

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2015 (Based on Japanese GAAP)

February 12, 2016

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, 2016
 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, 2015 (from April 1, 2015 to December 31, 2015)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2015	5,380	16.9	1,230	20.2	1,237	20.4	834	(14.0)
Nine months ended December 31, 2014	4,602	4.3	1,023	2.2	1,027	4.6	970	(7.3)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2015	26.30	–
Nine months ended December 31, 2014	30.60	–

(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, 2015	5,961	4,749	79.0	148.48
As of March 31, 2015	5,044	4,022	79.2	126.77

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, 2015	–	–	–	3.83	3.83
Year ending March 31, 2016	–	–	–		
Year ending March 31, 2016 (Forecast)				4.28	4.28

3. Forecast of consolidated financial results for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	6,889	13.1	1,399	7.4	1,406	7.2	905	(25.5)	28.52

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2015
(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: Yes
- 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, 2015	31,732,000 shares	As of March 31, 2015	31,732,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2015	6 shares	As of March 31, 2015	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, 2015	31,731,994 shares	Nine months ended December 31, 2014	31,731,994 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2015	As of December 31, 2015
Assets		
Current assets		
Cash and deposits	1,778,758	2,118,400
Accounts receivable - trade	919,199	1,480,948
Securities	499,931	499,942
Merchandise and finished goods	82,904	153,616
Raw materials and supplies	32,791	26,822
Advance payments - trade	115,484	153,199
Deferred tax assets	288,897	69,048
Other	87,190	86,827
Total current assets	3,805,157	4,588,805
Non-current assets		
Property, plant and equipment		
Property, plant and equipment	194,363	211,918
Accumulated depreciation	(172,162)	(182,990)
Total property, plant and equipment	22,200	28,927
Intangible assets		
Software	848,065	840,433
Other	118,920	65,581
Total intangible assets	966,985	906,014
Investments and other assets		
Investment securities	109,530	110,790
Deferred tax assets	92,372	86,557
Other	50,319	241,903
Allowance for doubtful accounts	(1,800)	(1,800)
Total investments and other assets	250,422	437,450
Total non-current assets	1,239,608	1,372,392
Total assets	5,044,766	5,961,197
Liabilities		
Current liabilities		
Accounts payable - trade	259,290	350,355
Accounts payable - other	341,326	398,158
Income taxes payable	59,464	145,151
Provision for bonuses	14,044	10,022
Provision for sales returns	55,026	45,738
Provision for after service cost	20,362	20,588
Other	225,288	201,194
Total current liabilities	974,803	1,171,208
Non-current liabilities		
Other	47,302	40,591
Total non-current liabilities	47,302	40,591
Total liabilities	1,022,106	1,211,800

	(Thousands of yen)	
	As of March 31, 2015	As of December 31, 2015
Net assets		
Shareholders' equity		
Capital stock	1,771,226	1,771,226
Capital surplus	1,611,226	1,611,226
Retained earnings	609,822	1,322,824
Treasury shares	(1)	(1)
Total shareholders' equity	3,992,274	4,705,276
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	116	959
Foreign currency translation adjustment	5,337	5,308
Total accumulated other comprehensive income	5,453	6,267
Subscription rights to shares	24,932	37,852
Total net assets	4,022,659	4,749,397
Total liabilities and net assets	5,044,766	5,961,197

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, 2014	Nine months ended December 31, 2015
Net sales	4,602,176	5,380,640
Cost of sales	1,199,954	1,483,951
Gross profit	3,402,221	3,896,688
Provision for sales returns	61,607	45,738
Reversal of provision for sales returns	55,306	55,026
Gross profit - net	3,395,920	3,905,977
Selling, general and administrative expenses	2,372,570	2,675,916
Operating income	1,023,349	1,230,060
Non-operating income		
Interest income	181	1,100
Dividend income	160	160
Gain on adjustment of account payable	5,095	—
Refunded consumption taxes	1,921	—
Contribution for development	4,374	5,903
Other	669	118
Total non-operating income	12,403	7,282
Non-operating expenses		
Interest expenses	872	—
Foreign exchange losses	6,690	109
Other	324	—
Total non-operating expenses	7,887	109
Ordinary income	1,027,865	1,237,234
Extraordinary income		
Gain on reversal of subscription rights to shares	—	341
Total extraordinary income	—	341
Extraordinary losses		
Loss on valuation of advance payments	2,591	197
Total extraordinary losses	2,591	197
Income before income taxes and minority interests	1,025,273	1,237,378
Income taxes - current	84,308	177,596
Income taxes - deferred	(29,936)	225,246
Total income taxes	54,371	402,842
Profit	970,901	834,535
Profit attributable to owners of parent	970,901	834,535

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Profit	970,901	834,535
Other comprehensive income		
Valuation difference on available-for-sale securities	1,404	842
Foreign currency translation adjustment	3,334	(28)
Total other comprehensive income	4,739	814
Comprehensive income	975,641	835,349
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	975,641	835,349
Comprehensive income attributable to non-controlling interests	—	—