November 13, 2025

Consolidated Financial Results for the Six Months Ended September 30, 2025 (Under Japanese GAAP)

Company name: SOURCENEXT CORPORATION
Listing: Tokyo Stock Exchange
Securities code: 4344
URL: http://www.sourcenext.com
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Scheduled date to file semi-annual securities report: November 13, 2025
Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for analysts and institutional investors)

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

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

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2025	5,916	14.1	(985)	-	(1,128)	-	(764)	-
September 30, 2024	5,184	(0.8)	(1,609)	-	(1,825)	-	(1,681)	-

Note: Comprehensive income For the six months ended September 30, 2025: ¥ (1,053) million [-%]
For the six months ended September 30, 2024: ¥ (2,454) million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2025	(5.53)	-
September 30, 2024	(12.40)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2025	15,562	8,353	43.5	48.97
March 31, 2025	17,209	9,354	43.4	53.97

Reference: Equity
As of September 30, 2025: ¥ 6,772 million
As of March 31, 2025: ¥ 7,465 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	-	0.00	-	0.00	0.00
Fiscal year ending December 31, 2025	-	0.00			
Fiscal year ending December 31, 2025 (Forecast)			-	-	-

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial result forecasts for the fiscal year ending December 31, 2025 (from April 1, 2025 to December 31, 2025)

At the 29th Ordinary General Meeting of Shareholders held on June 20, 2025, the Company's "Partial Amendment to the Articles of Incorporation" was approved and the fiscal year end (business The last day of the fiscal year) has been changed from March 31st to December 31st. As for the consolidated performance forecast for the fiscal year ending December 2025, Due to the difficulty of calculating highly accurate performance forecasts, we will continue to not disclose the results.

*** Notes**

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

Newly included: - companies( )

Excluded: - companies( )

(2) Adoption of accounting treatment specific to the preparation of semi-annual 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)

As of September 30, 2025	139,110,300 shares
As of March 31, 2025	139,110,300 shares

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

As of September 30, 2025	800,112 shares
As of March 31, 2025	800,112 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2025	138,310,188 shares
Six months ended September 30, 2024	135,558,242 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(1) Statements regarding the future, such as performance forecasts, contained in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable.Actual results may differ significantly due to various factors.

(2) The financial results briefing materials will be promptly posted on our website today, Thursday, November 13th.
(URL of the Company's website) https://sourcenext.co.jp/ir-english/library/settlement

Semi-annual Consolidated Financial Statements and Primary Notes

Semi-annual Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2025	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	6,008,174	4,751,189
Accounts receivable - trade	1,554,445	1,522,365
Merchandise and finished goods	2,646,768	2,744,614
Raw materials and supplies	94,715	60,080
Advance payments to suppliers	539,834	606,504
Income taxes refund receivable	626	-
Other	499,446	254,287
Allowance for doubtful accounts	(1,339)	(1,595)
Total current assets	11,342,672	9,937,446
Non-current assets		
Property, plant and equipment		
Property, plant and equipment	263,778	263,430
Accumulated depreciation	(162,607)	(187,627)
Total property, plant and equipment	101,170	75,802
Intangible assets		
Software	2,570,970	2,371,982
Contract based intangible assets	923,583	884,831
Other	102,780	182,232
Total intangible assets	3,597,334	3,439,046
Investments and other assets		
Investment securities	2,152,084	2,069,343
Deferred tax assets	964	964
Other	15,195	40,133
Total investments and other assets	2,168,245	2,110,441
Total non-current assets	5,866,750	5,625,290
Total assets	17,209,423	15,562,736

(Thousands of yen)

	As of March 31, 2025	As of September 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	379,392	361,663
Short-term borrowings	3,600,000	3,100,000
Current portion of long-term borrowings	519,312	369,312
Accounts payable - other	695,012	711,533
Income taxes payable	29,380	32,455
Unearned revenue	488,540	595,894
Provision for bonuses	45,725	114,107
Other	407,851	328,064
Total current liabilities	6,165,215	5,613,029
Non-current liabilities		
Long-term borrowings	1,259,498	1,112,342
Long-term unearned revenue	409,420	470,551
Deferred tax liabilities	3,644	3,644
Other	17,166	9,936
Total non-current liabilities	1,689,730	1,596,474
Total liabilities	7,854,946	7,209,504
Net assets		
Shareholders' equity		
Share capital	4,009,050	4,009,050
Capital surplus	11,596,166	11,596,166
Retained earnings	(7,956,695)	(8,721,249)
Treasury shares	(163,142)	(163,142)
Total shareholders' equity	7,485,378	6,720,824
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(257,260)	(159,208)
Foreign currency translation adjustment	236,920	211,378
Total accumulated other comprehensive income	(20,339)	52,170
Share acquisition rights	422,287	474,451
Non-controlling interests	1,467,150	1,105,785
Total net assets	9,354,476	8,353,231
Total liabilities and net assets	17,209,423	15,562,736

Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statement of Income

(Thousands of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Net sales	5,184,735	5,916,839
Cost of sales	2,561,284	2,806,877
Gross profit	2,623,450	3,109,961
Selling, general and administrative expenses	4,233,235	4,095,658
Operating loss	(1,609,784)	(985,697)
Non-operating income		
Interest income	6,103	8,326
Dividend income	500	500
Foreign exchange gains	-	5,950
Interest subsidy	4,136	3,859
Other	1,088	1,877
Total non-operating income	11,828	20,513
Non-operating expenses		
Interest expenses	36,479	42,834
Share of loss of entities accounted for using equity method	40,167	119,917
Foreign exchange losses	144,884	-
Share issuance costs	6,225	-
Other	38	75
Total non-operating expenses	227,795	162,828
Ordinary loss	(1,825,751)	(1,128,012)
Extraordinary income		
Gain on sale of investment securities	135,700	-
Gain on reversal of share acquisition rights	4,980	20,391
Total extraordinary income	140,680	20,391
Extraordinary losses		
Loss on retirement of non-current assets	22,014	-
Total extraordinary losses	22,014	-
Loss before income taxes	(1,707,084)	(1,107,621)
Income taxes - current	3,505	4,874
Income taxes - deferred	201,819	-
Total income taxes	205,325	4,874
Loss	(1,912,409)	(1,112,495)
Loss attributable to non-controlling interests	(231,114)	(347,941)
Loss attributable to owners of parent	(1,681,295)	(764,554)

Semi-annual Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Loss	(1,912,409)	(1,112,495)
Other comprehensive income		
Valuation difference on available-for-sale securities	(610,078)	98,052
Foreign currency translation adjustment	67,630	(38,966)
Total other comprehensive income	(542,447)	59,085
Comprehensive income	(2,454,857)	(1,053,409)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,239,446)	(692,044)
Comprehensive income attributable to non-controlling interests	(215,411)	(361,365)

Semi-annual Consolidated Statement of Cash Flows

(Thousands of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Cash flows from operating activities		
Loss before income taxes	(1,707,084)	(1,107,621)
Depreciation	211,157	219,921
Amortization of software	370,326	544,062
Share-based payment expenses	45,021	51,970
Amortization of trademark right	1,858	1,812
Increase (decrease) in allowance for doubtful accounts	240	260
Increase (decrease) in provision for bonuses	97,565	67,191
Interest and dividend income	(6,603)	(8,826)
Interest expenses	36,479	42,834
Share of loss (profit) of entities accounted for using equity method	40,167	119,917
Share issuance costs	6,225	-
Loss (gain) on sale of investment securities	(135,700)	-
Gain on reversal of share acquisition rights	(4,980)	(20,391)
Loss on retirement of non-current assets	22,014	-
Decrease (increase) in trade receivables	296,230	33,229
Decrease (increase) in inventories	(341,763)	(65,663)
Decrease (increase) in advance payments to suppliers	(202,342)	(66,669)
Increase (decrease) in trade payables	383,086	(29,617)
Increase (decrease) in accounts payable - other	34,141	39,829
Increase (decrease) in unearned revenue	46,420	107,353
Increase (decrease) in long-term unearned revenue	3,666	61,130
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(67,631)	136,901
Other, net	372,894	77,896
Subtotal	(498,609)	205,523
Interest and dividends received	3,583	9,083
Interest paid	(40,273)	(41,683)
Income taxes paid	(4,921)	(6,734)
Income taxes refund	13,528	626
Net cash provided by (used in) operating activities	(526,690)	166,815
Cash flows from investing activities		
Purchase of property, plant and equipment	(58,759)	(9,090)
Purchase of software	(776,405)	(606,507)
Purchase of investment securities	(2,760)	-
Proceeds from sale of investment securities	152,662	-
Payments of leasehold and guarantee deposits	(13,549)	(25,222)
Net cash provided by (used in) investing activities	(698,811)	(640,821)

(Thousands of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	95,000	(500,000)
Repayments of long-term borrowings	(260,040)	(297,156)
Purchase of treasury shares	(20)	-
Proceeds from share issuance to non-controlling shareholders	1,693,775	-
Dividends paid	(0)	-
Net cash provided by (used in) financing activities	1,528,713	(797,156)
Effect of exchange rate change on cash and cash equivalents	(34,636)	14,816
Net increase (decrease) in cash and cash equivalents	268,574	(1,256,345)
Cash and cash equivalents at beginning of period	3,130,636	5,858,654
Cash and cash equivalents at end of period	3,399,211	4,602,309