

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Based on Japanese GAAP)

February 14, 2025

Company name: SOURCENEXT CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 4344 URL <http://www.sourcenext.com>
 Representative: President & COO Tomoaki Kojima
 Inquiries: Director & CFO Fumihiko Aoyama TEL 03-5797-7165
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2024	8,650	5.4	(2,143)	–	(2,148)	–	(1,919)	–
Nine months ended December 31, 2023	8,208	5.6	(1,870)	–	(1,946)	–	(1,660)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	(14.15)	–
Nine months ended December 31, 2023	(12.25)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2024	19,438	11,116	47.1	67.27
As of March 31, 2024	16,811	8,389	48.0	59.56

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
Year ended March 31, 2024	–	0.00	–	0.00	–
Year ending March 31, 2025	–	0.00	–		
Year ending March 31, 2025 (Forecast)				–	–

3. Notes

(1) Significant changes in the scope of consolidation during the nine months ended December 31, 2024: No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of December 31, 2024	136,938,300 shares	As of March 31, 2024	136,358,300 shares
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Number of treasury shares at the end of the period

As of December 31, 2024	800,112 shares	As of March 31, 2024	800,024 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2024	135,667,024 shares	Nine months ended December 31, 2023	135,552,518 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	3,282,046	6,230,217
Accounts receivable - trade	1,980,324	1,490,776
Merchandise and finished goods	2,494,996	3,504,880
Raw materials and supplies	76,622	109,418
Advance payments to suppliers	681,883	535,692
Income taxes refund receivable	13,528	–
Other	233,219	579,636
Allowance for doubtful accounts	–	(1,408)
Total current assets	8,762,622	12,449,214
Non-current assets		
Property, plant and equipment		
Property, plant and equipment	458,942	253,854
Accumulated depreciation	(318,516)	(151,055)
Total property, plant and equipment	140,426	102,799
Intangible assets		
Software	2,333,141	2,643,554
Contract based intangible assets	1,001,086	942,959
Other	208,010	62,242
Total intangible assets	3,542,238	3,648,756
Investments and other assets		
Investment securities	4,275,658	3,221,208
Deferred tax assets	2,251	964
Other	88,302	15,998
Total investments and other assets	4,366,212	3,238,172
Total non-current assets	8,048,876	6,989,728
Total assets	16,811,498	19,438,942

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	312,072	544,595
Short-term borrowings	3,825,000	3,600,000
Current portion of long-term borrowings	520,080	594,312
Accounts payable - other	768,911	794,250
Income taxes payable	39,466	62,489
Unearned revenue	529,274	511,865
Provision for bonuses	42,263	168,987
Other	292,021	307,832
Total current liabilities	6,329,090	6,584,333
Non-current liabilities		
Long-term borrowings	1,609,740	1,333,076
Long-term unearned revenue	272,140	300,230
Deferred tax liabilities	164,114	83,192
Other	46,849	21,608
Total non-current liabilities	2,092,845	1,738,108
Total liabilities	8,421,935	8,322,442
Net assets		
Shareholders' equity		
Share capital	3,703,401	3,767,804
Capital surplus	7,545,969	11,237,281
Retained earnings	(4,059,938)	(5,979,324)
Treasury shares	(163,122)	(163,142)
Total shareholders' equity	7,026,310	8,862,618
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	829,149	68,739
Foreign currency translation adjustment	218,343	226,413
Total accumulated other comprehensive income	1,047,492	295,152
Share acquisition rights	315,759	403,500
Non-controlling interests	–	1,555,228
Total net assets	8,389,563	11,116,500
Total liabilities and net assets	16,811,498	19,438,942

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	8,208,685	8,650,079
Cost of sales	3,735,126	4,097,872
Gross profit	4,473,558	4,552,207
Selling, general and administrative expenses	6,343,773	6,695,771
Operating loss	(1,870,214)	(2,143,563)
Non-operating income		
Interest income	1,117	8,740
Dividend income	2,271	500
Foreign exchange gains	127,649	82,601
Other	10,199	7,570
Total non-operating income	141,237	99,412
Non-operating expenses		
Interest expenses	51,578	59,224
Share of loss of entities accounted for using equity method	150,749	16,791
Share issuance costs	455	25,198
Other	15,102	3,065
Total non-operating expenses	217,885	104,279
Ordinary loss	(1,946,863)	(2,148,430)
Extraordinary income		
Gain on sale of investment securities	21,384	135,700
Gain on reversal of share acquisition rights	25,217	7,168
Total extraordinary income	46,601	142,869
Extraordinary losses		
Loss on retirement of non-current assets	–	22,014
Cancellation penalty fee	–	38,095
Total extraordinary losses	–	60,110
Loss before income taxes	(1,900,261)	(2,065,671)
Income taxes - current	5,271	5,521
Income taxes - deferred	48,184	203,106
Total income taxes	53,455	208,627
Loss	(1,953,717)	(2,274,298)
Loss attributable to non-controlling interests	(293,582)	(354,913)
Loss attributable to owners of parent	(1,660,134)	(1,919,385)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Loss	(1,953,717)	(2,274,298)
Other comprehensive income		
Valuation difference on available-for-sale securities	8,507	(760,410)
Foreign currency translation adjustment	123,704	(4,880)
Total other comprehensive income	132,212	(765,290)
Comprehensive income	(1,821,505)	(3,039,589)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,530,263)	(2,671,726)
Comprehensive income attributable to non-controlling interests	(291,241)	(367,863)