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July 28 2025

Summary of Financial Results for the First Quarter Ended June 30, 2025 (Consolidated)

Company name: SAKURA internet Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 3778
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 Scheduled date to commence dividend payment: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: No

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2025 (from April 1, 2025, to June 30, 2025)

(1) Consolidated operating results (YTD) (%: Changes from the corresponding period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2025	7,492	26.2	(457)	-	(438)	-	(324)	-
Three months ended June 30, 2024	5,935	16.3	231	122.0	95	30.3	41	(61.5)

Note: Comprehensive income Three months ended June 30, 2025 ¥(277) million [-%]
 Three months ended June 30, 2024 ¥16 million [(95.2%)]

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2025	(8.11)	-
Three months ended June 30, 2024	1.15	-

(2) Consolidated financial conditions

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
Three months ended June 30, 2025	81,001	29,819	36.6
Fiscal year ended March 31, 2025	81,419	30,257	36.9

Reference: Shareholders' equity Three months ended June 30, 2025 ¥29,611 million
 Fiscal year ended March 31, 2025 ¥30,055 million

2. Cash dividends

	Cash dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	-	0.00	-	4.00	4.00
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (forecast)		0.00	-	5.00	5.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated forecast for the fiscal year ending March 31, 2026 (from April 1, 2025, to March 31, 2026)

(%: Changes from the corresponding period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2025	16,000	20.6	(1,150)	-	(1,100)	-	(800)	-	(19.99)
Full year	36,500	16.2	350	(91.6)	400	(90.1)	200	(93.2)	5.00

Note: Revisions to the most recently announced dividend forecast: Yes

* Notes:

- (1) Material changes in subsidiaries during this period: None
 Newly included: - company
 Excluded: - company
- (2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations : None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates : None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

Three months ended June 30, 2025	41,890,700 shares
Fiscal year ended March 31, 2025	41,890,700 shares

(ii) Number of treasury shares at the end of the period

Three months ended June 30, 2025	1,889,158 shares
Fiscal year ended March 31, 2025	1,889,458 shares

(iii) Average number of shares of common stock during the three months

Three months ended June 30, 2025	40,001,494 shares
Three months ended June 30, 2024	36,178,376 shares

Note: The Company has introduced Stock Benefit Trust (J-ESOP). The shares of the Company's stock held by the Stock Benefit Trust are included in treasury shares which are deducted when calculating the number of treasury shares at year-end and the average number of shares during period.

* Review by a certified public accountant or auditing firm of the attached quarterly consolidated financial statements: None

* Proper use of earnings forecasts, and other special matters

1. These forward-looking statements, including forecasts, in this material are based on data currently available to management and certain assumptions that management believes are reasonable, and are not intended as a guarantee that the Company will achieve these targets. The actual results may differ materially from those projected herein depending on various factors. For the conditions underlying earnings forecasts and notes on using earnings forecasts, please refer to "(3) Explanation of consolidated earnings forecasts and other forward-looking information" in "1. Qualitative information on the quarterly financial results" on page 3 of the attached document.
2. The financial results materials were posted on the Company's website on Monday, July 28, 2025.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of operating results

During the three months ended June 30, 2025, the Japanese economy was expected to continue its gradual recovery, supported by improvements in the employment and income environment and the effects of various policies. However, the risk of economic conditions worsening has been heightening due to the impact of the U.S. trade policy. In addition, there are potential risks that could negatively impact the Japanese economy, including the effect of ongoing inflation on personal consumption due to factors such as a decline in consumer sentiment. Furthermore, greater attention must be paid to the impact of financial and capital market fluctuations, etc.

The cloud and internet infrastructure market is expected to see increased investment in the utilization of generative AI, cloud migration, and digital business amid growing momentum related to generative AI. We anticipate that investment will continue to expand, driven by growing expectations for domestic public clouds.

In these circumstances, the Group aims to support the realization of what customers “want to do” by providing the Group’s one-stop services from system integration and development to provision, maintenance, operation and customer support, etc., for cloud internet infrastructure services. With the main goal of realizing more than 480,000 successful cases for existing customers and potential customers, the Company focuses on expanding cloud services that have high growth potential in the future.

Net sales were 7,492,152 thousand yen (up 26.2% year on year), due to strong sales of GPU infrastructure services, including the contribution of GPU investment in the previous fiscal year and the current fiscal year, as well as an increase reflecting the acquisition of other services projects and the steady growth in cloud services sales.

Operating loss was 457,171 thousand yen (operating profit of 231,767 thousand yen in the same period of the previous fiscal year). While investment in human resources to strengthen efforts to develop Cloud service functions and promote sales progressed steadily, the delay in revenue growth in GPU infrastructure services, along with increases in depreciation, server maintenance expenses, data center rent, and electricity costs, resulted in the operating loss.

Ordinary loss was 438,277 thousand yen (ordinary profit of 95,208 thousand yen in the same period of the previous fiscal year) due to the recording of an operating loss and other factors.

Loss attributable to owners of parent was 324,379 thousand yen (profit attributable to owners of parent of 41,721 thousand yen in the same period of the previous fiscal year) mainly due to the posting of an ordinary loss.

Net sales by service category are as follows: Effective the first three months ended June 30, 2025, we made a partial revision to service categories, and the year-on-year comparisons have been adjusted to reflect the changes.

As part of this revision, the category name “GPU Cloud Service” has been changed to “GPU Infrastructure Service” to better reflect the nature of our business.

In addition, certain services previously included in Physical Infrastructure Services have been reclassified under GPU Infrastructure Services, while some services previously included in GPU Cloud Services have been transferred to Cloud Services.

(i) Cloud services

Net sales of cloud services were 3,698,401 thousand yen (up 9.8% year on year) mainly because SAKURA Cloud and SAKURA Web Hosting continued to perform favorably.

(ii) GPU infrastructure services

Net sales of GPU infrastructure services were 1,363,897 thousand yen (up 174.0% year on year) mainly due to sales contributions from GPU investment made in the previous fiscal year and the current fiscal year.

(iii) Physical base services

Net sales of physical base services were 802,018 thousand yen (down 2.9% year on year), mainly due to a decline in the use of the housing service and the exclusive server service.

(iv) Other services

Net sales of other services were 1,627,834 thousand yen (up 30.9% year on year) mainly due to the capturing of large-scale projects.

(2) Explanation of financial condition

Assets, liabilities and net assets at the end of the three months ended June 30, 2025, and the factors affecting them are as follows:

(i) Assets

Total assets at the end of the three months ended June 30, 2025, decreased 418,446 thousand yen (down 0.5%) from the end of the fiscal year ended March 31, 2025, to 81,001,024 thousand yen. This was mainly due to a decrease in cash and deposits resulting from the payment of trade payables and repayment of borrowings, and a decrease in accounts receivable - trade.

(ii) Liabilities

Total liabilities at the end of the three months ended June 30, 2025, grew 19,825 thousand yen (up 0.0%) from the end of the fiscal year ended March 31, 2025, to 51,181,915 thousand yen. This was mainly due to an increase in lease liabilities relating to service equipment, etc..

(iii) Net assets

Total net assets at the end of the three months ended June 30, 2025, decreased 438,272 thousand yen (down 1.4%) from the end of the fiscal year ended March 31, 2025, to 29,819,109 thousand yen. This was mainly due to a decrease in retained earnings associated with the recording of loss attributable to owners of parent.

(3) Explanation of consolidated earnings forecasts and other forward-looking information

Considering the performance trends in the first three months ended June 30, 2025, and the progress against the initial forecasts, the Company has decided to revise its consolidated earnings forecasts for both the six months ending September 30, 2025 (the second quarter cumulative period), and the full fiscal year ending March 31, 2026, due to recognizing a significant deviation from the original forecasts.

For details of revisions to the earnings forecasts, please refer to the "Notice of Revision of Earnings Forecasts" announced today.

2. Consolidated Quarterly Financial Statements and Major Notes

(1) Consolidated quarterly balance sheets

(Thousands of yen)

	Fiscal year ended March 31, 2025 (as of March 31, 2025)	Three months ended June 30, 2025 (as of June 30, 2025)
Assets		
Current assets		
Cash and deposits	29,489,223	24,254,781
Notes and accounts receivable—trade, and contract assets	7,577,863	2,838,646
Merchandise and finished goods	30,845	30,244
Work in process	33,278	18,310
Supplies	468,449	468,821
Other	4,161,356	6,105,545
Allowance for doubtful accounts	(16,423)	(18,460)
Total current assets	41,744,592	33,697,890
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,282,028	9,104,167
Tools, furniture and fixtures, net	16,456,644	14,404,453
Leased assets, net	7,727,951	11,054,526
Other, net	3,002,921	3,317,475
Total property, plant and equipment	33,469,545	37,880,622
Intangible assets		
Other	1,259,893	1,403,956
Total Intangible assets	1,259,893	1,403,956
Investments and other assets		
Other	4,950,770	8,023,827
Allowance for doubtful accounts	(5,332)	(5,272)
Total investments and other assets	4,945,438	8,018,554
Total non-current assets	39,674,878	47,303,133
Total assets	81,419,470	81,001,024

(Thousands of yen)

	Fiscal year ended March 31, 2025 (as of March 31, 2025)	Three months ended June 30, 2025 (as of June 30, 2025)
Liabilities		
Current liabilities		
Accounts payable–trade	1,675,464	607,006
Short-term borrowings	9,261,668	6,741,667
Current portion of long-term borrowings	2,649,408	2,668,380
Income taxes payable	1,511,659	68,706
Advances received	6,147,881	6,487,599
Provision for bonuses	663,426	341,739
Provision for bonuses for directors (and other officers)	53,235	—
Other	18,384,747	20,835,843
Total current liabilities	40,347,490	37,750,942
Non-current liabilities		
Long-term borrowings	3,154,471	2,542,612
Lease liabilities	6,654,972	9,857,245
Asset retirement obligations	828,955	832,576
Provision for share awards	90,515	100,543
Provision for retirement benefits for directors (and other officers)	50,638	63,441
Retirement benefit liability	30,000	30,000
Other	5,046	4,553
Total non-current liabilities	10,814,598	13,430,972
Total liabilities	51,162,089	51,181,915
Net assets		
Shareholders' equity		
Share capital	11,283,167	11,283,167
Capital surplus	10,577,023	10,577,023
Retained earnings	9,177,688	8,692,219
Treasury shares	(1,106,853)	(1,106,683)
Total shareholders' equity	29,931,026	29,445,726
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	112,597	156,575
Foreign currency translation adjustment	11,643	10,163
Deferred gains or losses on hedges	11	(858)
Total accumulated other comprehensive income	124,253	165,881
Non-controlling interests	202,102	207,501
Total net assets	30,257,381	29,819,109
Total liabilities and net assets	81,419,470	81,001,024

(2) Consolidated quarterly statement of income and consolidated quarterly statement of comprehensive income

Consolidated quarterly statement of income

Three months ended June 30, 2025

(Thousands of yen)

	Three months ended June 30, 2024 (From April 1, 2024, to June 30, 2024)	Three months ended June 30, 2025 (From April 1, 2025, to June 30, 2025)
Net sales	5,935,785	7,492,152
Cost of sales	4,236,884	5,948,216
Gross profit	1,698,900	1,543,935
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	984	1,976
Salaries and allowances	453,048	615,433
Provision for bonuses	92,941	124,814
Provision for retirement benefits for directors (and other officers)	—	12,802
Commission expenses	305,837	450,458
Other	614,321	795,621
Total selling, general and administrative expenses	1,467,133	2,001,106
Operating profit (loss)	231,767	(457,171)
Non-operating income		
Interest income	1,467	994
Share of profit of entities accounted for using equity method	—	37,234
Reversal of allowance for doubtful accounts	317	—
Subsidy income	25,292	92,321
Other	19,502	18,979
Total non-operating income	46,580	149,528
Non-operating expenses		
Share issuance costs	109,766	—
Interest expenses	53,729	108,696
Share of loss of entities accounted for using equity method	7,383	—
Other	12,260	21,938
Total non-operating expenses	183,138	130,634
Ordinary profit	95,208	(438,277)
Extraordinary income		
Gain on sale of non-current assets	34	—
National subsidies	3,709,381	6,283,839
Total extraordinary income	3,709,415	6,283,839
Extraordinary losses		
Loss on retirement of non-current assets	112	22
Loss on tax purpose reduction entry of non-current assets	3,709,381	6,283,839
Total extraordinary losses	3,709,493	6,283,862
Profit (loss) before income taxes	95,130	(438,299)
Income taxes - current	15,041	(5,140)
Income taxes - deferred	39,379	(114,178)
Total income taxes	54,421	(119,319)
Profit (loss)	40,709	(318,980)
Profit (loss) attributable to non-controlling interests	(1,011)	5,398
Profit (loss) attributable to owners of parent	41,721	(324,379)

Consolidated quarterly statement of comprehensive income
Three months ended June 30, 2025

(Thousands of yen)

	Three months ended June 30, 2024 (From April 1, 2024, to June 30, 2024)	Three months ended June 30, 2025 (From April 1, 2025, to June 30, 2025)
Profit (loss)	40,709	(318,980)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(30,201)	45,913
Deferred gains or losses on hedges	(155)	(870)
Foreign currency translation adjustment	2,296	(1,480)
Share of other comprehensive income of entities accounted for using equity method	3,729	(1,934)
Total other comprehensive income	(24,331)	41,627
Comprehensive income	16,377	(277,352)
(Breakdown)		
Comprehensive income attributable to owners of parent	17,389	(282,751)
Comprehensive income attributable to non-controlling interests	(1,011)	5,398

(3) Notes to consolidated quarterly financial statements

(Notes on the assumption of going concern)

There are no applicable matters to be reported.

(Notes on significant changes in the amount of shareholders' equity)

Three months ended June 30, 2025 (from April 1, 2025, to June 30, 2025)

There are no applicable matters to be reported.

(Notes on segment information, etc.)

[Segment information]

Information on the Group's business segments has been omitted because the Group is comprised of a single reportable segment engaged in the internet infrastructure business.

(Notes to consolidated statement of cash flows)

The Company has not prepared a quarterly consolidated statement of cash flows for the three months ended June 30, 2025. Depreciation (including amortization of intangible assets) for the three months ended June 30, 2025, are as follows.

	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)	Three months ended June 30, 2025 (From April 1, 2025 to June 30, 2025)
Depreciation	883,371 thousand yen	1,534,721 thousand yen