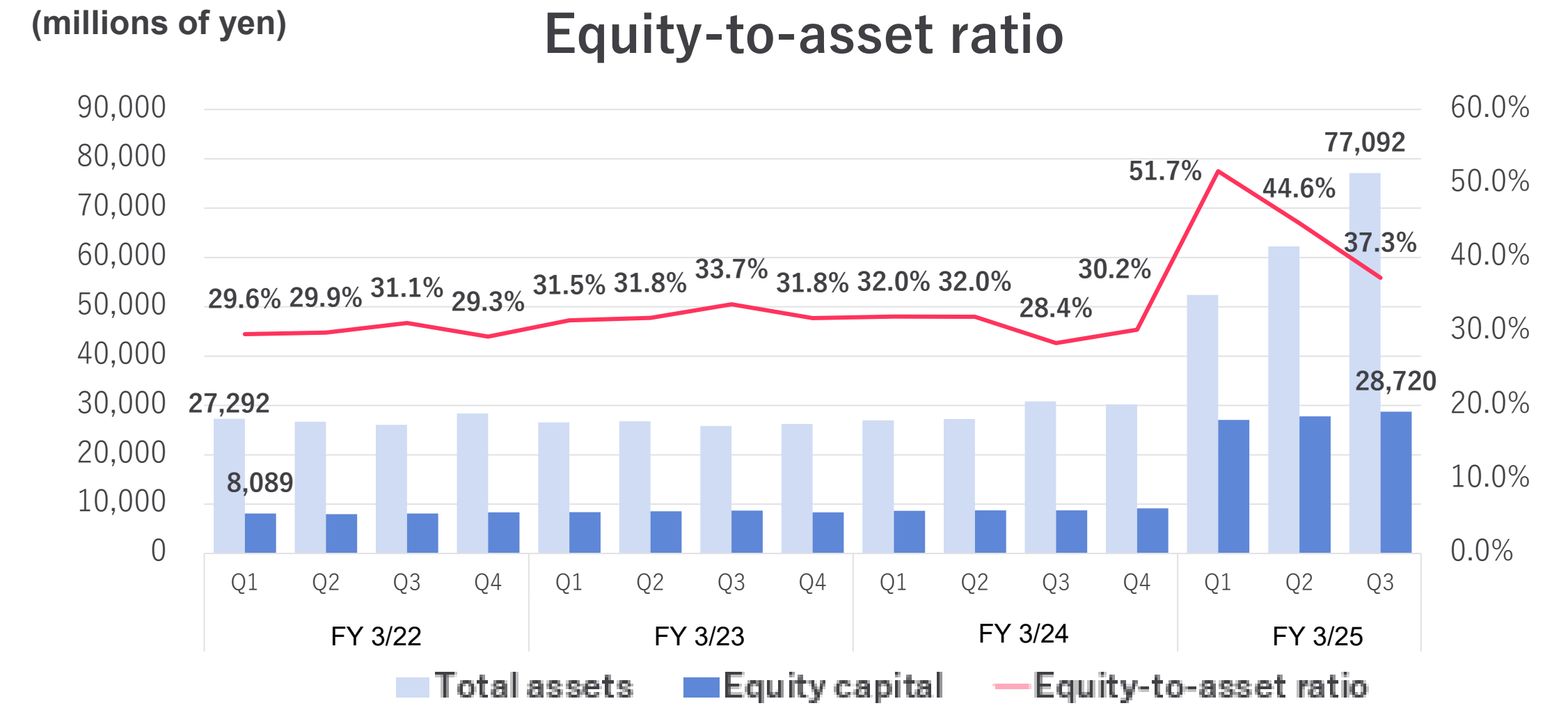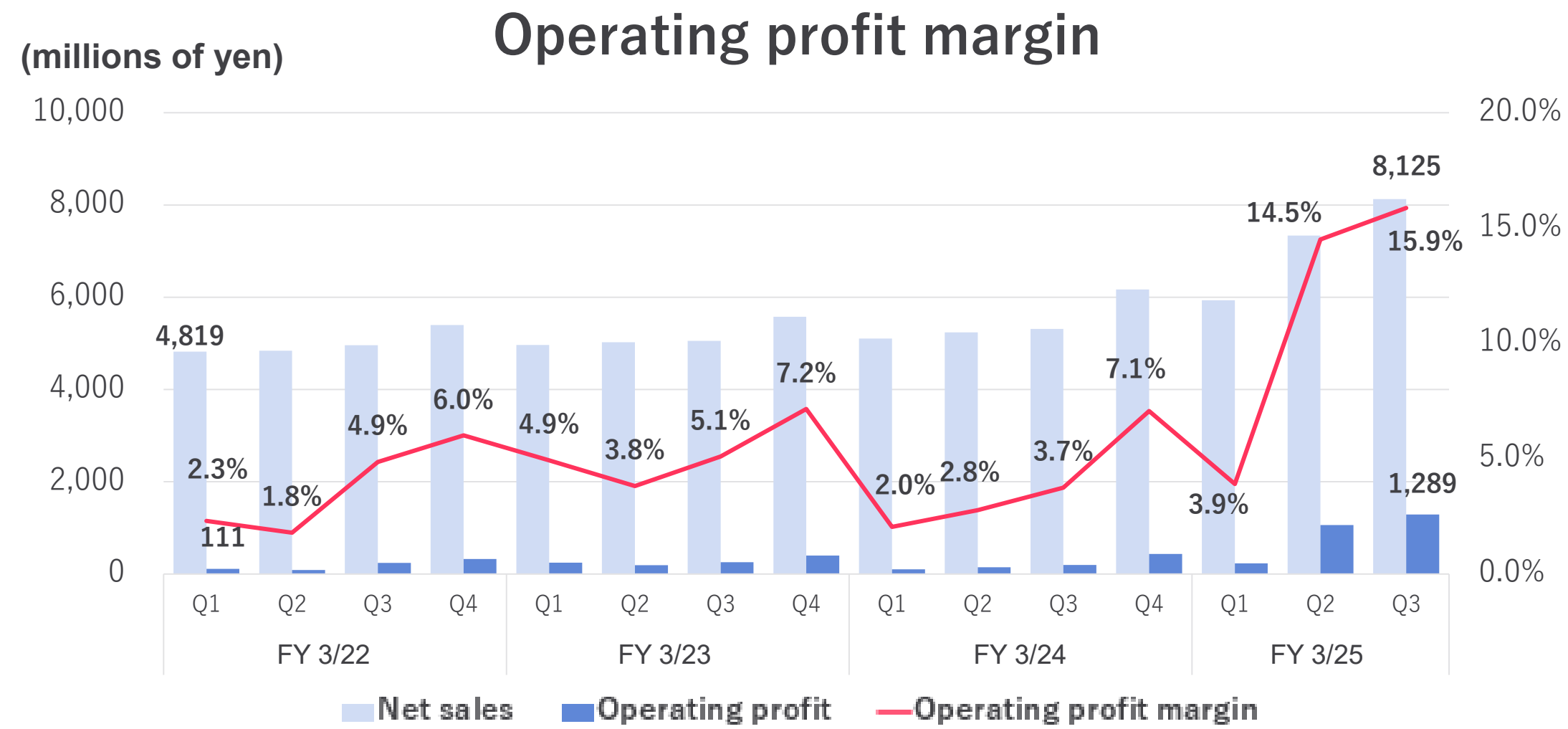
SAKURA internet

History

1996　SAKURA internet was founded

Kunihiro Tanaka, founder & current CEO and President, founded Sakura internet as a school venture in December 1996 while in Maizuru Technical College.

1999　Establishment as a stock company / The first data center opened

Established as a stock company in August 1999. The first data center was opened in Chuo-ku, Osaka in October.

2005　Listed on TSE Mothers

Listed on TSE Mothers in October 2005

2011　Ishikari Data Center opened

Japan's largest suburban mega data center opened in Ishikari, Hokkaido in November 2011.

2015　Changed to TSE 1st Section

The listing market changed to TSE 1st Section in November 2015.

2021　25th anniversary

25th anniversary in December 2021

2022　Changed to TSE Prime Market

Changed to TSE Prime Market, a newly established market category of Tokyo Stock Exchange.

2023　Conditional government cloud certification

We were selected as the first Japanese government cloud provider on the condition that technical requirements are met by the end of FY 2025

Company Profile

Trade name	SAKURA internet Inc.
Head office location	6-38 Ofukacho, Kita-ku, Osaka City, Osaka
Date of foundation	December 23, 1996 (The company was established on August 17, 1999)
Date of listing	October 12, 2005 (TSE Mothers) November 27, 2015 (Transferred to TSE 1st Section (currently TSE Prime))
Share capital	11,283,160,000yen
Number of employees	956 (consolidated)

(Note: as of the end of December 2024)

SAKURA internet

■IR Contact

IR information inquiry form
https://www.sakura.ad.jp/corporate/ir/contact/