

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2014 (Based on Japanese GAAP)

February 12, 2015

Company name: SOURCENEXT CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 4344 URL <http://www.sourcenext.com>
 Representative: President and CEO Noriyuki Matsuda
 Inquiries: Managing Director Fumihiko Aoyama TEL 03-6430-6406
 Scheduled date to file Quarterly Securities Report: February 12, 2015
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2014 (from April 1, 2014 to December 31, 2014)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2014	4,602	4.3	1,023	2.2	1,027	4.6	970	(7.3)
Nine months ended December 31, 2013	4,412	10.0	1,001	54.0	982	59.2	1,046	62.4

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2014	30.60	–
Nine months ended December 31, 2013	32.99	–

(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, 2014	4,921	3,776	76.3	119.01
As of March 31, 2014	4,120	2,788	67.4	87.87

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, 2014	–	0.00	–	0.00	0.00
Year ending March 31, 2015	–	0.00	–	–	–
Year ending March 31, 2015 (Forecast)	–	–	–	3.59	3.59

3. Forecast of consolidated financial results for the year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	6,153	7.3	1,303	4.6	1,302	6.3	1,140	(6.6)	35.93

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2014
(changes in specified subsidiaries resulting in the change in scope of consolidation): 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, 2014	31,732,000 shares	As of March 31, 2014	31,732,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2014	6 shares	As of March 31, 2014	6 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, 2014	31,731,994 shares	Nine months ended December 31, 2013	31,731,996 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2014	As of December 31, 2014
Assets		
Current assets		
Cash and deposits	1,507,418	1,720,639
Accounts receivable - trade	764,396	1,301,951
Securities	300,000	—
Merchandise and finished goods	80,724	131,281
Raw materials and supplies	16,340	34,865
Advance payments - trade	89,002	121,621
Deferred tax assets	347,399	371,967
Other	51,614	68,782
Total current assets	3,156,896	3,751,110
Non-current assets		
Property, plant and equipment		
Property, plant and equipment	186,064	193,074
Accumulated depreciation	(161,940)	(171,836)
Total property, plant and equipment	24,124	21,238
Intangible assets		
Software	677,522	847,086
Other	158,655	96,210
Total intangible assets	836,177	943,296
Investments and other assets		
Deferred tax assets	41,310	46,513
Other	70,354	161,460
Allowance for doubtful accounts	(8,556)	(1,800)
Total investments and other assets	103,108	206,173
Total non-current assets	963,410	1,170,708
Total assets	4,120,306	4,921,819
Liabilities		
Current liabilities		
Accounts payable - trade	206,345	321,814
Short-term loans payable	20,000	—
Current portion of long-term loans payable	352,128	—
Accounts payable - other	269,749	422,484
Income taxes payable	73,506	41,446
Provision for bonuses	14,731	8,020
Provision for sales returns	55,306	61,607
Provision for after service cost	26,206	22,896
Other	146,316	220,199
Total current liabilities	1,164,290	1,098,469
Non-current liabilities		
Long-term loans payable	167,680	—
Other	—	46,944
Total non-current liabilities	167,680	46,944
Total liabilities	1,331,970	1,145,414

	(Thousands of yen)	
	As of March 31, 2014	As of December 31, 2014
Net assets		
Shareholders' equity		
Capital stock	1,771,226	1,771,226
Capital surplus	1,611,226	1,611,226
Retained earnings	(604,603)	366,298
Treasury shares	(1)	(1)
Total shareholders' equity	2,777,847	3,748,749
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,106)	298
Foreign currency translation adjustment	2,207	5,542
Total accumulated other comprehensive income	1,101	5,841
Subscription rights to shares	9,386	21,813
Total net assets	2,788,335	3,776,404
Total liabilities and net assets	4,120,306	4,921,819

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, 2013	Nine months ended December 31, 2014
Net sales	4,412,917	4,602,176
Cost of sales	1,153,329	1,199,954
Gross profit	3,259,588	3,402,221
Provision for sales returns	51,299	61,607
Reversal of provision for sales returns	62,024	55,306
Gross profit - net	3,270,312	3,395,920
Selling, general and administrative expenses	2,269,192	2,372,570
Operating income	1,001,120	1,023,349
Non-operating income		
Interest income	708	181
Dividend income	160	160
Gain on adjustment of account payable	1,361	5,095
Refunded consumption taxes	—	1,921
Contribution for development	—	4,374
Other	21	669
Total non-operating income	2,251	12,403
Non-operating expenses		
Interest expenses	13,095	872
Foreign exchange losses	6,842	6,690
Other	750	324
Total non-operating expenses	20,688	7,887
Ordinary income	982,684	1,027,865
Extraordinary income		
Gain on liquidation of subsidiaries and associates	2,458	—
Total extraordinary income	2,458	—
Extraordinary losses		
Loss on valuation of advance payments	2,327	2,591
Total extraordinary losses	2,327	2,591
Income before income taxes and minority interests	982,815	1,025,273
Income taxes - current	74,782	84,308
Income taxes - deferred	(138,777)	(29,936)
Total income taxes	(63,994)	54,371
Income before minority interests	1,046,809	970,901
Net income	1,046,809	970,901

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Income before minority interests	1,046,809	970,901
Other comprehensive income		
Valuation difference on available-for-sale securities	(900)	1,404
Foreign currency translation adjustment	1,225	3,334
Total other comprehensive income	325	4,739
Comprehensive income	1,047,135	975,641
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,047,135	975,641
Comprehensive income attributable to minority interests	—	—