1st Quarter of Fiscal Year Ending March 2025

Financial Results

July 29, 2024

SAKURA internet

Financial Highlights

With the launch of GPU cloud services, net sales and operating profit recorded a YOY increase of 16.3% and 122.0%, respectively

- Due to the launch of GPU cloud services for generative AI and the favorable growth of cloud services, consolidated net sales recorded a YoY increase of 16.3%
  (The initially installed GPU cloud service started in January 2024, and installation of 2,000 GPUs in the first investment plan was completed in June 2024)
- Actively invested in human resources to achieve growth strategy and in digital infrastructure to pave a path toward new growth

Decided to make additional investment in container-type data centers (about 17 billion yen)

- Based on our second investment plan for GPU cloud services for generative AI of 100 billion yen, a resolution was made in June 2024 to invest about 17 billion yen in container-type data centers which are scheduled to be completed in November 2025 and November 2026. Half of the investment will be covered by government subsidies

Raised about 18 billion yen by issuing new shares through public offering to improve GPU infrastructure for generative AI, etc.

- Raised about 18 billion yen by issuing new shares through a public offering, with a payment date of June 21, 2024. Proceeds will be invested in equipment such as devices for GPU cloud services for generative AI and data centers
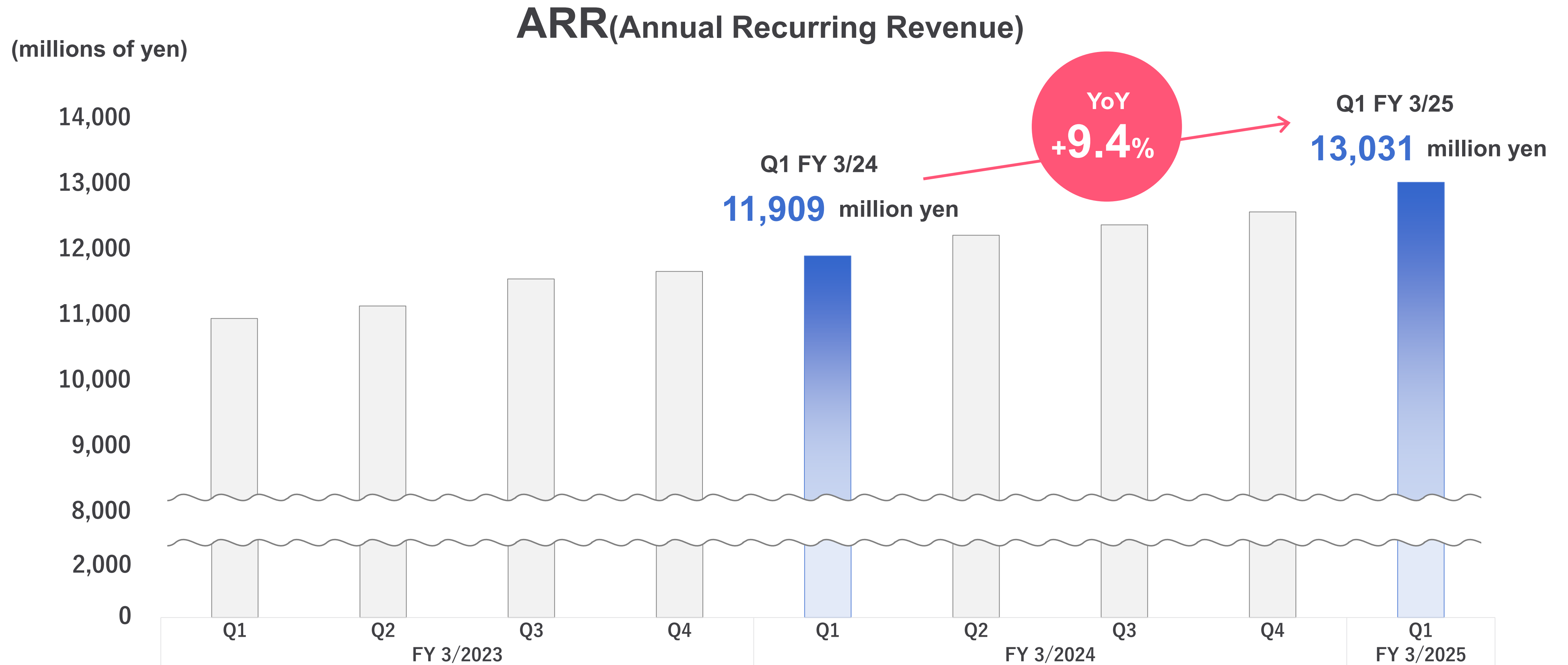
Accelerated active investment in recruitment and digital infrastructure, aiming to achieve growth strategy underpinned by launch of GPU cloud services and strong sales of cloud services

- GPU cloud services launched in January 2024, and cloud infrastructure services grew 10.8% YoY

- Invested in recruitment to further enhance functional development of cloud services and for sales promotion (an addition of 67 employees on a consolidated basis YoY), and 2,000 GPUs based on our first investment plan for GPU cloud services

- Recorded share issuance costs of 109 million yen as non-operating expenses due to public offering, and gain on sale of investment securities of 61 million yen as extraordinary income for the same period of the previous fiscal year

(Millions of yen)

Item	Q1 FY 3/24 Amount	Q1 FY 3/25 Amount	YoY Change	YoY Change (%)
Net sales	5,105	5,935	830	16.3
Operating profit	104	231	127	122.0
Ordinary profit	73	95	22	30.3
Profit attributable to owners of parent	108	41	(66)	(61.5)

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.

SAKURA internet

ARR, representing recurring fee revenue, increased **9.4**% YoY

ARR(Annual Recurring Revenue)

(millions of yen)

YoY +9.4%

Q1 FY 3/24
11,909 million yen

Q1 FY 3/25
13,031 million yen

14,000
13,000
12,000
11,000
10,000
9,000
8,000
2,000
0

| Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| 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.
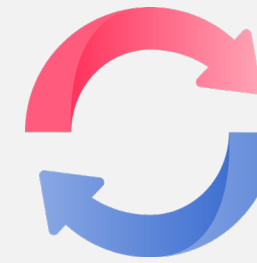
SAKURA internet

Practice of growth strategy ⟳ **Strengthen infrastructure that underpins growth strategy**

Take measures to respond to huge demand for GPU infrastructure for generative AI to the greatest possible extent and accelerate the enhancement of cloud services

Actively invest in both people and goods at every growth opportunity, paving a path toward new growth

- **Launched Koukaryoku DOK, a pay-as-you-go, load-reduction container series, as the second round of GPU cloud services for generative AI (June)**
- **Received an order from NII* for "a full set of cloud services for building LLM models in 2024" for about 2.79 billion yen (June)**
  * Inter-University Research Institute Corporation, Research Organization of Information and Systems, National Institute of Informatics
- **Strove to meet demand from government offices in preparation for providing government cloud, including conclusion of a service contract with the Acquisition, Technology and Logistics Agency for about 750 million yen**
- **Released free official online study materials for our certification system, SAKURA's Cloud Certification, as part of the efforts to develop an ecosystem. Examination scheduled to start in September**

- **Promote recruitment, mainly engineers and sales and marketing personnel (about 200 personnel by the end of FY 3/2025). Steadily hired 87 personnel, a progression rate of 43.5% on a non-consolidated basis (including those joining within the current fiscal year)**
- **Promote recruitment along with growth strategy. To acquire personnel who implement business transformation, more than 70% of all hires are at "leading player" or higher levels**
- **Raised about 18 billion yen through public offering for early procurement and improvement of GPU infrastructure on the back of strong demand of the AI market**
- **Decided to invest in container-type data centers to be completed in the next fiscal year or later (17 billion yen) , to respond to strong demand for infrastructure for generative AI**

Issuing of new shares

Raised about 18 billion yen by issuing new shares through a public offering to improve GPU infrastructure for generative AI, etc.
Aim to **acquire a position of early advantage** by **making early investment** to meet huge demand of the AI market

Outline of issuing of new shares

Amount raised	18,052,492,500 yen	Number of shares issued	Increase in number of shares: 4,270,000 Total number of shares outstanding: 41,890,700 **(as of June 30, 2024, including treasury shares)**
Use of funds	Proceeds will be allocated to equipment investment such as procurement of GPU servers, etc. of GPU cloud services, and enhancement of capability of Ishikari Data Center, etc.		

Outline of use of proceeds

Will continue to strengthen next-generation GPUs, starting with NVIDIA HGX B200 system
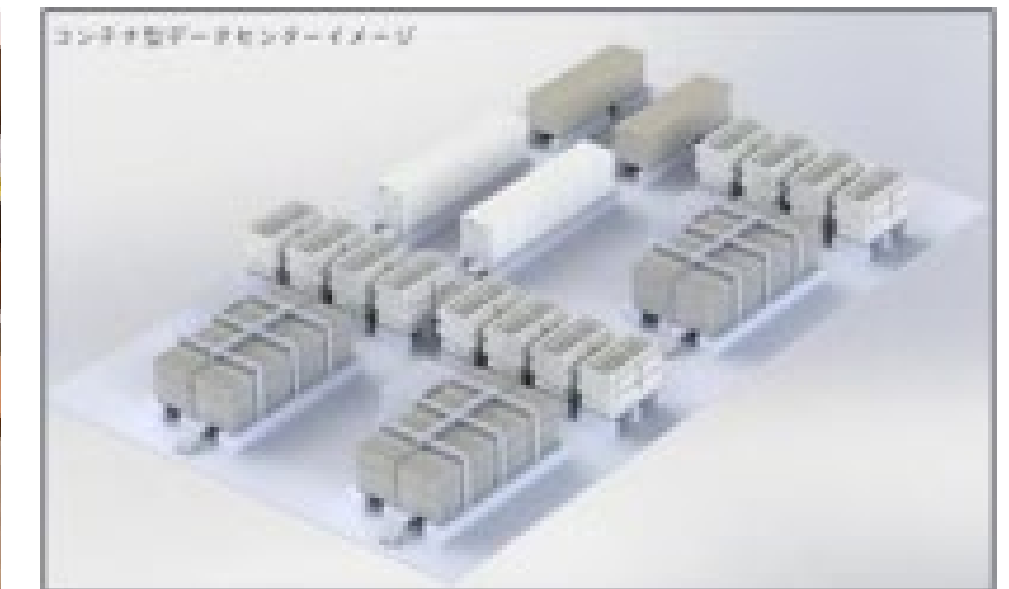
GPU equipment	Network equipment
Storage device	Data center equipment

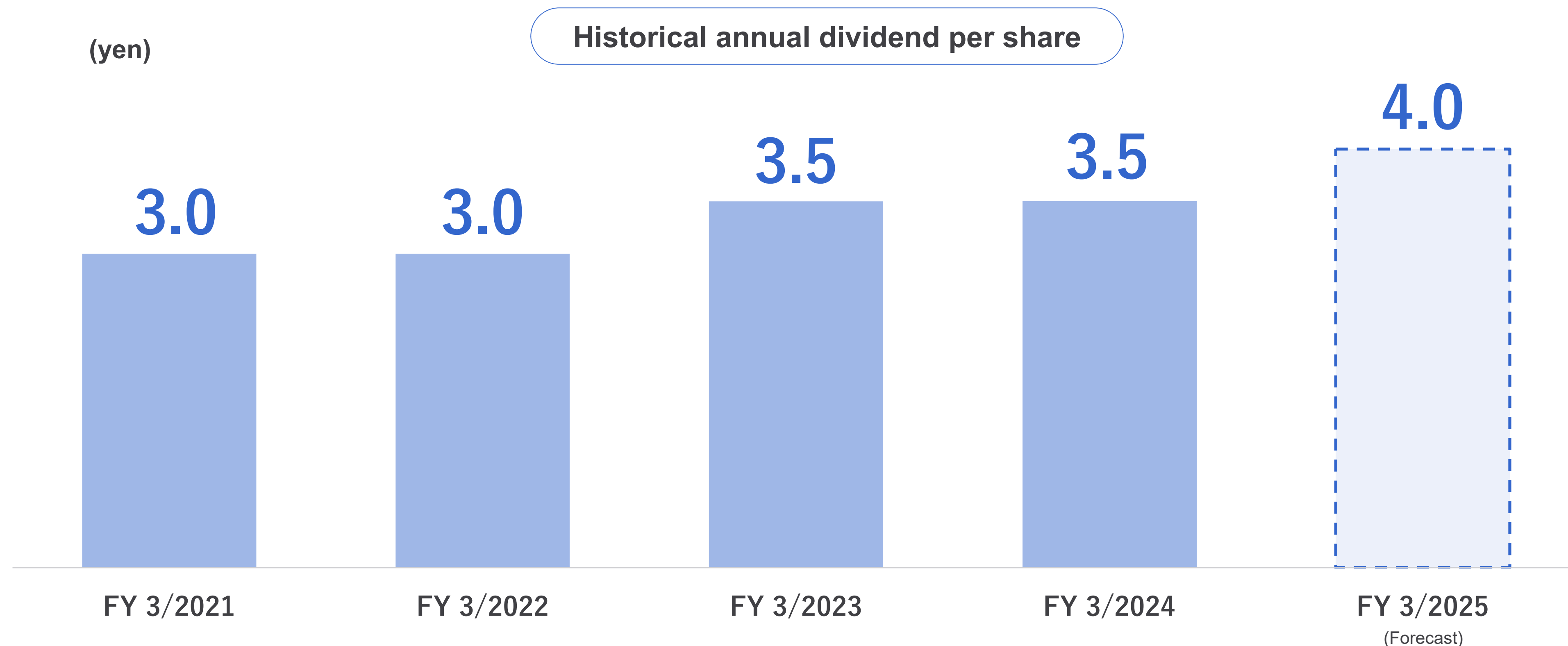October 2023: Setting up GPU servers at Ishikari Data Center

Conceptual image of a container-type data center

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:** The year-end dividend is planned to be 4.00 yen per share, an increase of 0.50 yen from 3.50 yen, based on comprehensive consideration in accordance with the above basic policy

(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

Topic

Ishikari Data Center
Maintained 100% renewable energy
(as of June 2024)

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

Governance

Topic

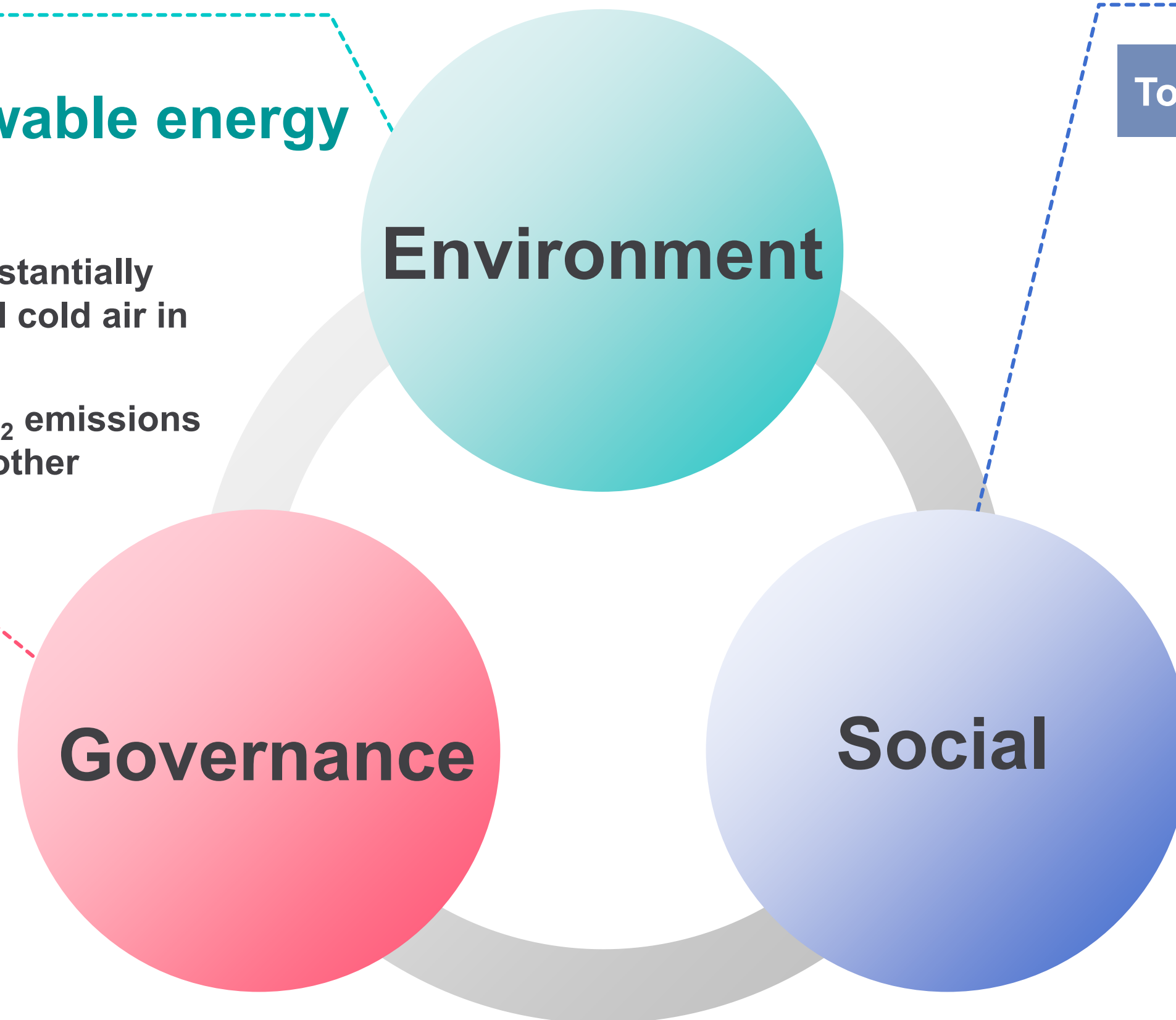**Female officers*: 23.1%**
(as of June 30, 2024)

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

* Directors and Auditors

Environment

Governance

Social

Social

Topic

Childcare leave acquisition rate of male employees: 77.8%
(FY2023)

- 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]

Consolidated Financial Results for Q1 FY 3/2025

Summary of Consolidated Financial Results for Q1 FY 3/2025

SAKURA internet

With the launch of GPU cloud services, net sales recorded a YOY increase of **16.3**%
Actively **invested in areas focused on human resources and GPU cloud services** to achieve growth strategy
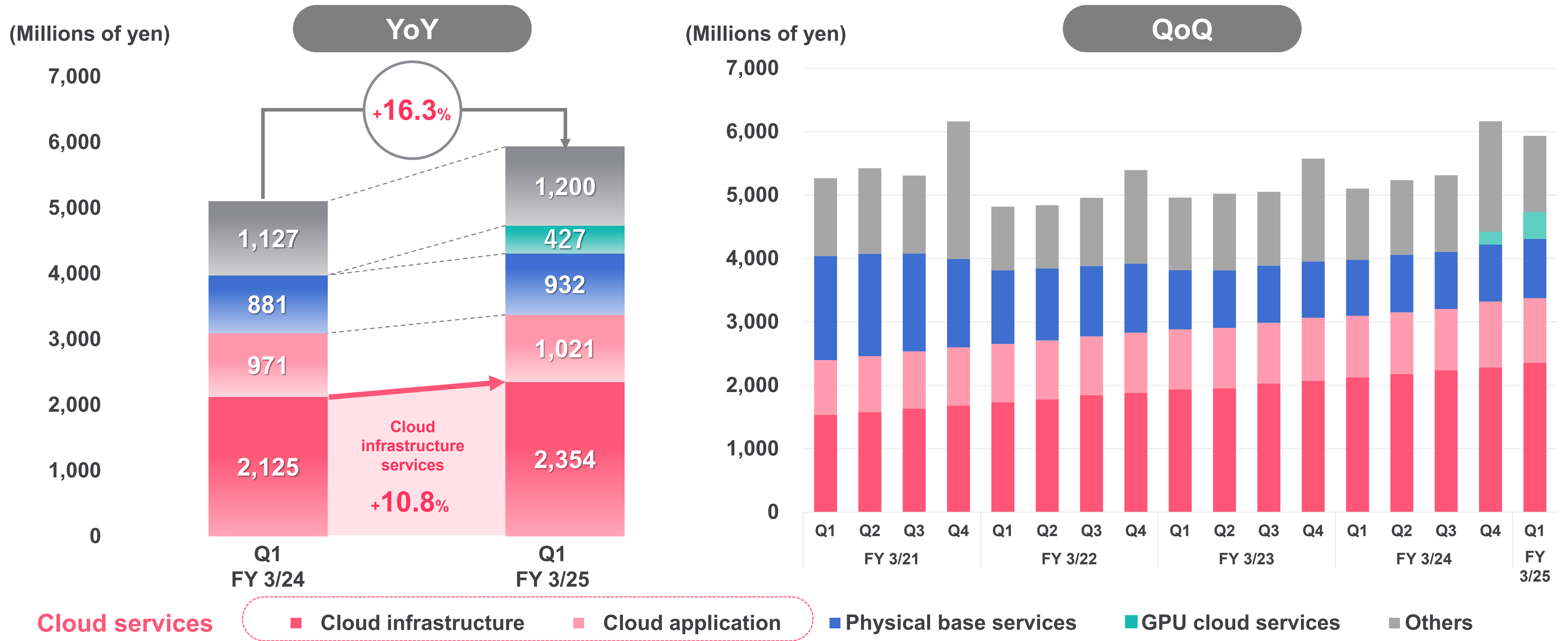Recorded share issuance costs as non-operating expenses due to issuing new shares through public offering

(Millions of yen)

Item	Q1 FY 3/24		Q1 FY 3/25		YoY	
	Amount	Sales composition (%)	Amount	Sales Composition (%)	Change	Change (%)
Net sales	5,105	100.0	5,935	100.0	830	16.3
Cost of sales	3,819	74.8	4,236	71.4	417	10.9
Gross profit	1,285	25.2	1,698	28.6	413	32.1
SG&A expenses	1,181	23.1	1,467	24.7	285	24.2
Operating profit	104	2.0	231	3.9	127	122.0
Ordinary profit	73	1.4	95	1.6	22	30.3
Profit attributable to owners of parent	108	2.1	41	0.7	(66)	(61.5)

Note: National subsidies, etc. of 3,709 million yen were recorded as extraordinary income, and loss on tax-purpose reduction entry of non-current assets of 3,709 million yen was recorded as extraordinary loss.
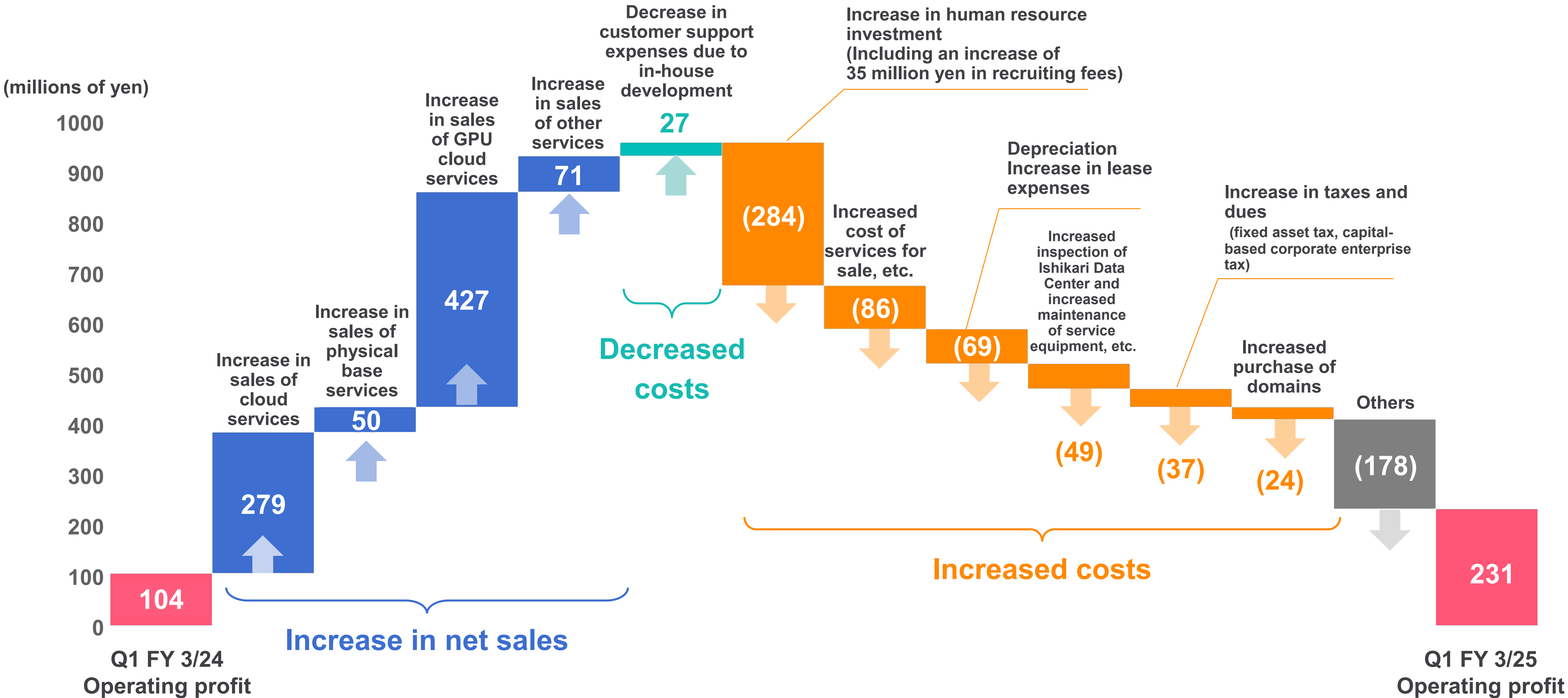The reduction in assets will lessen the burden of future depreciation.

11

Consolidated Net Sales by Service Category (YoY and QoQ)

Overall increase by **16.3%** due to the launch of GPU cloud services for generative AI and the double-digit growth of cloud infrastructure services (+**10.8**%)

YoY

(Millions of yen)

+16.3%

Q1 FY 3/24: 1,127 / 881 / 971 / 2,125

Q1 FY 3/25: 1,200 / 427 / 932 / 1,021 / 2,354

Cloud infrastructure services +**10.8**%

QoQ

(Millions of yen)

FY 3/21 (Q1–Q4) · FY 3/22 (Q1–Q4) · FY 3/23 (Q1–Q4) · FY 3/24 (Q1–Q4) · FY 3/25 (Q1)

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

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

© SAKURA internet Inc.   12

Factors that affected operating profit

(millions of yen)

Q1 FY 3/24 Operating profit: 104

Increase in net sales:
- Increase in sales of cloud services: 279
- Increase in sales of physical base services: 50
- Increase in sales of GPU cloud services: 427
- Increase in sales of other services: 71

Decreased costs:
- Decrease in customer support expenses due to in-house development: 27

Increased costs:
- Increase in human resource investment (Including an increase of 35 million yen in recruiting fees): (284)
- Increased cost of services for sale, etc.: (86)
- Depreciation Increase in lease expenses: (69)
- Increased inspection of Ishikari Data Center and increased maintenance of service equipment, etc.: (49)
- Increase in taxes and dues (fixed asset tax, capital-based corporate enterprise tax): (37)
- Increased purchase of domains: (24)

Others: (178)

Q1 FY 3/25 Operating profit: 231

Consolidated Balance Sheet

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

(millions of yen)

Item	Previous year end (FY 3/24)	End of Q1 (FY 3/25)	Change
Current assets	10,574	29,107	18,533
Non-current assets	19,650	23,302	3,652
(Property, plant and equipment)	16,656	20,105	3,448
(Intangible assets)	505	554	48
(Investments and other assets)	2,488	2,642	154
Total assets	30,224	52,409	22,185

Item	Previous year end (FY 3/24)	End of Q1 (FY 3/25)	Change
Current liabilities	10,598	11,133	534
Non-current liabilities	10,304	14,019	3,714
Total liabilities	20,903	25,152	4,249
Net assets	9,321	27,257	17,936
(Including shareholders' equity)	8,989	26,950	17,961
Total liabilities and net assets	30,224	52,409	22,185

SAKURA internet

Actual/forecast comparison was basically in line with the forecasts, despite recording of share issuance costs due to issuing new shares

- **Net sales and operating profit are mostly as expected**, despite delay in providing GPU cloud services for certain customers

- Ordinary profit and profit attributable to owners of parent are below expectation, as a result of recording share issuance costs due to issuing new shares

- Earnings forecasts will be revised when necessary since the second investment plan is under examination as to the timing of arrival of GPUs including NVIDIA HGX B200 system, etc.
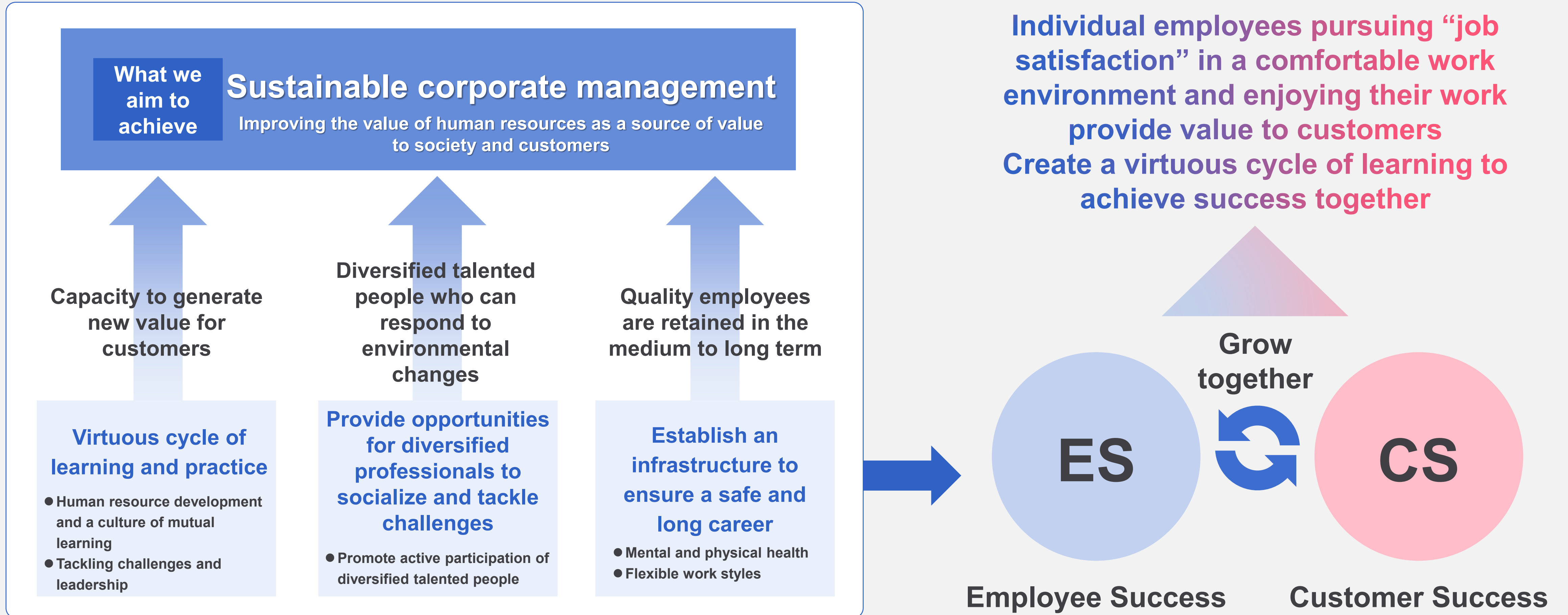
(millions of yen)

Item	1st half FY 3/25 Forecast	Q1 FY 3/25 Actual	Progress (%)
Net sales	13,000	5,935	45.7
Operating profit	800	231	29.0
Ordinary profit	780	95	12.2
Profit attributable to owners of parent	480	41	8.7

appendix

Initiatives for ESG management

SAKURA internet

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/**

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

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

In light of the deterioration of Japan's digital competitiveness*, strive to address problems in training and hiring digital professionals stated in the Comprehensive Strategy for the Vision for a Digital Garden City Nation (2023 revised edition)
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 cloud services in which we are strong

Provide learning opportunities through a test of certification of cloud

Decided to hold SAKURA's Cloud Certification designed for people to learn digital skills widely from basics to practical levels

Educational content is provided free, in accordance with the "DX Literacy Standard" which defines knowledge and skills necessary for all business persons involved in DX (a Creative Commons license).
The first examination is scheduled for September 2024

Released free official online study materials for SAKURA's Cloud Certification

Basics of digital technology

SAKURA's cloud certification

SAKURA's services

Architecture design

Target
- Engineers
- Business persons
- Companies introducing cloud
- Educational institutions
- New generation of students

Practilal education through KOSEN support project

One year from the conclusion of the comprehensive collaborative agreement with the Institute of National Colleges of Technology Continue providing more practical learning opportunities

Mainly our Executive Officer and an employee who also serves as Visiting Associate Professor at National Institute of Technology (Kosen), Kochi College hold practice-focused classes at nationwide Kosen schools

Outline of classes in FY2024
- Number of targeted Kosens: 7 Anan Kosen, Ishikawa Kosen, Kochi Kosen, etc.
- Lecturers from SAKURA internet: 7
- Number of classes held: 22
- Contents of classes (classroom, hands-on, group work)
  - Basics of cloud
  - Container and Docker, etc.

* Reference: In "World Digital Competitiveness Ranking 2023" by IMD World Competitiveness Centre, Japan ranks 32 among 64 major countries worldwide. 63 in digital skills.
https://www.imd.org/centers/wcc/world-competitiveness-center/rankings/world-digital-competitiveness-ranking/

* Left: Masahito Zenbutsu, Education Planning of ES Division (Visiting Associate Professor at National Institute of Technology, Kochi College)
* Right: Mr. Seiichi Kishimoto, Gakumu Sanji and Professor of National Institute of Technology, Professor of Social Design Engineering of KOCHI KOSEN

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

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 cloud services in which we are strong

Provide learning opportunities to our employees, as well as new generation of students, business persons, and even athletes

Provide learning opportunities by encouraging people to acquire certifications

Qualified employees increased more than 6% YoY, and 43% of all the employees have passed either of IT Passport Test, Japan Data Scientist Test, or G Certification Test
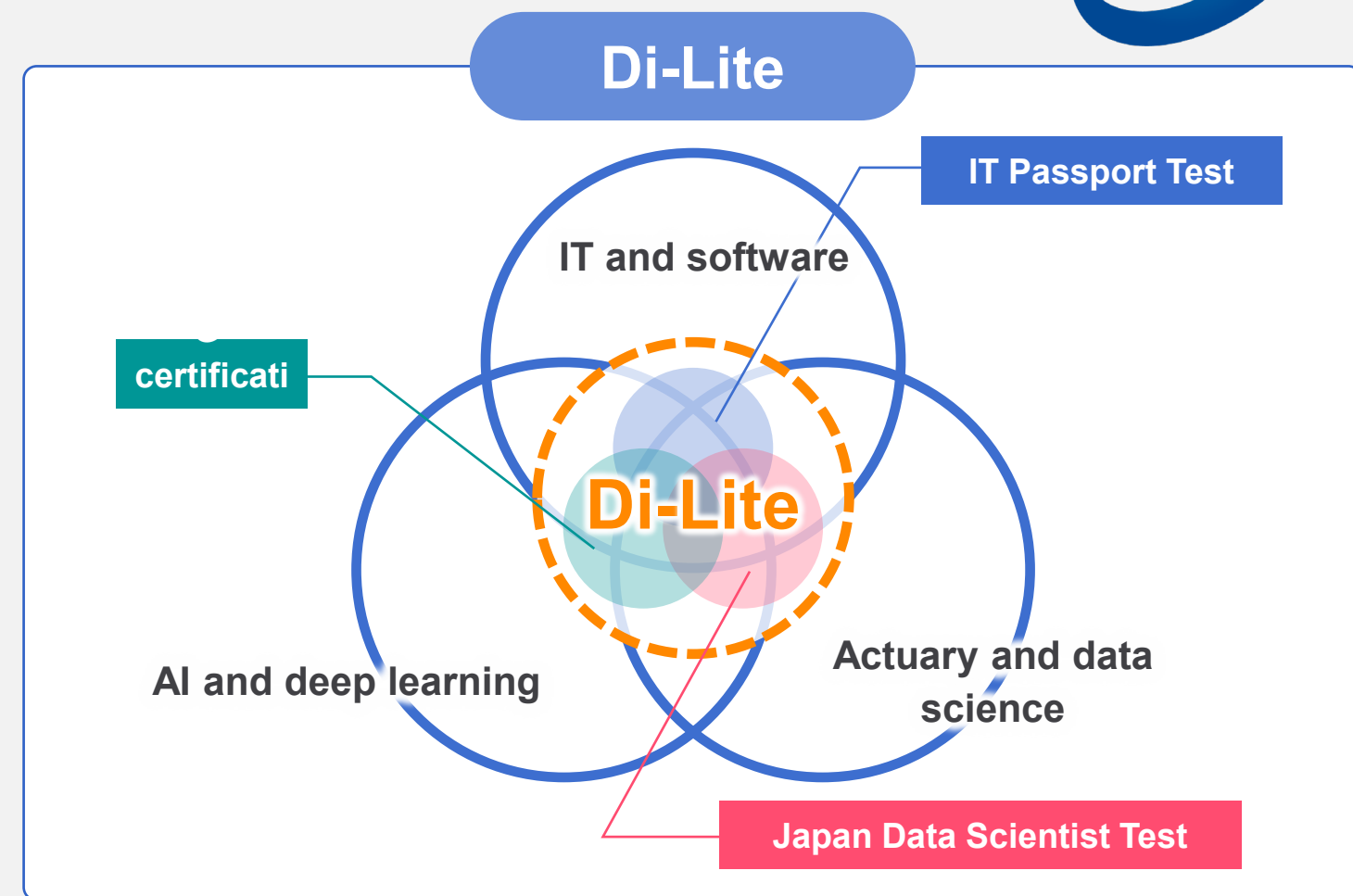
Starting with IT Passport Test which aims to improve the digital skills of each employee, including non-engineers, encourage people to acquire Di-Lite*certifications including Japan Data Scientist Test and G Certification to support people who lead the field of DX including generative AI

Di-Lite

IT Passport Test

IT and software

certificati

Di-Lite

AI and deep learning

Actuary and data science

Japan Data Scientist Test

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

Provide reskilling opportunities

Help athletes to develop second career and skills Hold programming classes for athletes

Became the official top partner of the women's soccer team "FC Ryukyu SAKURA"* in April 2024. Help in acquiring business skills not limited to IT skills, to help solve athletes' problem of life after retiring and developing DX personnel in Okinawa Prefecture

FC RYUKYU SAKURA

Hold programming classes in July for about 30 persons including foreign nationals and U-15 athletes, allowing them to experience programming for the first time

Intend to co-host programming classes even for local children in the future

©FC RYUKYU

* FC Ryukyu SAKURA: Women's soccer team managed by Ryukyu Football Club Co., Ltd. A team of the Kyushu Women's League Division 2.

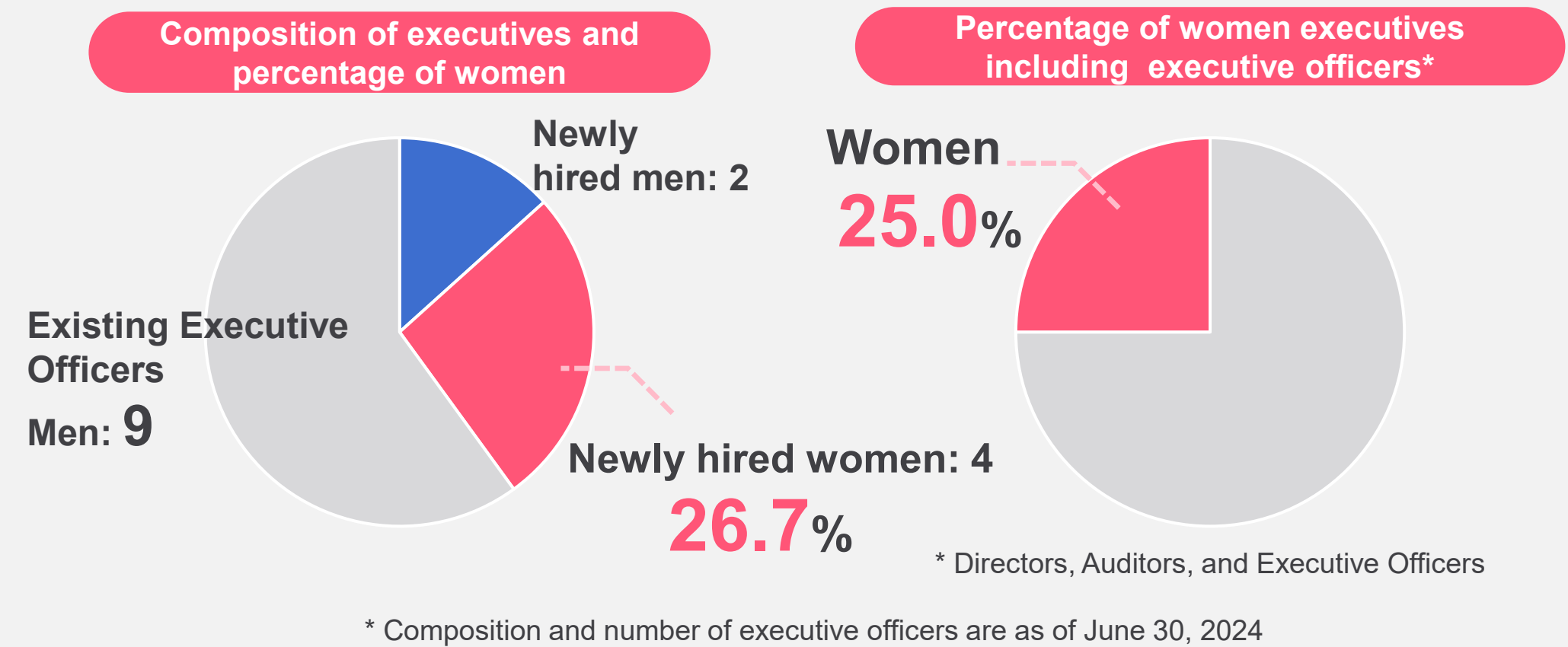Please visit the Company's website below for the Company's initiatives for ESG management at **https://www.sakura.ad.jp/ir/corporate/work/**

SAKURA internet

Initiatives for human capital oriented management
(provide opportunities for diversified professionals to socialize and tackle challenges)

Promote diversification by increasing the number of Executive Officers and the ratio of female officers in order to strengthen management functions

Strengthen management functions and develop future management personnel

To strengthen the management functions, six more executive officers (including four female officers) were elected in October 2023, and two more executive officers in April 2024 Will continue to add more executive officers for the purpose of development and training of management personnel

Will continue the efforts to achieve the numerical target of "30% or more female executives (including executive officers) by 2030" in "Women's Bold Policy 2023" (for companies listed on TSE Prime Market)

Composition of executives and percentage of women

Newly hired men: 2

Existing Executive Officers
Men: **9**

Newly hired women: 4
26.7%

Percentage of women executives including executive officers*

Women
25.0%

* Directors, Auditors, and Executive Officers

* Composition and number of executive officers are as of June 30, 2024

CASE **Appointment of Group CHRO**

Among newly appointed Executive Officers, Mariko Yabe, an executive officers in charge of the human resources area, formulates important human resources strategies of the Group and reflects them in the corporate system and culture, etc. as Group CHRO (Chief Human Resources Officer) responsible for managing the entire Group

Mariko Yabe (Joined the Company in 2012)
Served as Manager of the ES Dept. in 2021, and was appointed as Executive Officer,
Division Manager of the ES Division and Group CHRO in October 2023

(Photo by Nakamura Yoshinobu)

CASE **Diversified age groups of managerial personnel**

Due to the absence of a seniority system, the average age of managers is relatively young: 44.2 for general managers (52.7 in the Basic Survey on Wage Structure 2022 by the Ministry of Health, Labour and Welfare). Executive Officers and general managers, etc. who play key roles are in their 30s

Hiroshi Takemura (Born in 1986, joined the Company in June 2022)
Was appointed as Manager of the Human Resources Planning Dept., the ES Division
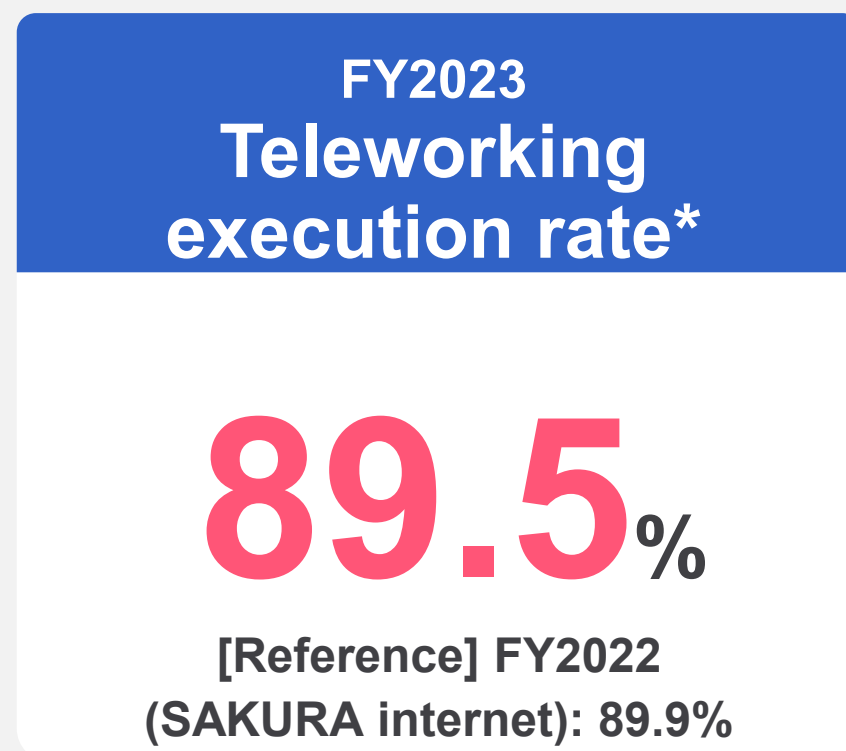in October 2023
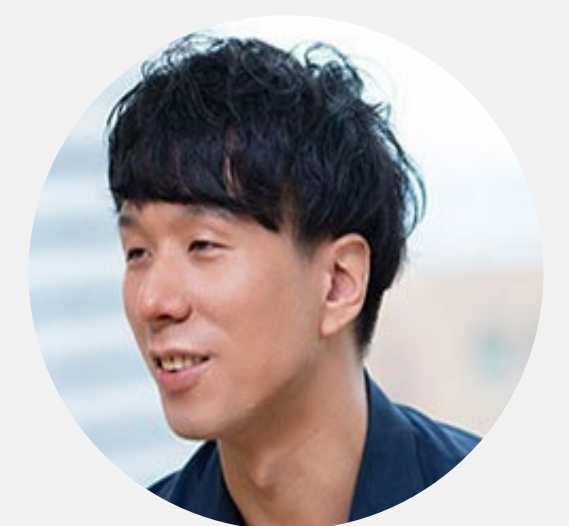
Please visit the Company's website below for the Company's initiatives for ESG management at **https://www.sakura.ad.jp/ir/corporate/work/**

SAKURA internet

Initiatives for human capital oriented management
(to establish an infrastructure to ensure a safe and long career)
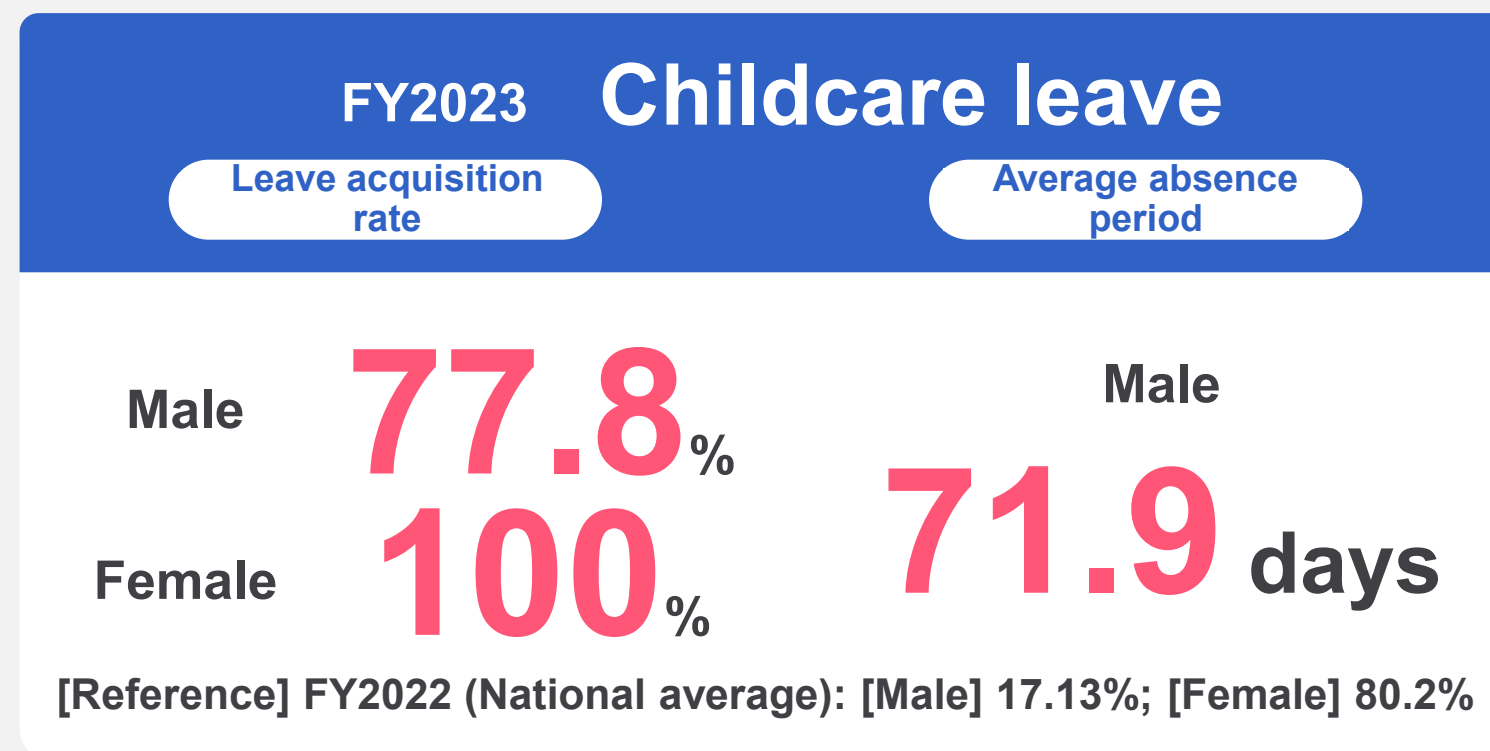
Pursuing both "job satisfaction" and "a comfortable work environment"

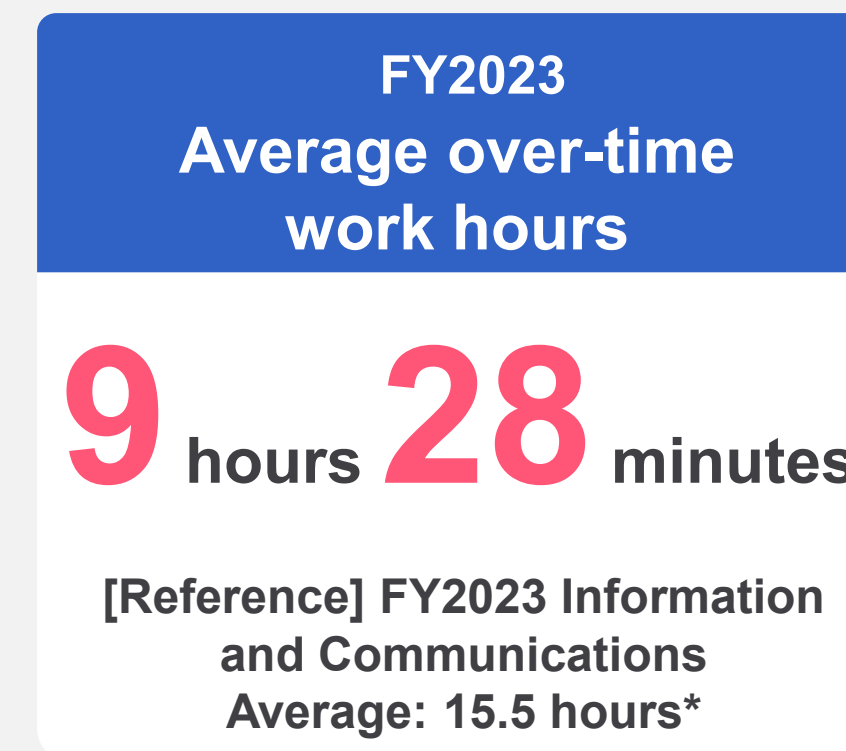Continue to support flexible work styles including internal HR programs to promote teleworking and parallel careers.
Improve the working environment and career development support system for working parents, focusing on boosting the ratio of women and active appointment of women in managerial positions

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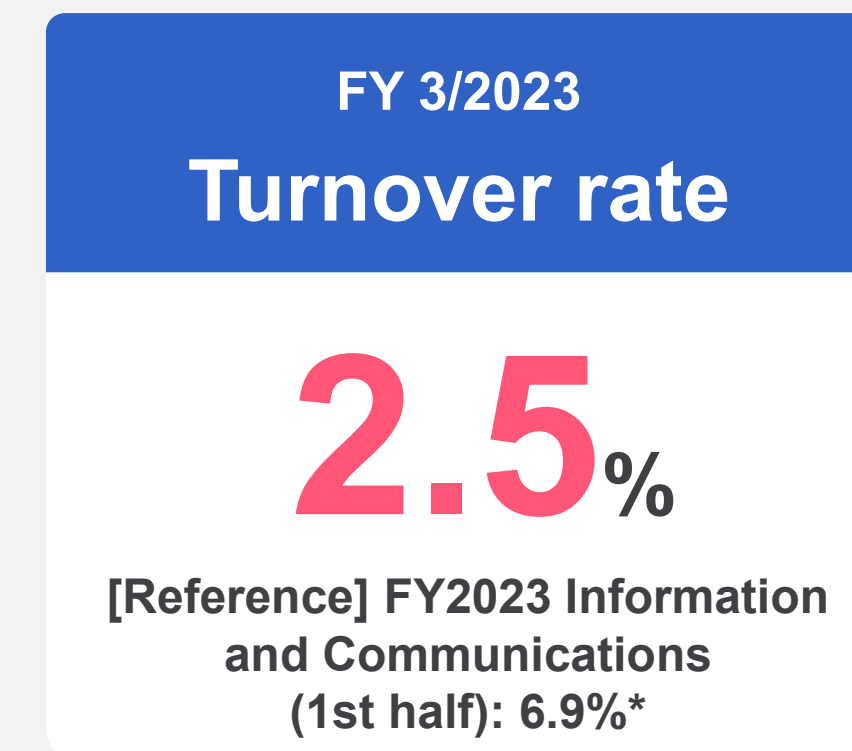
Source: Survey on Employment Trends for the First Half of 2023

Active recruitment activities and simultaneous pursuit of life events and work

● **Hire more engineers in the focus area**

As we reinforced the recruitment of high layers, 75% of mid-careers are leading players or higher levels Secure personnel who transform businesses and operations, to strengthen the effort to build a common infrastructure that supports the businesses and services focused on

● **Strengthen recruitment channel and develop environment where employees can continue their careers**

As applicants increase rapidly and our recruitment becomes active, 30% of mid-career applicants have been hired directly through our own recruitment website or from referral recruiting. Focus also on hiring and allocating skilled former members, while taking a measure to prevent existing employees from leaving involuntarily due to long-term medical treatment and family care, etc.

CASE **Welcome back former members to return to work**

While the turnover rate is low because of already established diversified work styles such as teleworking and flextime, we also welcome back employees who had to leave their job, so they can return to work with us. Former members are showing excellent performance in individual divisions.

Chihiro Tsurumaru, Key Operations Group of CEO's Office
A mid-career person who joined the Company as the first secretary of the President in 2006 and resigned in 2013.
Rejoined the Company as a part-time worker involved in publicity administration in 2018, and became a full-time employee in 2021 as a secretary of the President.

(Photo by Yoshinobu Nakamura)

Please visit the Company's website below for the Company's initiatives for ESG management at https://www.sakura.ad.jp/ir/corporate/work/
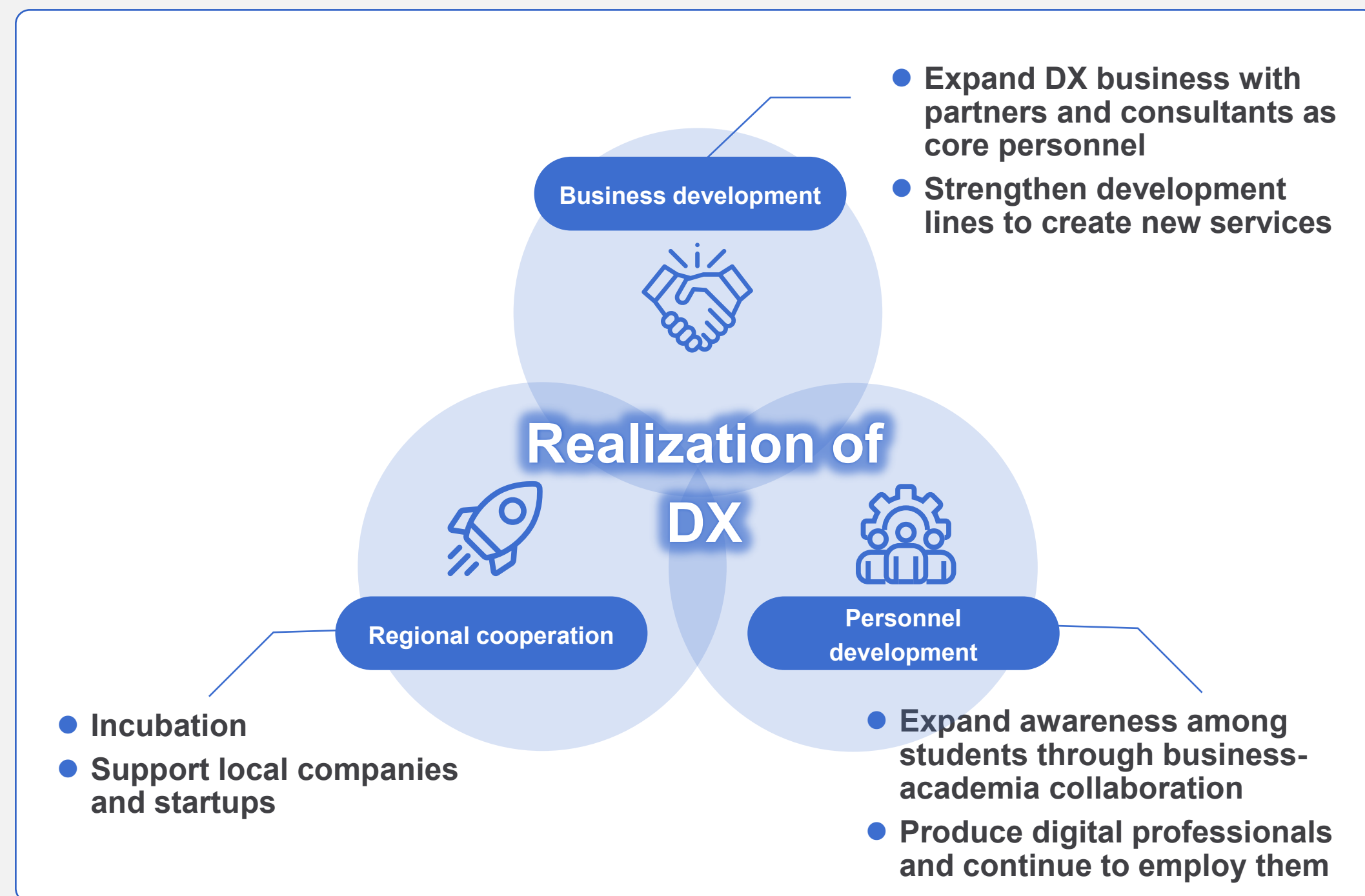
© SAKURA internet Inc. | 21

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

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

Regional sites for open innovation

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

[Photo provided by the developer of GRAND GREEN OSAKA]

Create a place for communication

Osaka
Blooming Camp

**At JAM BASE, GRAND GREEN OSAKA
Officially scheduled to open on September 6, 2024**

Blooming Camp, an open innovation facility where people will be able to freely gather and meet, will open.

In cooperation with nearby innovation facilities, pre-events are held in neighborhood Osaka areas to set the mood for Osaka and Kansai

Fukuoka

Opened in Feb. 2017

Support startups

Okinawa

SAKURA innobase Okinawa

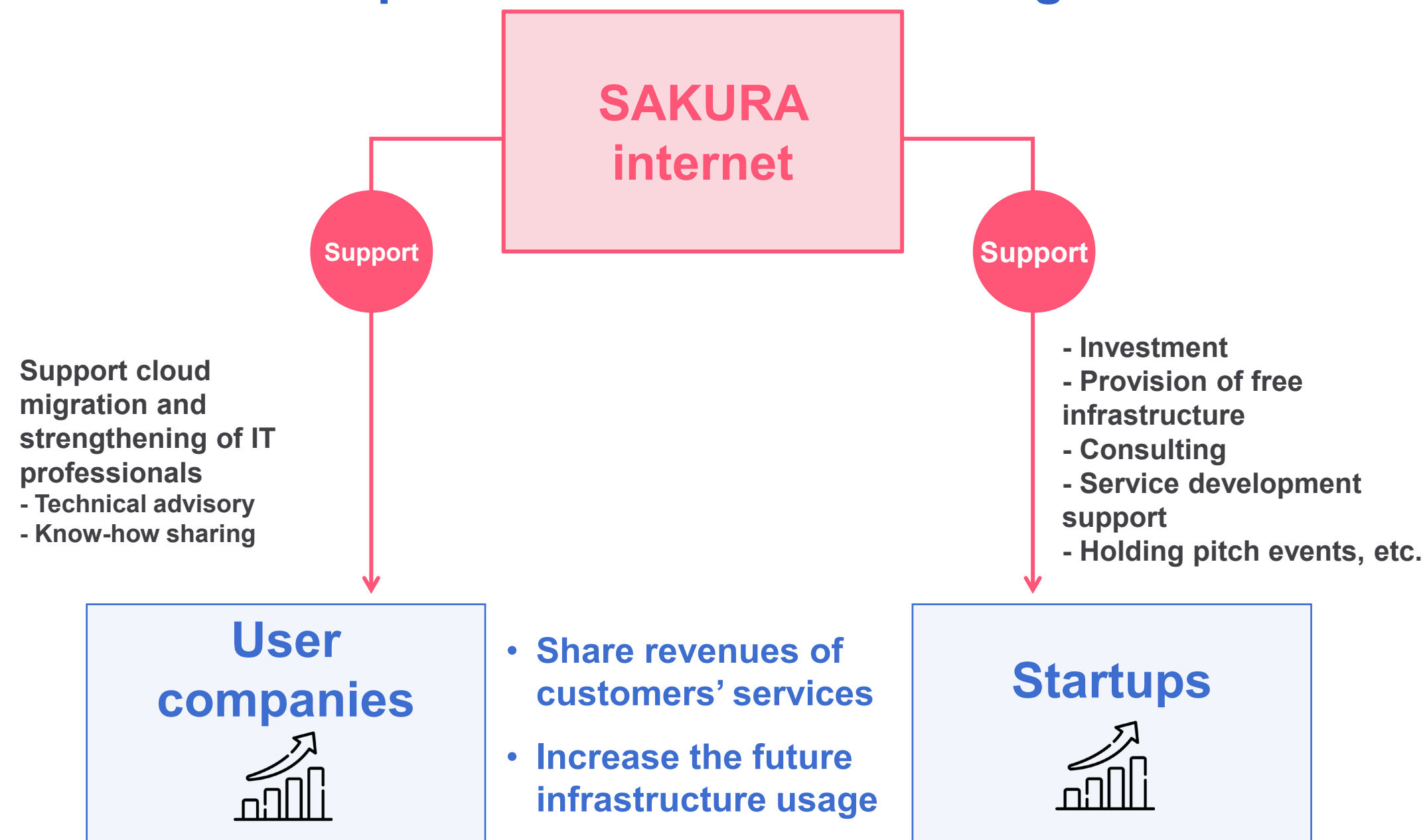**Opened in September 2023**

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 cloud migration and strengthening of IT professionals
- 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

CASE 1: Provision of free infrastructure

Help startups and ventures to build their infrastructure by providing them with business-critical server infrastructure with free coupons and privileged offerings of our services

CASE 2: Investment in Fund

Invested in Carie Impact & Innovation Fund*, Okinawa's first impact investment fund which aims to provide social solutions, in February 2024

*Established by UmuSun Lab. that supports social entrepreneurs. UmuSun Lab. aims to create a new financing flow to address social problems, and encourage social entrepreneurs to grow and further improve their ecosystems, with an intent to provide solutions to Okinawa's social issues.

CASE 3: Service development support and consulting

In January 2022, SAKURA internet concluded an advisory agreement with sketchbook Co., Ltd., a provider of a kindergarten lunch service called "baby's fun!" for the purpose of developing the company's services and helping it set up an engineering organization.

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

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 in data centers 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

Achieved 100% renewable energy in June 2023.
Achieved virtually zero annual CO_2 emission at Ishikari Data Center by shifting power source from electricity with a non-fossil fuel certificate to hydroelectric and other 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.
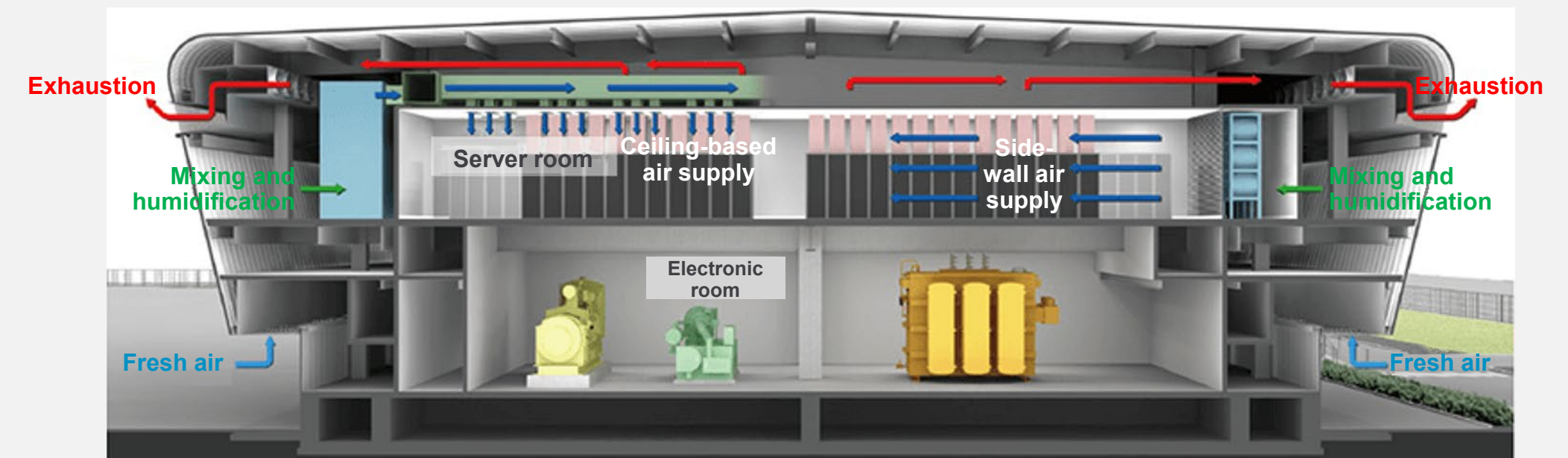
(Above) Conceptual diagram of the air conditioning system of Ishikari Data Center

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*) in December 2021

ISMS	ISMS cloud Security Certification	PCI DSS	Privacy Mark	SOC2/SOC3
iCms iSMS-AC ISMS IsR010	iCms iSMS-AC ISMS IsR010-CLR	iCms PCI DSS iCms	プライバシー 10821461	AICPA SOC aicpa.org/soc4so
ICMS-SR0063 / JIS Q 27001	Cloud-SR0063 / JIP-ISMS517	ICMS-PCI0063 / PCI DSS		

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

CASE **Strengthen the skills of information security personnel**

To meet increasingly sophisticated and complex security requirements and raise knowledge and skill levels, the Company aims to develop personnel involved in information security management by requiring such personnel assigned to the respective departments, including the back office department, to pass the Information Security Management Examination and acquire other certifications gradually

* Information Security Management Examination: One of the test categories of a national exam called "the Data Processing Specialist Test."The examination certifies basic skills to contribute to organizational information security and protect the organization from threats on a continuous basis

Cyber security Initiatives

CSIRT

- Established SAKURA.SIRT and joined the Nippon C SIRT Association. 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
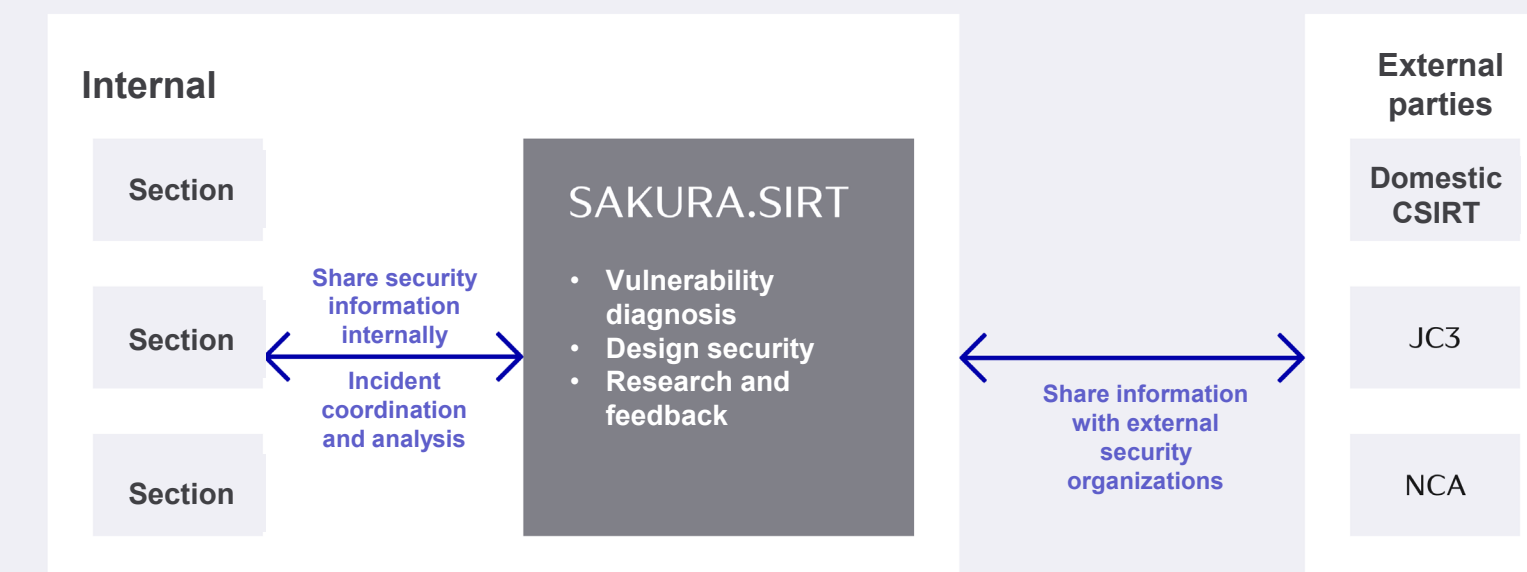
CASE **Disclosuree of Transparency Report started**

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

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

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 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

Major role of the Nomination and Compensation Committee

- Examination of overall policy and procedures in determining compensations, etc. of management, Directors and Auditors
- Examination of draft policies regarding decisions on the details of remuneration, etc. for individual Directors to be submitted to the Board of Directors, and other matters
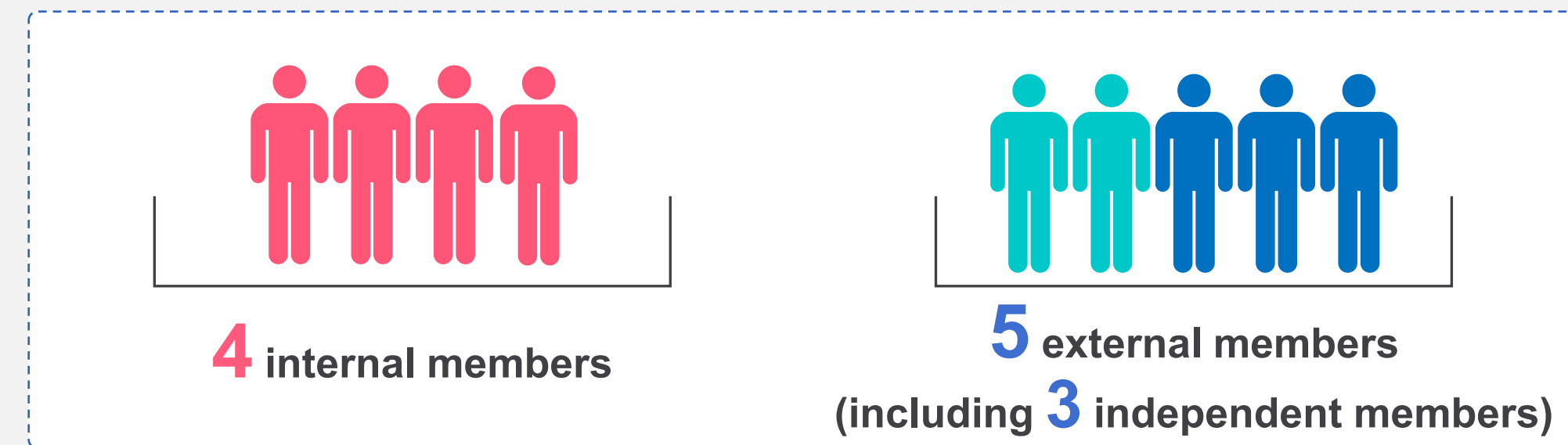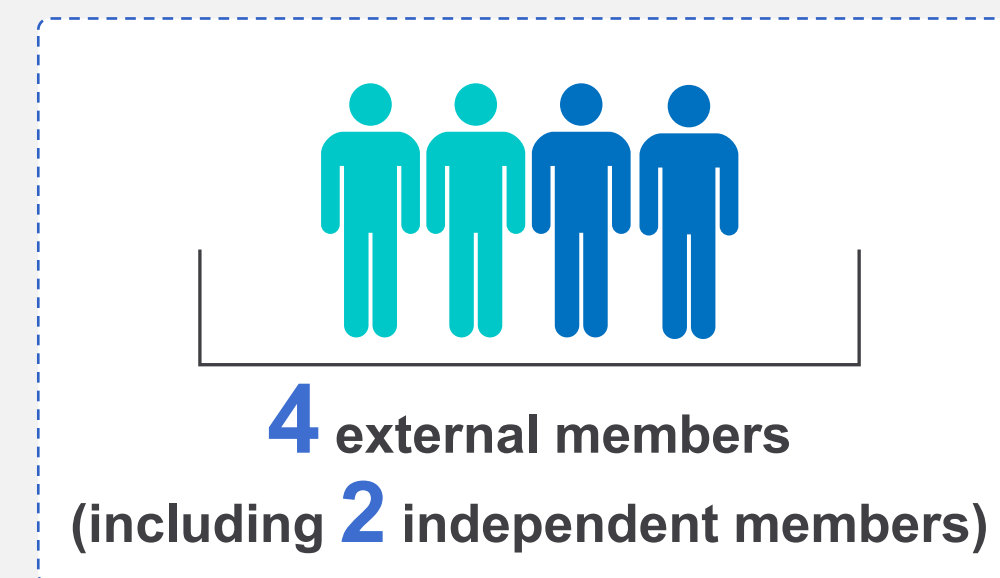
Composition of the Nomination and Compensation Committee

Chairperson: Independent, outside

Committee members
A independent, outside member
1 internal member
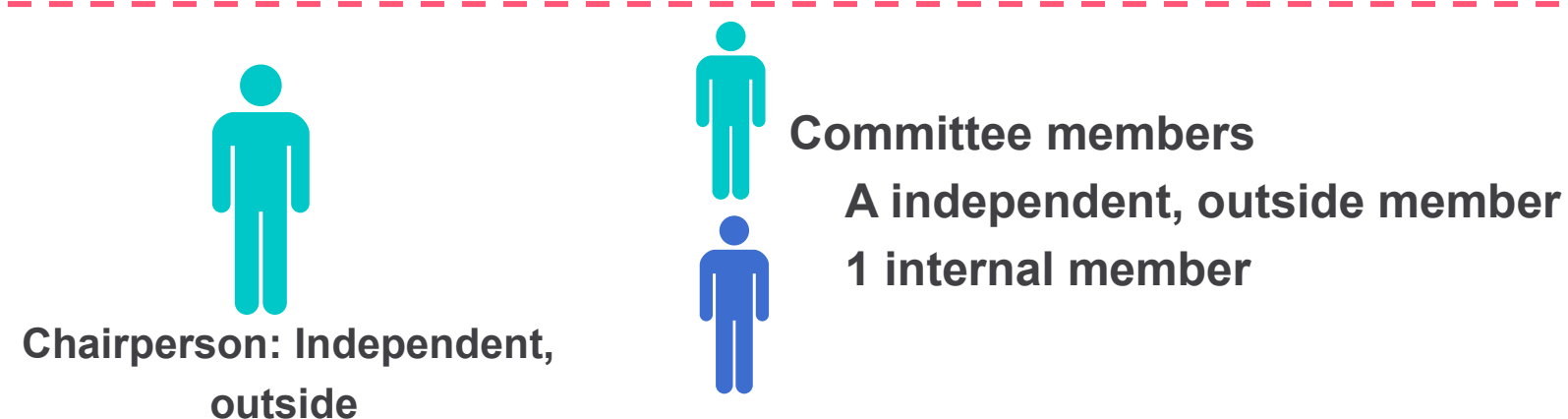
● **Percentage of outside or independent officers of the Board of Directors**

(* As of June 30, 2024)

9 Directors

4 internal members

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

4 Auditors

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

Percentage of external members: **69**%
(Percentage of External Auditors: 100%)

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	Change	Change (%)
Cloud services	**3,096**	**3,152**	**3,204**	**3,320**	**3,375**	**54**	**1.7**
Composition (%)	60.6	60.2	60.3	53.8	56.9		
Cloud infrastructure	2,125	2,177	2,238	2,282	2,354	71	3.1
Cloud application	971	974	965	1,038	1,021	(16)	(1.6)
Physical base services	**881**	**906**	**901**	**900**	**932**	**32**	**3.6**
Composition (%)	17.3	17.3	17.0	14.6	15.7		
GPU cloud services	—	—	—	**201**	**427**	**226**	**112.5**
Composition (%)	—	—	—	3.3	7.2		
Other services	**1,127**	**1,179**	**1,209**	**1,745**	**1,200**	**(545)**	**(31.2)**
Composition (%)	22.1	22.5	22.8	28.3	20.2		

- 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 for Q4 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
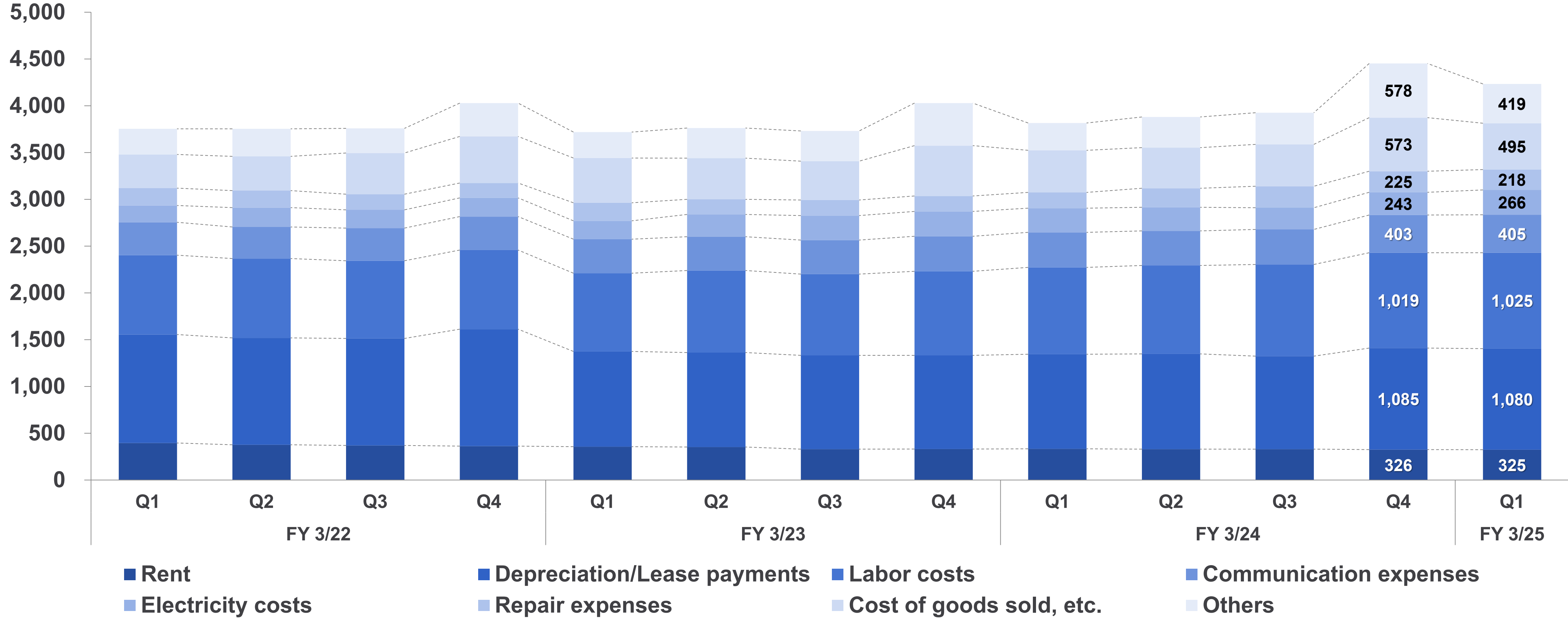
(Millions of yen)

Item	FY 3/24				FY 3/25	QoQ change	
	Q1	Q2	Q3	Q4	Q1	Change	Change (%)
Net sales	**5,105**	**5,237**	**5,315**	**6,167**	**5,935**	**(232)**	**(3.8)**
Cost of sales	3,819	3,884	3,929	4,457	4,236	(220)	(4.9)
Gross profit	**1,285**	**1,353**	**1,385**	**1,710**	**1,698**	**(11)**	**(0.7)**
SG&A expenses	1,181	1,208	1,186	1,274	1,467	192	15.1
Operating profit	**104**	**145**	**199**	**435**	**231**	**(204)**	**(46.8)**
Operating margin (%)	2.0	2.8	3.7	7.1	3.9		
Ordinary profit	**73**	**99**	**147**	**444**	**95**	**(349)**	**(78.6)**
Profit attributable to owners of parent	**108**	**66**	**128**	**347**	**41**	**(305)**	**(88.0)**
EBITDA	**852**	**901**	**955**	**1,363**	**1,032**		

Breakdown of Major Costs (Consolidated)

Investments for FY 3/2025

(100 millions of yen)

Description of investment	Full-year plan	Full-year result
Data centers	56	0
Servers and network equipment	117	79
Others (systems and office-related, etc.)	7	0
Total	181	72

* 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)
1	0	* 77	0	79

* Amount before applying reduction entry

Number of personnel in FY 3/2025

Increased by 67 from the previous year end

[Number of persons hired]

	End of FY 3/24	'25/ 3 Q1
Number of employees*	839	906

■ Breakdown of changes

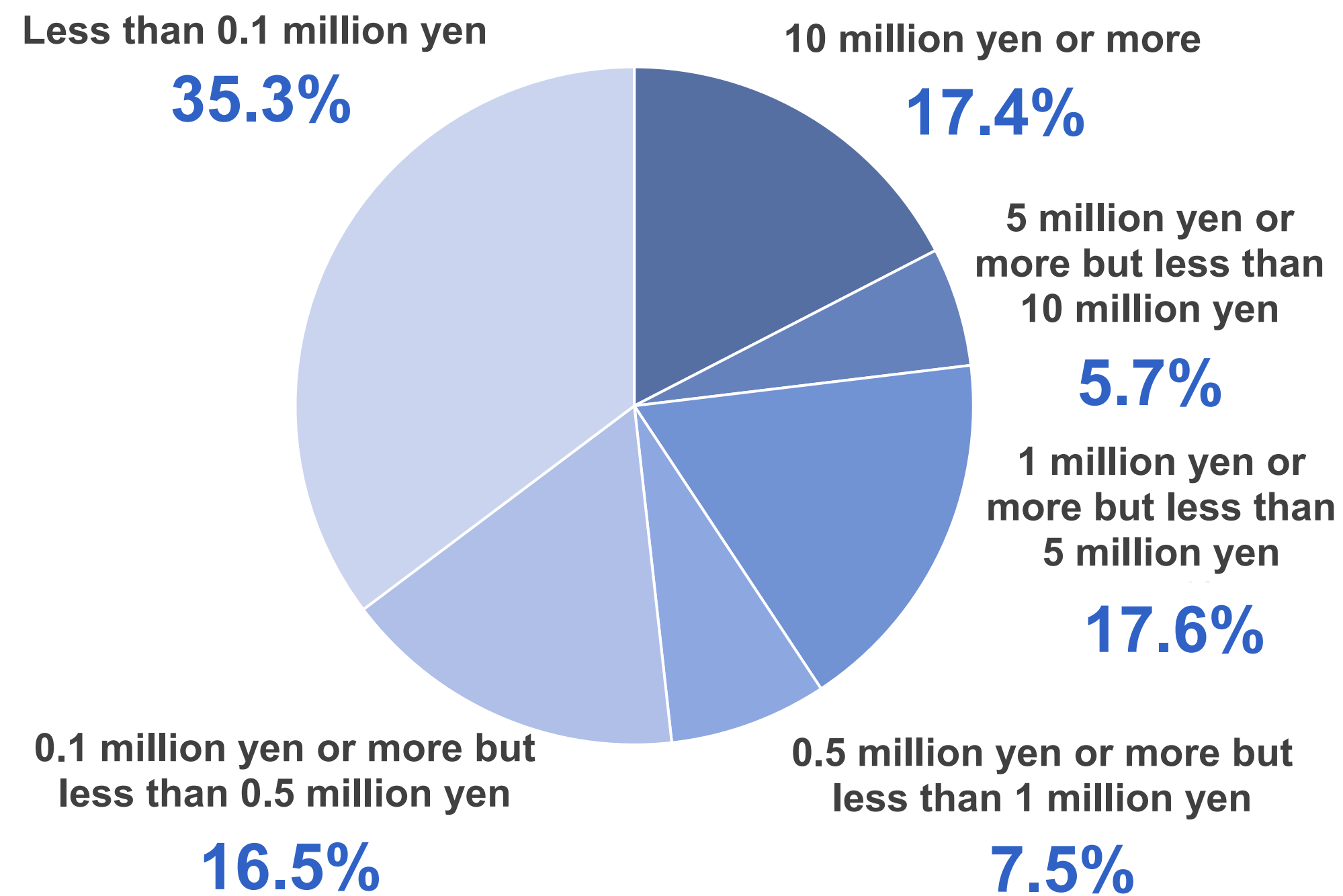|		Change (persons)
SAKURA internet	Engineers	+22
	Sales/marketing/new project planning	+19
	Administration	+3
Group companies		+23
Total		67

* 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.

SAKURA internet

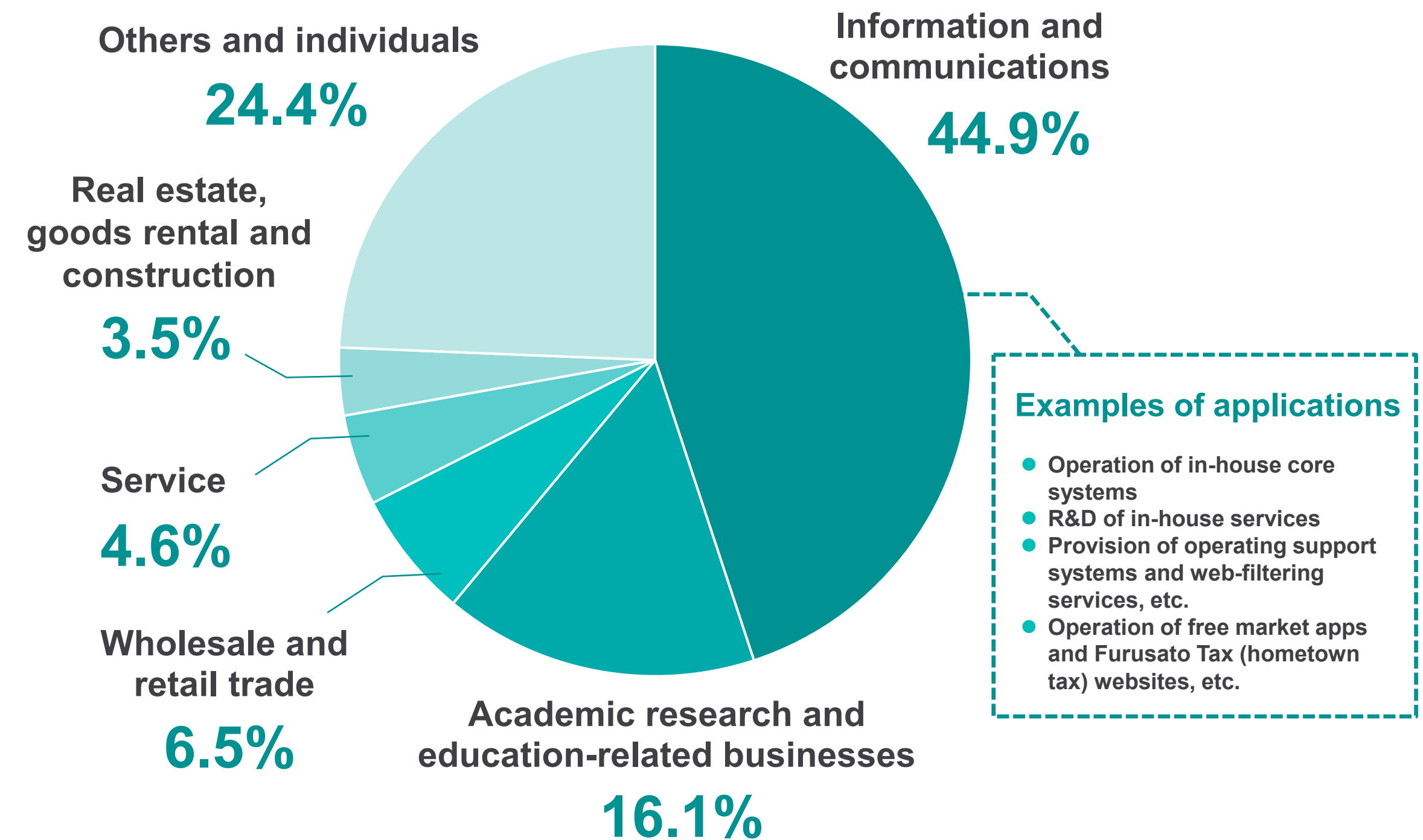## A diverse customer base in terms of sales size, industries and attributes

Breakdown by monthly fee

(Composition by sales)

Less than 0.1 million yen
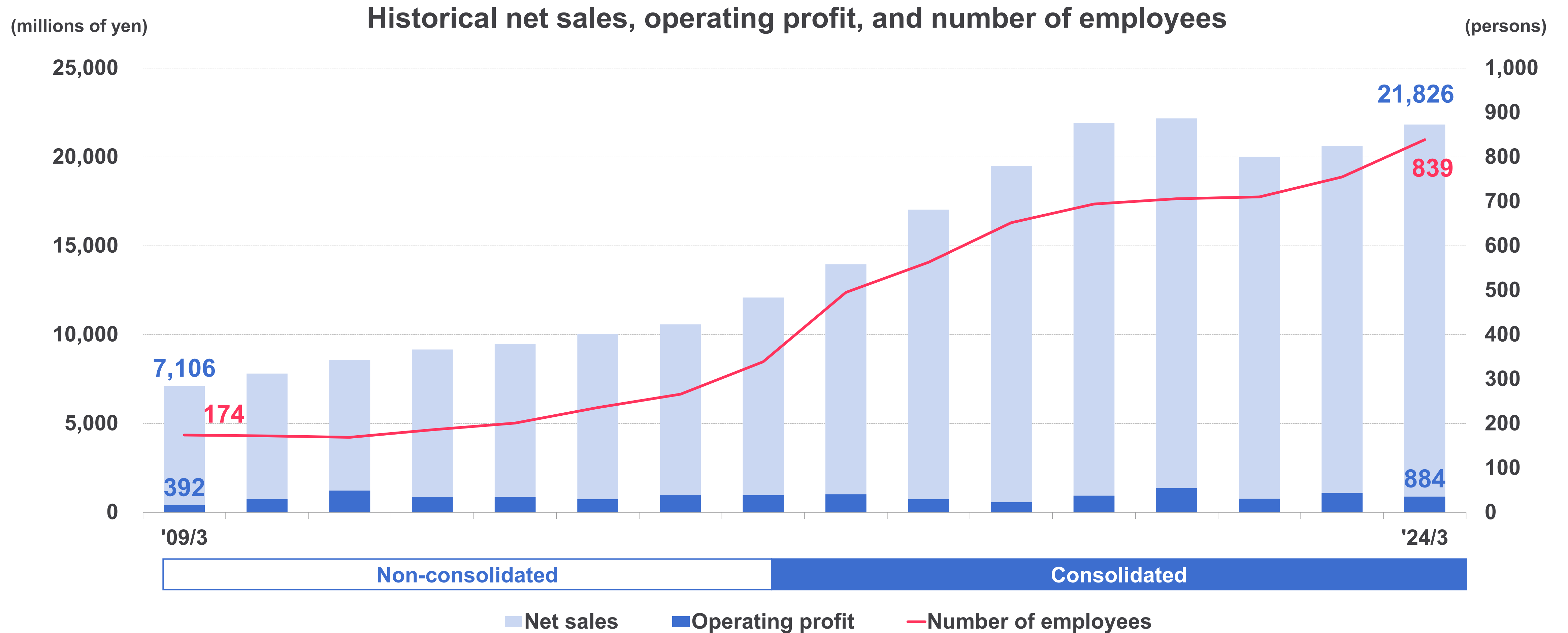**35.3%**

10 million yen or more
17.4%

5 million yen or more but less than 10 million yen
5.7%

1 million yen or more but less than 5 million yen
17.6%

0.1 million yen or more but less than 0.5 million yen
16.5%

0.5 million yen or more but less than 1 million yen
7.5%

Customer composition

(Composition by sales)

Others and individuals
24.4%

Information and communications
44.9%

Real estate, goods rental and construction
3.5%

Service
4.6%

Wholesale and retail trade
6.5%

Academic research and education-related businesses
16.1%

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 Annual Results

Historical net sales, operating profit, and number of employees

(millions of yen)

(persons)

21,826

7,106

174

839

392

884

'09/3

'24/3

Non-consolidated

Consolidated

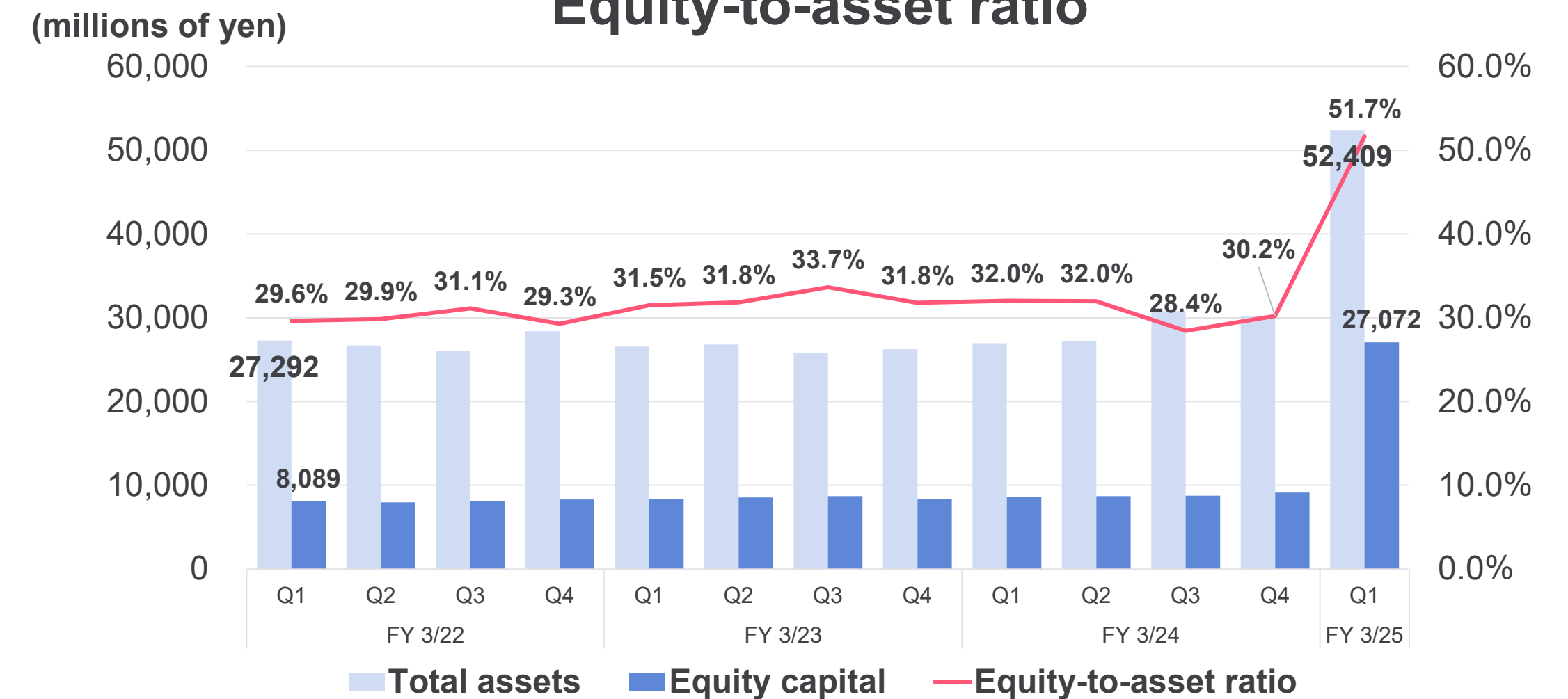■ Net sales　■ Operating profit　— Number of employees

* 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.
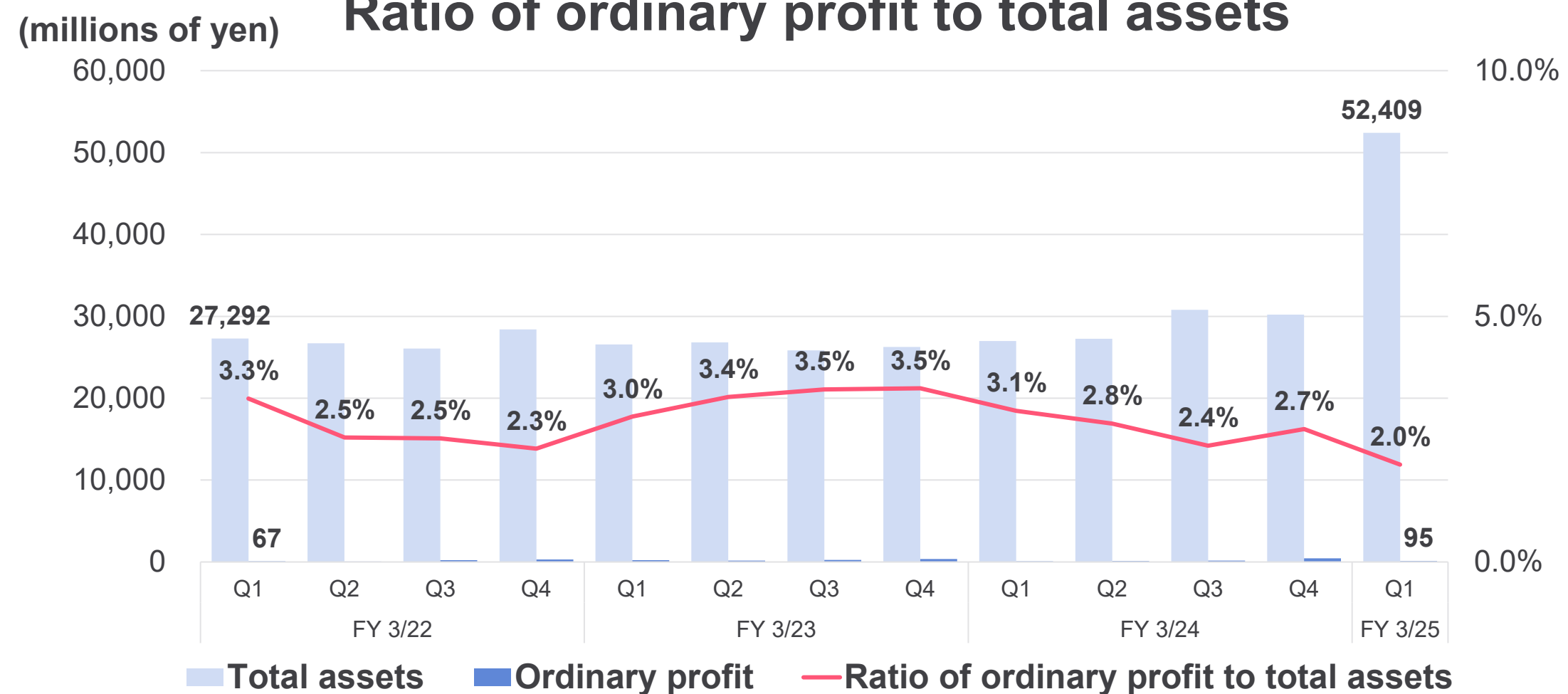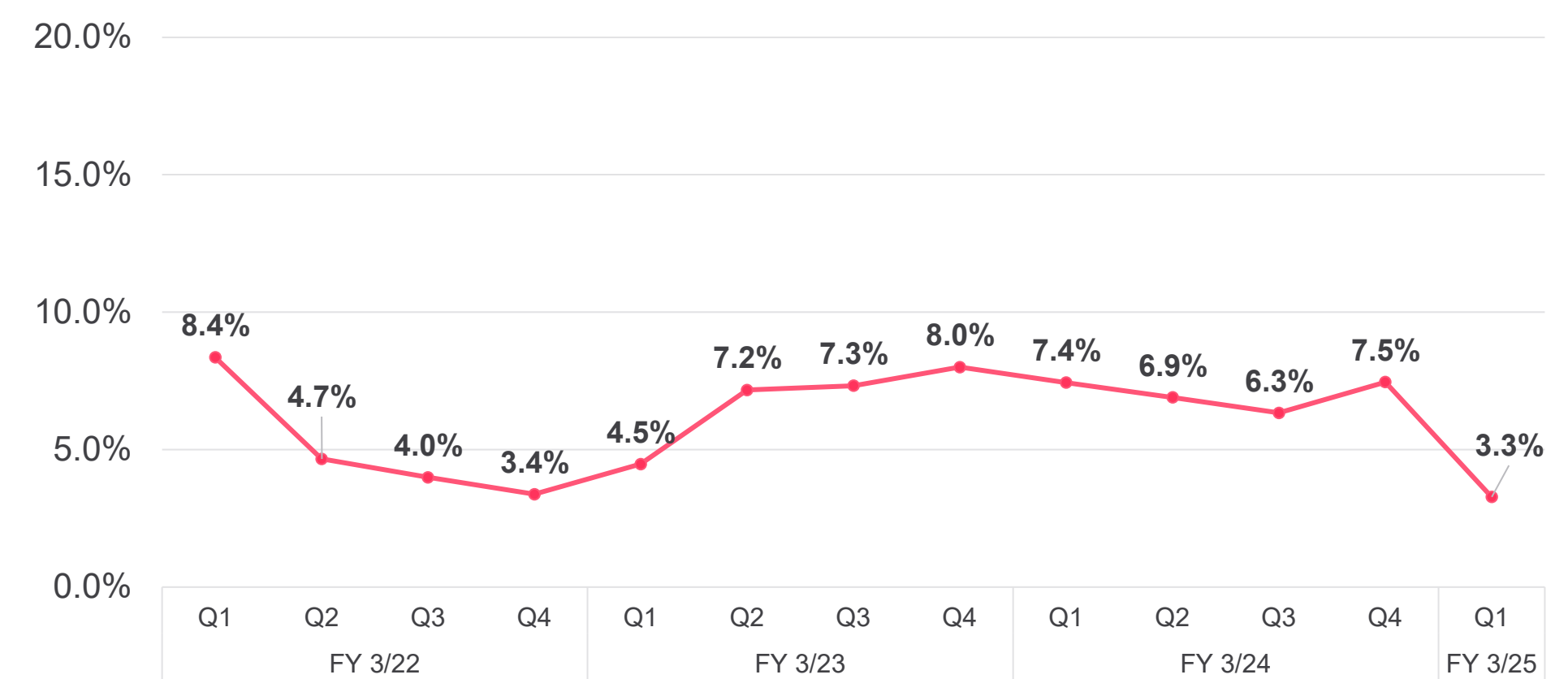
Consolidated Financial Indicators
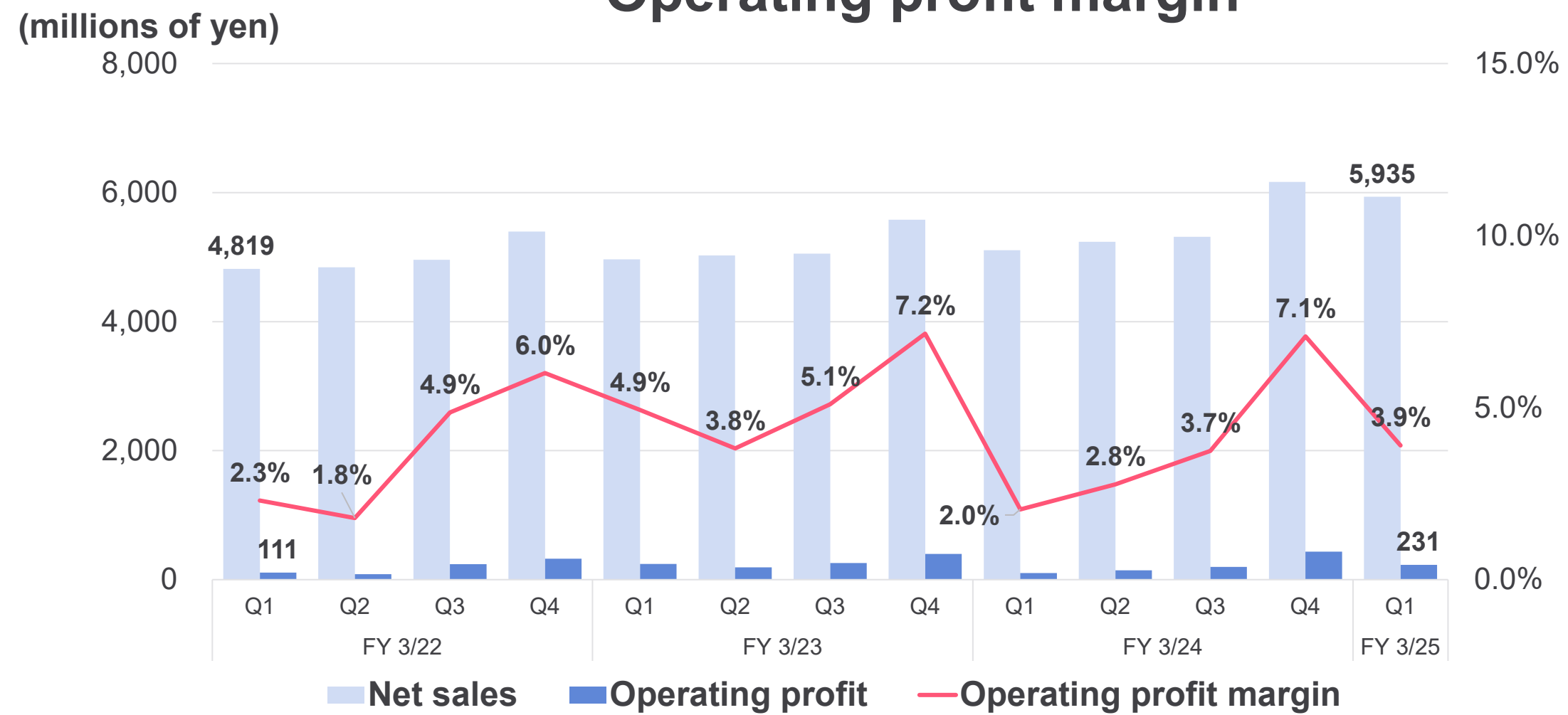
© SAKURA internet Inc. 34

Company Profile

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.

Company Profile

Trade name	SAKURA internet Inc.
Head office location	1-12-12 Umeda, 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	11,283,160,000 yen
Number of employees	906 (consolidated)

(Note：as of the end of June 2024)

SAKURA internet

■IR Contact

IR information inquiry form
https://www.sakura.ad.jp/corporate/ir/contact/
E-mail:ir@sakura.ad.jp