July 28, 2026

Summary of Financial Results for the First Quarter Ended June 30, 2026 (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 the nearest million, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

(1) Consolidated operating results (YTD) (%: Change 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, 2026	11,134	48.6	1,230	-	1,258	-	855	-
Three months ended June 30, 2025	7,492	26.2	(457)	-	(438)	-	(324)	-

Note: Comprehensive income
Three months ended June 30, 2026 ¥861 million [-%]
Three months ended June 30, 2025 ¥(277) million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2026	21.38	-
Three months ended June 30, 2025	(8.11)	-

(2) Consolidated financial conditions

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
Three months ended June 30, 2026	87,546	30,989	35.1
Fiscal year ended March 31, 2026	82,451	30,329	36.5

Reference: Equity capital
Three months ended June 30, 2026 ¥30,759 million
Fiscal year ended March 31, 2026 ¥30,101 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	-	0.00	-	5.00	5.00
Fiscal year ending March 31, 2027	-				
Fiscal year ending March 31, 2027 (forecast)		0.00	-	5.50	5.50

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2026	22,500	43.9	2,200	-	2,200	-	1,400	-	34.97
Full year	45,500	28.9	2,500	-	2,300	-	1,500	594.4	37.46

Note: Revisions to the most recently announced earnings forecasts: Yes

* **Notes:**

(1) Material changes in the scope of consolidation during the period: None

Newly included: - Number of companies (company name) —
Excluded: - Number of companies (company name) —

(2) Application of accounting methods specific to the preparation of consolidated quarterly 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, 2026	41,890,700 shares
Fiscal year ended March 31, 2026	41,890,700 shares

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

Three months ended June 30, 2026	1,865,152 shares
Fiscal year ended March 31, 2026	1,866,039 shares

(iii) Average number of shares of common stock during the period

Three months ended June 30, 2026	40,025,235 shares
Three months ended June 30, 2025	40,001,494 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.

* Review by a certified public accountant or auditing firm of the attached consolidated quarterly 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 Quarterly Financial Results" on page 3 of the attached document.
2. The financial results materials were posted on our website on Tuesday, July 28, 2026.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of operating results

During the three months ended June 30, 2026, the Japanese economy was on a gradual recovery trend, supported by improvements in the employment and income environment and the effects of various policies. However, the economic outlook remained uncertain due to factors including the impact of rising prices on consumer spending, fluctuations in U.S. trade policies and exchange rates, geopolitical risks stemming from instability in international situations, and the trends in resource and energy prices.

In our industry, while attention should continue to be paid to rising raw material prices and labor costs, demand for generative AI and cloud services continued to expand steadily. The Group’s core cloud and Internet infrastructure market is expected to continue growing, driven by legacy system modernization and the broader adoption of AI. In addition, investment in generative AI is expected to increase further, and the market is expected to continue expanding.

In these circumstances, the Group aims to support customers in achieving their goals by providing one-stop services for cloud and internet infrastructure within the Group, covering system integration, development, service provision, maintenance, operation, and customer support. In addition to its broad existing customer base, the Company is working to acquire new customers, driven by factors such as its official selection for the Government Cloud and the expansion of Generative AI services. Going forward, the Company will continue to focus on achieving customer success for both existing and new customers, while promoting the expansion of cloud services, which are expected to deliver high growth.

Net sales totaled 11,134,597 thousand yen (up 48.6% YoY), marking a record high for the first quarter, primarily driven by the strong performance of GPU infrastructure services, supported by the high utilization of NVIDIA H200/B200 GPUs added in the previous fiscal year as well as existing H100 GPUs.

Operating profit was 1,230,678 thousand yen (compared with an operating loss of 457,171 thousand yen in the same period of the previous fiscal year), as the increase in net sales more than offset the increase in costs associated with proactive investments in GPUs and human resources.

Ordinary profit was 1,258,064 thousand yen (an ordinary loss of 438,277 thousand yen in the same period of the previous fiscal year) mainly due to the increase in operating profit.

Profit attributable to owners of parent was 855,926 thousand yen (a loss attributable to owners of parent of 324,379 thousand yen in the same period of the previous fiscal year) mainly due to the increase in ordinary profit.

Net sales by service category are as follows:

(i) Cloud services

Net sales of cloud services were 3,975,030 thousand yen (up 7.5% YoY) mainly due to the steady growth of SAKURA Cloud.

(ii) GPU infrastructure services

Net sales of GPU infrastructure services were 4,718,088 thousand yen (up 245.9% YoY) due to sales contributions from high utilization of NVIDIA H200/B200 GPUs, in which additional investments were made in the previous fiscal year, as well as existing H100 GPUs.

(iii) Physical base services

Net sales of physical base services were 708,578 thousand yen (down 11.7% YoY), 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 1,732,900 thousand yen (up 6.4% YoY) mainly due to the securing of a large-scale project at a group company.

(2) Explanation of financial condition

Assets, liabilities and net assets at the end of the three months ended June 30, 2026, and the factors affecting them are as follows:

(i) Assets

Total assets at the end of the three months ended June 30, 2026, increased 5,095,050 thousand yen (up 6.2%) from the end of the fiscal year ended March 31, 2026, to 87,546,127 thousand yen. This was mainly due to an increase in property, plant and equipment, which was attributed to infrastructure enhancements at the Ishikari Data Center, and an increase in cash and deposits to cover these payments.

(ii) Liabilities

Total liabilities at the end of the three months ended June 30, 2026, increased 4,434,686 thousand yen (up 8.5%) from the end of the fiscal year ended March 31, 2026, to 56,556,608 thousand yen. The increase was mainly attributable to an increase in borrowings related to infrastructure enhancements at the Ishikari Data Center and an increase in lease liabilities.

(iii) Net assets

Total net assets at the end of the three months ended June 30, 2026, grew 660,364 thousand yen (up 2.2%) from the end of the fiscal year ended March 31, 2026, to 30,989,518 thousand yen. This was mainly due to an increase in retained earnings associated with the recording of profit attributable to owners of parent.

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

For the fiscal year ending March 31, 2027, the Company has revised its consolidated earnings forecasts for both the six-month period ending September 30, 2026 and the full fiscal year, as results for the first quarter of the fiscal year exceeded the Company’s initial expectations.

For details of revisions to the earnings forecasts, please refer to the “Notice Regarding Revision of Earnings Forecast” announced today.

2. Consolidated Financial Statements and Major Notes

(1) Consolidated quarterly balance sheets

(Thousands of yen)

	Fiscal year ended March 31, 2026 (as of March 31, 2026)	Three months ended June 30, 2026 (as of June 30, 2026)
Assets		
Current assets		
Cash and deposits	15,391,081	17,271,165
Notes and accounts receivable-trade, and contract assets	4,813,239	4,876,587
Merchandise and finished goods	408,039	16,057
Work in process	59,243	31,401
Supplies	554,600	457,962
Other	5,051,385	6,443,651
Allowance for doubtful accounts	(22,274)	(22,365)
Total current assets	26,255,316	29,074,460
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,862,442	12,121,905
Tools, furniture and fixtures, net	17,950,309	16,741,156
Leased assets, net	13,097,016	15,167,649
Other, net	5,812,735	4,863,616
Total property, plant and equipment	46,722,502	48,894,327
Intangible assets		
Other	2,018,177	2,109,370
Total intangible assets	2,018,177	2,109,370
Investments and other assets		
Other	7,460,084	7,472,912
Allowance for doubtful accounts	(5,004)	(4,944)
Total investments and other assets	7,455,080	7,467,968
Total non-current assets	56,195,760	58,471,666
Total assets	82,451,076	87,546,127

(Thousands of yen)

	Fiscal year ended March 31, 2026 (as of March 31, 2026)	Three months ended June 30, 2026 (as of June 30, 2026)
Liabilities		
Current liabilities		
Accounts payable-trade	1,245,523	554,710
Short-term borrowings	10,687,000	14,742,000
Current portion of long-term borrowings	4,796,832	4,242,518
Income taxes payable	546,193	550,664
Advances received	8,658,592	8,898,355
Provision for bonuses	772,410	376,674
Provision for bonuses for directors (and other officers)	36,800	-
Other	7,111,581	7,550,549
Total current liabilities	33,854,933	36,915,473
Non-current liabilities		
Long-term borrowings	5,777,396	5,067,428
Lease liabilities	11,464,636	13,520,629
Asset retirement obligations	833,995	834,469
Provision for share awards	84,053	95,234
Provision for retirement benefits for directors (and other officers)	70,780	85,226
Retirement benefit liabilities	33,050	33,950
Other	3,076	4,196
Total non-current liabilities	18,266,988	19,641,134
Total liabilities	52,121,922	56,556,608
Net assets		
Shareholders’ equity		
Share capital	11,283,167	11,283,167
Capital surplus	10,649,910	10,649,910
Retained earnings	9,232,622	9,887,088
Treasury shares	(1,093,229)	(1,092,765)
Total shareholders’ equity	30,072,470	30,727,400
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,625	15,577
Foreign currency translation adjustment	13,893	14,470
Deferred gains or losses on hedges	289	2,548
Total accumulated other comprehensive income	28,808	32,596
Non-controlling interests	227,875	229,521
Total net assets	30,329,154	30,989,518
Total liabilities and net assets	82,451,076	87,546,127

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

Consolidated quarterly statement of income

Three months ended June 30, 2026

(Thousands of yen)

	Three months ended June 30, 2025 (From April 1, 2025 to June 30, 2025)	Three months ended June 30, 2026 (From April 1, 2026 to June 30, 2026)
Net sales	7,492,152	11,134,597
Cost of sales	5,948,216	7,713,234
Gross profit	1,543,935	3,421,363
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	1,976	43
Salaries and allowances	615,433	796,379
Provision for bonuses	124,814	159,367
Provision for retirement benefits for directors (and other officers)	12,802	14,446
Retirement benefit expenses	-	900
Commission expenses	450,458	330,858
Other	795,621	888,688
Total selling, general and administrative expenses	2,001,106	2,190,684
Operating profit (loss)	(457,171)	1,230,678
Non-operating income		
Interest income	994	14,507
Share of profit of entities accounted for using equity method	37,234	51,464
Subsidy income	92,321	137,969
Other	18,979	22,532
Total non-operating income	149,528	226,474
Non-operating expenses		
Interest expenses	108,696	180,876
Other	21,938	18,212
Total non-operating expenses	130,634	199,088
Ordinary profit (loss)	(438,277)	1,258,064
Extraordinary income		
Income from national subsidies	6,283,839	2,503,629
Total extraordinary income	6,283,839	2,503,629
Extraordinary losses		
Loss on retirement of non-current assets	22	459
Loss on the tax-purpose reduction entry of non-current assets	6,283,839	2,503,629
Total extraordinary losses	6,283,862	2,504,089
Profit (loss) before income taxes	(438,299)	1,257,605
Income taxes - current	(5,140)	480,114
Income taxes - deferred	(114,178)	(80,082)
Total income taxes	(119,319)	400,032
Profit (loss)	(318,980)	857,572
Profit attributable to non-controlling interests	5,398	1,646
Profit (loss) attributable to owners of parent	(324,379)	855,926

Consolidated quarterly statement of comprehensive income

Three months ended June 30, 2026

(Thousands of yen)

	Three months ended June 30, 2025 (From April 1, 2025 to June 30, 2025)	Three months ended June 30, 2026 (From April 1, 2026 to June 30, 2026)
Profit (loss)	(318,980)	857,572
Other comprehensive income		
Valuation difference on available-for-sale securities	45,913	(4)
Deferred gains or losses on hedges	(870)	2,258
Foreign currency translation adjustment	(1,480)	577
Share of other comprehensive income of entities accounted for using equity method	(1,934)	956
Total other comprehensive income	41,627	3,788
Comprehensive income	(277,352)	861,361
(Breakdown)		
Comprehensive income attributable to owners of parent	(282,751)	859,715
Comprehensive income attributable to non-controlling interests	5,398	1,646

(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, 2026 (from April 1, 2026, to June 30, 2026)

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 consolidated quarterly statement of cash flows for the three months ended June 30, 2026. Depreciation (including amortization of intangible assets) for the three months ended June 30, 2026, are as follows.

	Three months ended June 30, 2025 (From April 1, 2025 to June 30, 2025)	Three months ended June 30, 2026 (From April 1, 2026 to June 30, 2026)
Depreciation	1,534,721 thousand yen	2,950,432 thousand yen