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Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

May 15, 2025

Company name	SOURCENEXT CORPORATION	Stock exchange listings: Tokyo Prime
Securities code	4344 URL http://www.sourcenext.com	
Representative	Tomoaki Kojima, President & COO	
Inquiries	Fumihiko Aoyama, Director & CFO	Tel 03-5797-7165
Date of general shareholders' meeting (as planned)	June 20, 2025	Dividend payable date (as planned) —
Annual securities report filing date (as planned)	June 19, 2025	
Supplemental material of annual results	: Yes	
Convening briefing of annual results	: Yes (For institutional investors and analysts) (in Japanese)	

(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

(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	%
Fiscal year ended March 31, 2025	11,455	1.1	(3,480)	—	(3,925)	—	(3,896)	—
March 31, 2024	11,334	9.5	(2,271)	—	(2,239)	—	(2,169)	—

Note: Comprehensive income For the fiscal year ended March 31, 2025 ¥ (5,502) million (—%)
For the fiscal year ended March 31, 2024 ¥ (1,703) million (—%)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	(28.65)	—	(50.2)	(23.1)	(30.4)
March 31, 2024	(16.01)	—	(25.1)	(12.3)	(20.0)

Reference: Investment profit (loss) on equity method

For the fiscal year ended March 31, 2025 ¥ (294) million
For the fiscal year ended March 31, 2024 ¥ (155) million

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	17,209	9,354	43.4	53.97
March 31, 2024	16,811	8,389	48.0	59.56

Note: Reference: Owner's equity As of March 31, 2025 ¥ 7,465 million
As of March 31, 2024 ¥ 8,073 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2025	(1,857)	(1,215)	5,778	5,858
March 31, 2024	(765)	(1,501)	(1,163)	3,130

2. Cash dividends

	Dividend per share					Total dividend paid	Payout ratio (consolidated)	Ratio of total amount of dividends to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	—	0.00	—	0.00	0.00	0	0.0	0.0
Fiscal year ended March 31, 2025	—	0.00	—	0.00	0.00	0	0.0	0.0
Fiscal year ending December 31, 2025 (Forecast)	—	—	—	—	—		—	

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

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

Subject to the approval of the "Partial Amendment to the Articles of Incorporation" at the 29th Annual General Meeting of Shareholders scheduled to be held on June 20, 2025, the Company plans to change its fiscal year-end from March 31 to December 31 starting from the next fiscal year, thereby aligning the fiscal year-end of the entire Group to December 31. Regarding the consolidated earnings forecast for the fiscal year ending December 31, 2025, the Company will continue to refrain from disclosing a forecast at this time, as it is currently difficult to make a highly accurate estimate.

* Notes

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

Newly included: — companies (Company name)

Excluded: — companies (Company name)

(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 : None

(iv) Restatement : None

(3) Number of issued shares (common shares)

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

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

As of March 31, 2024 136,358,300 shares

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

As of March 31, 2025 800,112 shares

As of March 31, 2024 800,024 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025 136,017,207 shares

Fiscal year ended March 31, 2024 135,553,950 shares

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

(Percentages indicate year-on-year changes.)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	(15.60)	—
March 31, 2024	(0.82)	—

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	13,693	6,962	47.8	47.29
March 31, 2024	16,942	9,452	53.9	67.40

The forward-looking statements including the forecasts for the financial results contained in this document are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable, and actual results may differ from such statements due to a variety of

Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	3,282,046	6,008,174
Accounts receivable - trade	1,980,324	1,554,445
Merchandise and finished goods	2,494,996	2,646,768
Raw materials and supplies	76,622	94,715
Advance payments to suppliers	681,883	539,834
Income taxes refund receivable	13,528	626
Other	233,219	499,446
Allowance for doubtful accounts	-	(1,339)
Total current assets	8,762,622	11,342,672
Non-current assets		
Property, plant and equipment		
Buildings	225,842	73,604
Accumulated depreciation	(144,993)	(33,425)
Buildings, net	80,848	40,178
Tools, furniture and fixtures	233,100	190,173
Accumulated depreciation	(173,523)	(129,181)
Tools, furniture and fixtures, net	59,577	60,992
Total property, plant and equipment	140,426	101,170
Intangible assets		
Software	2,333,141	2,570,970
Contract based intangible assets	1,001,086	923,583
Other	208,010	102,780
Total intangible assets	3,542,238	3,597,334
Investments and other assets		
Investment securities	4,275,658	2,152,084
Deferred tax assets	2,251	964
Other	88,302	15,195
Total investments and other assets	4,366,212	2,168,245
Total non-current assets	8,048,876	5,866,750
Total assets	16,811,498	17,209,423

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	312,072	379,392
Short-term borrowings	3,825,000	3,600,000
Current portion of long-term borrowings	520,080	519,312
Accounts payable - other	768,911	695,012
Income taxes payable	39,466	29,380
Unearned revenue	529,274	488,540
Provision for bonuses	42,263	45,725
Other	292,021	407,851
Total current liabilities	6,329,090	6,165,215
Non-current liabilities		
Long-term borrowings	1,609,740	1,259,498
Long-term unearned revenue	272,140	409,420
Deferred tax liabilities	164,114	3,644
Other	46,849	17,166
Total non-current liabilities	2,092,845	1,689,730
Total liabilities	8,421,935	7,854,946
Net assets		
Shareholders' equity		
Share capital	3,703,401	4,009,050
Capital surplus	7,545,969	11,596,166
Retained earnings	(4,059,938)	(7,956,695)
Treasury shares	(163,122)	(163,142)
Total shareholders' equity	7,026,310	7,485,378
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	829,149	(257,260)
Foreign currency translation adjustment	218,343	236,920
Total accumulated other comprehensive income	1,047,492	(20,339)
Share acquisition rights	315,759	422,287
Non-controlling interests	-	1,467,150
Total net assets	8,389,563	9,354,476
Total liabilities and net assets	16,811,498	17,209,423

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	11,334,366	11,455,896
Cost of sales	5,230,803	6,119,396
Gross profit	6,103,562	5,336,500
Selling, general and administrative expenses		
Promotion expenses	517,165	612,758
Salaries	1,306,508	1,525,904
Provision for bonuses	42,263	-
Outsourcing expenses	2,413,726	2,487,184
Advertising expenses	1,505,431	1,266,501
Other	2,589,921	2,924,634
Total selling, general and administrative expenses	8,375,017	8,816,982
Operating loss	(2,271,454)	(3,480,481)
Non-operating income		
Interest income	3,909	13,054
Dividend income	2,271	500
Foreign exchange gains	249,056	-
Gain on investments in silent partnerships	26,327	1,376
Interest subsidy	8,121	8,191
Other	5,235	1,853
Total non-operating income	294,921	24,975
Non-operating expenses		
Interest expenses	70,189	79,745
Share of loss of entities accounted for using equity method	155,614	294,785
Foreign exchange losses	-	60,910
Loss on investments in silent partnerships	-	5,595
Share issuance costs	514	26,101
Litigation expenses	36,000	-
Other	659	3,330
Total non-operating expenses	262,977	470,468
Ordinary loss	(2,239,511)	(3,925,974)
Extraordinary income		
Gain on sale of investment securities	54,703	135,700
Gain on reversal of share acquisition rights	26,786	8,880
Total extraordinary income	81,489	144,581
Extraordinary losses		
Loss on valuation of investment securities	-	391,265
Loss on retirement of non-current assets	-	23,353
Cancellation penalty	-	38,095
Total extraordinary losses	-	452,714
Loss before income taxes	(2,158,021)	(4,234,108)
Income taxes - current	6,219	6,844
Income taxes - deferred	357,220	203,106
Total income taxes	363,440	209,950
Loss	(2,521,461)	(4,444,059)
Loss attributable to non-controlling interests	(351,477)	(547,301)
Loss attributable to owners of parent	(2,169,984)	(3,896,757)

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Loss	(2,521,461)	(4,444,059)
Other comprehensive income		
Valuation difference on available-for-sale securities	703,992	(1,086,410)
Foreign currency translation adjustment	114,032	27,578
Total other comprehensive income	818,025	(1,058,832)
Comprehensive income	(1,703,436)	(5,502,891)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,347,279)	(4,964,589)
Comprehensive income attributable to non-controlling interests	(356,157)	(538,301)

(3) Consolidated Statements 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	3,701,935	7,332,327	(1,889,953)	(163,122)	8,981,187
Changes during period					
Issuance of new shares - exercise of share acquisition rights	1,466	1,466			2,932
Profit (loss) attributable to owners of parent			(2,169,984)		(2,169,984)
Change in ownership interest of parent due to transactions with non-controlling interests		212,175			212,175
Net changes in items other than shareholders' equity					-
Total changes during period	1,466	213,642	(2,169,984)	-	(1,954,876)
Balance at end of period	3,703,401	7,545,969	(4,059,938)	(163,122)	7,026,310

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	125,156	99,631	224,788	258,724	438,332	9,903,032
Changes during period						
Issuance of new shares - exercise of share acquisition rights						2,932
Profit (loss) attributable to owners of parent						(2,169,984)
Change in ownership interest of parent due to transactions with non-controlling interests						212,175
Net changes in items other than shareholders' equity	703,992	118,712	822,704	57,034	(438,332)	441,407
Total changes during period	703,992	118,712	822,704	57,034	(438,332)	(1,513,469)
Balance at end of period	829,149	218,343	1,047,492	315,759	-	8,389,563

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	3,703,401	7,545,969	(4,059,938)	(163,122)	7,026,310
Changes during period					
Issuance of new shares - exercise of share acquisition rights	305,648	305,648			611,297
Profit (loss) attributable to owners of parent			(3,896,757)		(3,896,757)
Purchase of treasury shares				(20)	(20)
Change in ownership interest of parent due to transactions with non-controlling interests		3,744,547			3,744,547
Net changes in items other than shareholders' equity					-
Total changes during period	305,648	4,050,196	(3,896,757)	(20)	459,067
Balance at end of period	4,009,050	11,596,166	(7,956,695)	(163,142)	7,485,378

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	829,149	218,343	1,047,492	315,759	-	8,389,563
Changes during period						
Issuance of new shares - exercise of share acquisition rights						611,297
Profit (loss) attributable to owners of parent						(3,896,757)
Purchase of treasury shares						(20)
Change in ownership interest of parent due to transactions with non-controlling interests						3,744,547
Net changes in items other than shareholders' equity	(1,086,410)	18,577	(1,067,832)	106,527	1,467,150	505,845
Total changes during period	(1,086,410)	18,577	(1,067,832)	106,527	1,467,150	964,913
Balance at end of period	(257,260)	236,920	(20,339)	422,287	1,467,150	9,354,476

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Loss before income taxes	(2,158,021)	(4,234,108)
Depreciation	406,588	426,200
Amortization of software	679,402	843,097
Share-based payment expenses	84,682	96,199
Amortization of trademark right	2,598	3,480
Increase (decrease) in allowance for doubtful accounts	-	1,354
Increase (decrease) in provision for bonuses	11,488	4,295
Interest and dividend income	(6,180)	(13,554)
Interest expenses	70,189	79,745
Share of loss (profit) of entities accounted for using equity method	155,614	294,785
Share issuance costs	514	26,101
Loss (gain) on sale of investment securities	(54,703)	(135,700)
Loss (gain) on valuation of investment securities	-	391,265
Gain on reversal of share acquisition rights	(26,786)	(8,880)
Loss on retirement of non-current assets	-	23,353
Cancellation penalty	-	38,095
Decrease (increase) in trade receivables	(697,429)	434,099
Decrease (increase) in inventories	896,863	(182,764)
Decrease (increase) in advance payments to suppliers	178,754	142,048
Increase (decrease) in trade payables	29,938	69,472
Increase (decrease) in accounts payable - other	(123,144)	(101,521)
Increase (decrease) in unearned revenue	89,745	(40,733)
Increase (decrease) in long-term unearned revenue	70,212	137,280
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(202,900)	(137,187)
Other, net	(91,191)	45,184
Subtotal	(683,766)	(1,798,392)
Interest and dividends received	3,876	14,391
Interest paid	(65,538)	(80,956)
Income taxes paid	(19,603)	(6,378)
Income taxes refund	-	13,528
Net cash provided by (used in) operating activities	(765,031)	(1,857,805)
Cash flows from investing activities		
Payments into time deposits	(217,555)	-
Proceeds from withdrawal of time deposits	73,535	-
Purchase of property, plant and equipment	(20,479)	(99,686)
Purchase of software	(1,562,465)	(1,252,597)
Purchase of investment securities	-	(22,560)
Proceeds from sale of investment securities	225,102	152,662
Payments of leasehold and guarantee deposits	-	(13,549)
Payments from collection of lease and guarantee deposits	-	20,170
Net cash provided by (used in) investing activities	(1,501,862)	(1,215,560)

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(775,000)	(225,000)
Proceeds from long-term borrowings	-	200,000
Repayments of long-term borrowings	(520,080)	(551,010)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	2,071	605,394
Proceeds from issuance of share acquisition rights	-	25,112
Purchase of treasury shares	-	(20)
Proceeds from share issuance to non-controlling shareholders	129,486	5,723,899
Dividends paid	(8)	0
Net cash provided by (used in) financing activities	(1,163,530)	5,778,374
Effect of exchange rate change on cash and cash equivalents	76,488	23,010
Net increase (decrease) in cash and cash equivalents	(3,353,936)	2,728,017
Cash and cash equivalents at beginning of period	6,484,572	3,130,636
Cash and cash equivalents at end of period	3,130,636	5,858,654