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April 28, 2025

Summary of Financial Results for the Fiscal Year Ended March 31, 2025 (Consolidated)

Company name: SAKURA internet Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 3778
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 Scheduled date of annual general meeting of shareholders: June 20, 2025
 Scheduled date to file annual securities report: June 16, 2025
 Scheduled date to commence dividend payment: June 23, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and securities analysts)

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

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024, to March 31, 2025)

(1) Consolidated operating results (%: Changes from the corresponding interim 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	%
Fiscal year ended March 31, 2025	31,412	43.9	4,145	368.7	4,060	431.4	2,937	350.7
Fiscal year ended March 31, 2024	21,826	5.8	884	(19.1)	764	(20.9)	651	(2.2)

Note: Comprehensive income
 Fiscal year ended March 31, 2025 ¥2,931 million [280.9%]
 Fiscal year ended March 31, 2024 ¥769 million [13.4%]

	Profit per share	Diluted profit per share	Return on equity	Ratio of ordinary profit to total assets	Operating profit margin
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	75.23	-	15.0	7.3	13.2
Fiscal year ended March 31, 2024	18.26	-	7.5	2.7	4.1

Reference: Share of profit (loss) of investments accounted for using equity method
 Fiscal year ended March 31, 2025 ¥26 million
 Fiscal year ended March 31, 2024 ¥(3) million

(2) Consolidated financial conditions

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2025	81,419	30,257	36.9	751.36
Fiscal year ended March 31, 2024	30,224	9,321	30.2	255.82

Reference: Equity capital
 Fiscal year ended March 31, 2025 ¥30,055 million
 Fiscal year ended March 31, 2024 ¥9,135 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2025	5,787	(8,323)	26,763	29,489
Fiscal year ended March 31, 2024	2,884	(2,025)	(410)	5,257

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	-	0.00	-	3.50	3.50	125	19.2	1.4
Fiscal year ended March 31, 2025	-	0.00	-	4.00	4.00	161	5.3	0.8
Fiscal year ending March 31, 2026 (forecast)	-	0.00	-	5.00	5.00		8.3	

Note: Total cash dividends include the amount of dividends on J-ESOP shares on the Company's stock.

3. Consolidated earnings forecasts 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		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2025	17,600	32.6	700	(46.0)	550	(50.1)	300	(57.8)	7.50
Full year	40,400	28.6	3,800	(8.3)	3,400	(16.3)	2,400	(18.3)	60.00

*** Notes:****(1) Material changes in the scope of consolidation during the period: Yes**

Newly included: Number of subsidiaries newly consolidated: 1
Name of subsidiaries newly consolidated: Tellus Inc.
Excluded: - company

Note: For details, please refer to "3. Consolidated Financial Statements and Major Notes (5) Notes to consolidated financial statements (Significant changes in the scope of consolidation)" on page 13 of the attached documents.

(2) 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: Yes
- (iv) Restatement: None

(3) Number of issued shares (common shares)**(i) Total number of issued shares at the end of period (including treasury shares)**

Fiscal year ended March 31, 2025	41,890,700 shares
Fiscal year ended March 31, 2024	37,620,700 shares

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

Fiscal year ended March 31, 2025	1,889,458 shares
Fiscal year ended March 31, 2024	1,911,842 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	39,046,862 shares
Fiscal year ended March 31, 2024	35,696,618 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 the period.

Reference: Overview of non-consolidated financial results

**1. Non-consolidated financial results for the fiscal year ended March 31, 2025
(from April 1, 2024, to March 31, 2025)**

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	27,129	43.1	3,377	324.5	3,255	377.1	2,403	334.2
Fiscal year ended March 31, 2024	18,953	8.3	795	(8.2)	682	(11.3)	553	2.7

	Profit per share	Diluted profit per share
	Yen	Yen
Fiscal year ended March 31, 2025	61.56	-
Fiscal year ended March 31, 2024	15.51	-

(2) Non-consolidated financial condition

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2025	73,167	28,713	39.2	717.82
Fiscal year ended March 31, 2024	27,332	8,379	30.7	234.66

Reference:	Equity capital	Fiscal year ended March 31, 2025	¥28,713 million
		Fiscal year ended March 31, 2024	¥8,379 million

* Financial results reports are exempt from audits conducted by certified public accountants or an audit corporation.

* 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 “(4) Outlook for the future” in “1. Overview of operating results for the fiscal year ended March 31, 2025” on page 4 of the attached document.
2. The Company plans to hold a financial results briefing for institutional investors and securities analysts on Monday, April 28, 2025. The details and audio recording, accompanying the financial results materials used at the meeting, will be posted on the Company’s website immediately after the event.

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1. Overview of operating results

(1) Overview of operating results for the fiscal year ended March 31, 2025

During the fiscal year ended March 31, 2025, the Japanese economy is expected to continue its gradual recovery, supported by improvements in the employment and income environment and the effects of various government policies. However, there are potential risks that could negatively impact the Japanese economy, including the impact of ongoing inflation on personal consumption due to factors such as a decline in consumer sentiment, and the implications of U.S. policy trends, particularly in trade policy. In addition, careful 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 (hereinafter referred to as "Generative AI"), cloud migration, and digital business amid growing momentum related to Generative AI. We anticipate that the market in which our group operates 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, and provision, maintenance, operation and customer support, etc., of cloud internet infrastructure services. With the main goal of realizing the success of more than 480,000 existing customers and potential customers, the Company focuses on expanding cloud services that have high growth potential in the future.

Net sales were 31,412,382 thousand yen (up 43.9% year on year), mainly due to the following factors: the recording of sales of GPU cloud services, which were offered starting in January 2024; strong acquisition of businesses within the group companies; and steady growth in cloud services sales.

Operating profit grew to 4,145,586 thousand yen (up 368.7% year on year) due to the increase in net sales, despite an increase in expenses mainly due to aggressive investments for further enhancing the functional development of cloud services and recruiting human resources and marketing, etc., to promote sales.

Ordinary profit was 4,060,431 thousand yen (up 431.4% year on year) due to increased operating profit, despite the recording of share issuance costs associated with the issuance of new shares through public offering.

Profit attributable to owners of parent was 2,937,459 thousand yen (up 350.7% year on year) mainly due to increased ordinary profit.

Net sales by service category are as follows: GPU cloud services which were launched in January 2024 have been added as a service category, starting from the first quarter ended June 30, 2024.

(i) Cloud services

Net sales of cloud services were 14,006,941 thousand yen (up 9.7% year on year) mainly because SAKURA's Cloud and SAKURA Web Hosting continued to perform favorably.

(ii) GPU cloud services

With regard to GPU cloud services, the Company fully launched Koukaryoku PHY service in June 2024 following the partial launch in January 2024. As a result, net sales of GPU cloud services were 6,344,571 thousand yen (up 3,054.8% year on year).

(iii) Physical base services

Net sales of physical base services were 3,721,757 thousand yen (up 3.7% year on year), mainly due to an increase in the use of the exclusive server service.

(iv) Other services

Net sales of other services were 7,339,112 thousand yen (up 39.5% year on year) mainly due to an increase in sales of Group companies.

(2) Overview of financial condition for the fiscal year ended March 31, 2025

Assets, liabilities and net assets at the end of the fiscal year ended March 31, 2025, and the factors affecting them are as follows:

(i) Assets

Total assets at the end of the fiscal year ended March 31, 2025, increased 51,195,023 thousand yen (up 169.4% year on year) to 81,419,470 thousand yen. This was mainly due to an increase in cash and deposits resulting from the issuance of new shares through public offering, and an increase in property, plant and equipment as a result of procuring service equipment for GPU cloud services, etc.

(ii) Liabilities

The balance of total liabilities at the end of the fiscal year ended March 31, 2025, grew 30,258,851 thousand yen (up 144.8% year on year) to 51,162,089 thousand yen. This was mainly due to an increase in borrowings related to service equipment, etc., and accounts payable - facilities.

(iii) Net assets

The balance of net assets at the end of the fiscal year ended March 31, 2025, grew 20,936,172 thousand yen (up 224.6% year on year) to 30,257,381 thousand yen. This was mainly due to increases in share capital and capital surplus resulting from the issuance of new shares through a public offering.

(3) Overview of cash flows for the fiscal year ended March 31, 2025

Cash and cash equivalents at the end of the fiscal year ended March 31, 2025, increased 24,231,417 thousand yen (up 460.9% year on year) to 29,489,223 thousand yen.

Consolidated cash flows by activities and factors affecting cash flows are as follows:

(i) Cash flows from operating activities

Cash flows from operating activities in the fiscal year ended March 31, 2025, increased 2,903,430 thousand yen (up 100.7% year on year) to 5,787,563 thousand yen. This was mainly due to an increase in profit before income taxes and depreciation.

(ii) Cash flows from investing activities

Cash flows from investing activities in the fiscal year ended March 31, 2025, increased 6,297,474 thousand yen (up 310.9% year on year) to 8,323,113 thousand yen. This was mainly due to an increase in purchases of property, plant and equipment including service equipment for GPU cloud services, etc.

(iii) Cash flows from financing activities

Cash flows from financing activities in the fiscal year ended March 31, 2025, increased 27,174,244 thousand yen (compared with a net cash outflow of 410,590 thousand yen in the previous fiscal year) to 26,763,654 thousand yen. This was primarily due to proceeds from issuance of shares, investments in equipment for GPU Cloud services, and borrowings for large projects by the Group companies.

(4) Outlook for the future

As digitalization accelerates sharply across society, the importance of digital infrastructure, such as data centers and networks, is increasing rapidly. In addition, as non-internet companies increasingly generate profits through digital means, there is an increased demand for domestically produced public clouds from an economic security perspective. Concurrently, the development of generative AI is driving up demand for advanced computational resources such as GPUs.

In this expansionary phase of the generative AI infrastructure market and domestically produced public clouds, our group will concentrate its management resources on our core businesses to strengthen and grow operations. We will also promote the acquisition of human resources aligned with our strategy, as well as the growth and active participation of our employees, to achieve ES and CS. We aim to become a leading digital infrastructure company by providing secure and reliable digital infrastructure through "self-reliance × domestically produced clouds." In light of the anticipated intensification of competition in the generative AI infrastructure market, we will continue to make substantial investments in GPU infrastructure to establish a de facto standard position. Furthermore, we are committed to prioritizing the recruitment of highly skilled human resources to drive service enhancements and strategic market expansion. These efforts are aimed at meeting the stringent requirements for formal government cloud certification by the end of March 2026, and at expanding our future public cloud market share. And we will also expand our partner network to support our sales expansion efforts.

For the fiscal year ending March 2026, we expect sales growth to be driven by the expansion of GPU cloud services and other cloud services. However, to ensure we do not miss opportunities for significant growth in the coming fiscal years and beyond, we will proactively invest in both human and physical resources. As a result, we are projecting the following consolidated performance: net sales of 40,400,000 thousand yen, operating profit of 3,800,000 thousand yen, ordinary profit of 3,400,000 thousand yen, and profit attributable to owners of parent of 2,400,000 thousand yen.

2. Basic view on the selection of appropriate accounting standard

The Group plans to adopt J-GAAP for the time being in light of its business operations in Japan and the trend of adoption of IFRS among peer companies.

The Group will consider adopting IFRS appropriately, taking into account various situations in and outside Japan.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheets

	(Thousands of yen)	
	Fiscal year ended March 31, 2024 (as of March 31, 2024)	Fiscal year ended March 31, 2025 (as of March 31, 2025)
Assets		
Current assets		
Cash and deposits	5,257,805	29,489,223
Notes and accounts receivable–trade, and contract assets	3,241,165	7,577,863
Merchandise and finished goods	16,747	30,845
Work in process	-	33,278
Supplies	508,314	468,449
Other	1,564,390	4,161,356
Allowance for doubtful accounts	(14,223)	(16,423)
Total current assets	10,574,200	41,744,592
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,369,459	6,282,028
Tools, furniture and fixtures, net	2,764,895	16,456,644
Land	644,731	644,731
Leased assets, net	6,841,909	7,727,951
Construction in progress	35,698	2,358,189
Total property, plant and equipment	16,656,693	33,469,545
Intangible assets		
Other	505,262	1,259,893
Total intangible assets	505,262	1,259,893
Investments and other assets		
Investment securities	705,099	682,270
Deferred tax assets	389,653	846,556
Other	1,399,022	3,421,943
Allowance for doubtful accounts	(5,484)	(5,332)
Total investments and other assets	2,488,291	4,945,438
Total non-current assets	19,650,247	39,674,878
Total assets	30,224,447	81,419,470

SAKURA internet Inc. (3778) Financial Results for Fiscal Year Ended March 31, 2025

	(Thousands of yen)	
	Fiscal year ended March 31, 2024 (as of March 31, 2024)	Fiscal year ended March 31, 2025 (as of March 31, 2025)
Liabilities		
Current liabilities		
Accounts payable–trade	628,323	1,675,464
Accounts payable - facilities	288,329	8,920,873
Short-term borrowings	417,668	9,261,668
Current portion of long-term borrowings	740,210	2,649,408
Lease liabilities	1,686,876	1,928,797
Income taxes payable	204,779	1,511,659
Advances received	4,984,218	6,147,881
Provision for bonuses	451,171	663,426
Provision for bonuses for directors (and other officers)	4,500	53,235
Suspense receipt	74,511	4,538,451
Other	1,117,777	2,996,624
Total current liabilities	10,598,366	40,347,490
Non-current liabilities		
Long-term borrowings	3,617,408	3,154,471
Lease liabilities	5,935,858	6,654,972
Asset retirement obligations	683,136	828,955
Provision for share awards	59,329	90,515
Provision for retirement benefits for directors (and other officers)	-	50,638
Other	9,139	35,046
Total non-current liabilities	10,304,872	10,814,598
Total liabilities	20,903,238	51,162,089
Net assets		
Shareholders' equity		
Share capital	2,256,921	11,283,167
Capital surplus	1,478,896	10,577,023
Retained earnings	6,372,974	9,177,688
Treasury shares	(1,119,643)	(1,106,853)
Total shareholders' equity	8,989,147	29,931,026
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	133,781	112,597
Foreign currency translation adjustment	11,890	11,643
Deferred gains or losses on hedges	183	11
Total accumulated other comprehensive income	145,855	124,253
Non-controlling interests	186,206	202,102
Total net assets	9,321,209	30,257,381
Total liabilities and net assets	30,224,447	81,419,470

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

	(Thousands of yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Net sales	21,826,794	31,412,382
Cost of sales	16,091,000	20,182,104
Gross profit	5,735,793	11,230,278
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	1,084	2,769
Salaries and allowances	1,555,223	2,182,757
Provision for bonuses	163,745	290,268
Provision for bonuses for directors (and other officers)	4,500	53,235
Provision for retirement benefits for directors (and other officers)	-	50,638
Commission expenses	1,051,952	1,456,992
Rent expenses on land and buildings	212,579	286,390
Other	1,862,199	2,761,640
Total selling, general and administrative expenses	4,851,285	7,084,692
Operating profit	884,507	4,145,586
Non-operating income		
Interest income	133	17,294
Dividend income	5,040	4,320
Share of profit of entities accounted for using equity method	-	26,213
Reversal of allowance for doubtful accounts	262	546
Outsourcing service income	13,348	29,583
Secondment income	15,400	6,952
Subsidy income	16,438	160,779
Compensation income	62,216	-
Other	25,861	51,294
Total non-operating income	138,701	296,983
Non-operating expenses		
Interest expenses	173,679	255,562
Share of loss of entities accounted for using equity method	3,247	-
Share issuance costs	1,459	109,528
Commission expenses	43,295	7,373
Other	37,447	9,673
Total non-operating expenses	259,129	382,137
Ordinary profit	764,080	4,060,431
Extraordinary income		
Gain on sale of non-current assets	5,868	806
Gain on sale of investment securities	61,318	-
Income by government subsidies	1,624,819	6,119,744
Total extraordinary income	1,692,005	6,120,550
Extraordinary losses		
Loss on retirement of non-current assets	1,483	52,012
Loss on tax purpose reduction entry of non-current assets	1,624,819	6,119,744
Loss on valuation of investment securities	-	29,999
Other	114	-
Total extraordinary losses	1,626,416	6,201,757
Profit before income taxes	829,668	3,979,224
Income taxes - current	271,588	1,475,484
Income taxes - deferred	(77,152)	(449,615)
Total income taxes	194,436	1,025,869
Profit	635,232	2,953,355
Profit (loss) attributable to non-controlling interests	(16,484)	15,895
Profit attributable to owners of parent	651,716	2,937,459

Consolidated statement of comprehensive income

	(Thousands of yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Profit	635,232	2,953,355
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	122,186	(20,454)
Foreign currency translation adjustment	4,865	(246)
Deferred gains or losses on hedges	358	(171)
Share of other comprehensive income of entities accounted for using equity method	6,961	(729)
Total other comprehensive income	134,373	(21,601)
Comprehensive income	769,605	2,931,753
(Breakdown)		
Comprehensive income attributable to owners of parent	786,089	2,915,857
Comprehensive income attributable to non-controlling interests	(16,484)	15,895

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,256,921	1,378,747	5,847,035	(1,145,475)	8,337,228
Changes during period					
Issuance of new shares					-
Dividends of surplus			(125,777)		(125,777)
Change in scope of consolidation					-
Profit attributable to owners of parent			651,716		651,716
Purchase of treasury Shares				(1,383)	(1,383)
Disposal of treasury Shares		36,369		27,214	63,584
Change in ownership Interest of parent due to transactions with non-controlling interests		63,779			63,779
Net changes in items other than shareholders' equity					
Total changes during period	-	100,148	525,938	25,831	651,918
Balance at end of period	2,256,921	1,478,896	6,372,974	(1,119,643)	8,989,147

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	4,632	7,024	(175)	11,482	137,428	8,486,139
Changes during period						
Issuance of new shares						-
Dividends of surplus						(125,777)
Change in scope of consolidation						-
Profit attributable to owners of parent						651,716
Purchase of treasury Shares						(1,383)
Disposal of treasury Shares						63,584
Change in ownership Interest of parent due to transactions with non-controlling interests						63,779
Net changes in items other than shareholders' equity	129,148	4,865	358	134,373	48,778	183,151
Total changes during period	129,148	4,865	358	134,373	48,778	835,070
Balance at end of period	133,781	11,890	183	145,855	186,206	9,321,209

SAKURA internet Inc. (3778) Financial Results for Fiscal Year Ended March 31, 2025

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,256,921	1,478,896	6,372,974	(1,119,643)	8,989,147
Changes during period					
Issuance of new shares	9,026,246	9,026,246			18,052,492
Dividends of surplus			(125,939)		(125,939)
Change in scope of consolidation			(6,806)		(6,806)
Profit attributable to owners of parent			2,937,459		2,937,459
Purchase of treasury Shares				(317)	(317)
Disposal of treasury Shares		71,881		13,108	84,989-
Change in ownership Interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	9,026,246	9,098,127	2,804,714	12,790	20,941,878
Balance at end of period	11,283,167	10,577,023	6,372,974	(1,119)	29,931,026

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	133,781	11,890	183	145,855	186,206	9,321,209
Changes during period						
Issuance of new shares						18,052,492
Dividends of surplus						(125,939)
Change in scope of consolidation						(6,806)
Profit attributable to owners of parent						2,937,459
Purchase of treasury Shares						(317)
Disposal of treasury Shares						84,989
Change in ownership Interest of parent due to transactions with non-controlling interests						-
Net changes in items other than shareholders' equity	(21,183)	(246)	(171)	(21,601)	15,895	(5,706)
Total changes during period	(21,183)	(246)	(171)	(21,601)	15,895	20,936,172
Balance at end of period	,112,597	11,643	11	124,253	202,102	30,257,381

(4) Consolidated statement of cash flows

	(Thousands of yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Cash flows from operating activities		
Profit before income taxes	829,668	3,979,224
Depreciation	3,135,503	4,768,734
Amortization of goodwill	2,919	-
Increase (decrease) in allowance for doubtful accounts	437	2,048
Increase (decrease) in provision for bonuses	60,376	212,255
Increase (decrease) in provision for bonuses for directors (and other officers)	(2,250)	(48,735)
Increase (decrease) in provision for share awards	30,662	31,186
Increase (decrease) in provision for retirement benefits for directors (and other officers)	-	50,638
Interest and dividend income	(5,173)	(21,614)
Interest expenses	173,679	255,562
Share issuance costs	1,459	109,528
Loss (gain) on investments in investment partnerships	4,287	12,414
Loss on retirement of non-current assets	1,483	128
Income by government subsidies	(1,624,819)	(3,709,381)
Loss on tax purpose reduction entry of non-current assets	1,624,819	3,709,381
Loss (gain) on sale of non-current assets	(5,868)	(34)
Loss (gain) on sale of investment securities	(61,318)	-
Loss (gain) on valuation of investment securities	-	29,999
Decrease (increase) in consumption taxes refund receivable	(356,745)	(1,274,235)
Increase (decrease) in accrued consumption taxes	(131,375)	(8,226)
Decrease (increase) in trade receivables	(848,745)	(4,336,737)
Increase (decrease) in advances received	114,746	1,109,342
Decrease (increase) in inventories	8,167	(41,905)
Increase (decrease) in trade payables	(288,711)	1,047,140
Other	694,696	332,101
Subtotal	3,357,899	6,330,240
Interest and dividends received	5,084	21,078
Interest paid	(173,507)	(259,091)
Income taxes refund (paid)	(305,342)	(304,663)
Cash flows from operating activities	2,884,133	5,787,563
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,481,799)	(17,657,769)
Purchase of intangible assets	(136,977)	(895,994)
Income from national subsidies, etc.	1,634,371	10,299,156
Purchase of investment securities	(21,000)	(11,000)
Payments of leasehold and guarantee deposits	(94,597)	(64,921)
Proceeds from refund of leasehold and guarantee deposits	-	201
Other	74,364	7,214
Cash flows from investing activities	(2,025,638)	(8,323,113)

SAKURA internet Inc. (3778) Financial Results for Fiscal Year Ended March 31, 2025

	(Thousands of yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,053,000	20,067,000
Repayments of short-term borrowings	(955,332)	(11,233,000)
Proceeds from long-term borrowings	1,664,000	5,725,000
Repayments of long-term borrowings	(817,818)	(4,278,739)
Proceeds from issuance of shares	-	17,942,964
Proceeds from share issuance to non-controlling shareholders	129,041	-
Repayments of lease liabilities	(1,566,762)	(1,836,513)
Proceeds from sale and leaseback transactions	217,272	512,228
Repayments of installment payables	(7,750)	(21,232)
Purchase of treasury shares	(1,383)	(317)
Dividends paid	(125,621)	(124,699)
Other	763	963
Cash flows from financing activities	(410,590)	26,763,654
Effect of exchange rate change on cash and cash equivalents	(726)	(2,017)
Net increase (decrease) in cash and cash equivalents	447,177	24,226,087
Cash and cash equivalents at beginning of period	4,810,628	5,257,805
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	5,329
Cash and cash equivalents at end of period	5,257,805	29,489,223

(5) Notes to Consolidated Financial Statements

(Notes on the assumption of going concern)

There are no applicable matters to be reported.

(Material particulars that serve as the basis for preparation of consolidated financial statements)

1. Particulars concerning the scope of consolidation

(1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries 7

Name of consolidated subsidiaries

Gehirn Inc.

SAKURA Mobile Limited

ITM Inc.

BitStar Inc.

Prunus-Solutions Inc.

IzumoBASE Inc.

Tellus Inc.

(2) Name of non-consolidated subsidiaries

There are no applicable matters to be reported.

2. Particulars concerning the application of the equity method

(1) Number of affiliates accounted for using equity method 1

Name of companies

BBSakura Networks, Inc.

(2) Name of major companies, etc., which are excluded from application of the equity method

Limited Liability Partnership Fukuoka City Startup Support Facility Management Committee

Reason for the exclusion from application of the equity method

The affiliates, etc., that are excluded from the application of the equity method have no material impact on the consolidated financial statements in terms of net profit (loss) and retained earnings (the amounts corresponding to the Company's equity interest, respectively) even if they are excluded from the application of the equity method, and lack overall materiality.

3. Particulars concerning the business year, etc., of consolidated subsidiaries

The closing date of SAKURA Mobile Limited's accounts is December 31.

The financial statements based on the provisional settlement of accounts, carried out on the consolidated closing date, are used.

The closing dates of other consolidated subsidiaries are the same as the consolidated closing date.

(Changes in accounting estimates)

During the current consolidated fiscal year, we revised our estimates related to asset retirement obligations previously recognized under real estate lease agreements. This revision was made in light of newly obtained information regarding the restoration costs required upon vacating leased properties.

As a result of this change in estimates, the total amount of asset retirement obligations increased by ¥143,640 thousand, reflecting factors such as construction costs and inflation, and has been added to the previous balance. Compared to the previous method, this change decreased operating income, ordinary income, and income before income taxes for the current consolidated fiscal year by ¥82,793 thousand, respectively.

(Additional Information)

(Significant capital investment)

At a meeting of the Board of Directors held on March 21, 2025, the Company resolved to make additional investments in the Ishikari Data Center.

1. Purpose of capital investment

The Company has decided to construct and expand Building No. 3, Zone C and Zone D at the Ishikari Data Center. This will ensure strategic capacity for the sustainable growth of cloud services and prepare for potential large-scale demand in the future.

The Company has decided to leverage a lease as a financing strategy for this investment.

2. Details of capital investment

(1) Ishikari Data Center, Building 3, Zone C

- (i) Address Ishikari City, Hokkaido
- (ii) Purpose of use Server room interior, electrical and HVAC systems, etc.
- (iii) Planned investment amount: About 2.5 billion yen

(2) Ishikari Data Center, Building 3, Zone D

- (i) Address Ishikari City, Hokkaido
- (ii) Purpose of use Server room interior, electrical and HVAC systems, etc.
- (iii) Planned investment amount: About 2.5 billion yen

(3) Ishikari Data Center, Building 2 Generator

- (i) Address Ishikari City, Hokkaido
- (ii) Purpose of use Generator, etc.
- (iii) Planned investment amount: About 300 million yen

3. Month of facility introduction

(1) Ishikari Data Center, Building 3, Zone C

- (i) Month of construction start Scheduled for August 2025
- (ii) Month of completion Scheduled for July 2026

(2) Ishikari Data Center, Building 3, Zone D

- (i) Month of construction start Scheduled for November 2025
- (ii) Month of completion Scheduled for October 2026

(3) Ishikari Data Center, Building 2 Generator

- (i) Month of construction start Scheduled for November 2026
- (ii) Month of completion Scheduled for March 2027

(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.

(Per share information)

	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Net assets per share	255.82 yen	751.36 yen
Profit per share	18.26 yen	75.23 yen

Note: 1. Diluted profit per share has been omitted because there are no diluted shares.

2. The basis for calculating profit per share is as follows:

3. In the number of treasury shares that are deducted when calculating the number of treasury shares at year end and the average number of shares during the period which constitute the basis for calculating net assets per share and profit per share for the fiscal year ended March 31, 2025, the shares of the Company's stock held by the Trust (271,200 shares as of the end of the fiscal year ended March 31, 2025, and the average number of shares during the same period of 272,573 shares) are included.

	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Profit attributable to owners of parent (thousand yen)	651,716	2,937,459
Amount not attributable to common shareholders (thousand yen)	-	-
Profit attributable to owners of parent of common stock (thousand yen)	651,716	2,937,459
Average number of shares of common stock during the period (shares)	35,696,618	39,046,862

(Significant subsequent events)

There are no applicable matters to be reported.