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Notice Regarding Preliminary Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2026, and Recording of Non-Operating Expenses and Extraordinary Loss

SOURCENEXT CORPORATION (Headquarters: Chiyoda-ku, Tokyo; Representative Director, President and CEO: Noriyuki Matsuda; "the Company") hereby announces preliminary figures for its consolidated financial results for the third quarter of the fiscal year ending December 31, 2026. Ahead of the official announcement scheduled for Friday, November 13, approximate figures based on the results tabulated to date have been compiled, as set out below. In addition, the Company hereby announces that it recorded non-operating expenses and an extraordinary loss in the third quarter of the fiscal year ending December 31, 2026 (July 1, 2026 – September 30, 2026).

1. Preliminary Consolidated Financial Results

Preliminary results for the nine months ended September 30, 2026 (January 1, 2026 – September 30, 2026)

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Nine months ended Sep. 30, 2026 (preliminary)	8,476	(601)	(847)	(720)
(Reference) Adjusted same period of previous year (Jan. 1 – Sep. 30, 2025) (actual)	8,722	(2,322)	(2,905)	(2,741)
Adjusted change (%)	(2.8)	—	—	—

Note: The Company changed its fiscal year-end from March 31 to December 31, effective from the fiscal year ended December 31, 2025. As a result, the period covered by the first nine months of the previous fiscal year differs from that of the current fiscal year. For reference, results for the adjusted same period of the previous year (January 1, 2025 – September 30, 2025) are therefore presented.

Preliminary results for the three months ended September 30, 2026 (July 1, 2026 – September 30, 2026)

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Three months ended Sep. 30, 2026 (preliminary)	3,111	204	20	55
(Reference) Adjusted same period of previous year (Jul. 1 – Sep. 30, 2025) (actual)	3,206	(307)	(286)	(120)
Adjusted change (%)	(3.0)	—	—	—

Note: The Company changed its fiscal year-end from March 31 to December 31, effective from the fiscal year ended December 31, 2025. As a result, the period covered by the third quarter (three months) of the previous fiscal year differs from that of the current fiscal year. For reference, results for the adjusted same period of the previous year (July 1, 2025 – September 30, 2025) are therefore presented.

The preliminary figures above are estimates based on reasonable judgments made in light of the results tabulated to date. Actual results may differ from these preliminary figures.

2. Reasons for Differences Between Adjusted Prior-Year Results and Preliminary Results for the Current Period

・ Nine months ended September 30, 2026

For the nine months ended September 30, 2026, net sales were ¥8,476 million (down 2.8% from the adjusted same period of the previous year), and operating loss was ¥601 million (compared with an operating loss of ¥2,322 million in the adjusted same period of the previous year), representing a narrower operating loss. The improvement in profit and loss was attributable mainly to the following. First, cost of sales improved: in the previous fiscal year, the Company recorded a loss on valuation of inventories for legacy "Pocketalk" devices, whereas in the current period no similar valuation loss was incurred. Second, profit and loss improved substantially at the overseas business of Pocketalk Corporation (Head Office: Chuo-ku, Tokyo; Director, Representative Executive Officer, President and CEO: Noriyuki Matsuda; "Pocketalk Corp."), a consolidated subsidiary, as it advanced its transition to an operating structure focused on profitability. In Pocketalk Corp.'s overseas business, operating profit for the third quarter of the fiscal year ending December 31, 2026 (July – September 2026) improved year on year by ¥151 million at the U.S. subsidiary and ¥56 million at the European subsidiary, for a combined improvement of ¥207 million. In addition, the U.S. subsidiary achieved a record-high operating margin of 31.8% in September 2026, and the European subsidiary also secured a high operating margin of 26.7% in the same month.

Ordinary loss is expected to be ¥847 million (compared with an ordinary loss of ¥2,905 million in the adjusted same period of the previous year), and loss attributable to owners of parent is expected to be ¥720 million (compared with a loss attributable to owners of parent of ¥2,741 million in the adjusted same period of the previous year), representing a narrowing of loss and progress in improving profitability.

・ Three months ended September 30, 2026

For the third quarter (July – September 2026), net sales were ¥3,111 million (down 3.0% from the adjusted same period of the previous year), and operating profit was ¥204 million (compared with an operating loss of ¥307 million in the adjusted same period of the previous year), marking a return to operating profit on a quarterly consolidated basis for the first time in 20 quarters. In addition to the substantial improvement in profit and loss in Pocketalk's overseas business described above, this reflects improved consolidated results at Pocketalk Corp., mainly due to expanding sales of the "Pocketalk - Sentio" AI simultaneous interpretation series in Japan and overseas markets and improved margins on products in the series. As a result, Pocketalk achieved a monthly operating profit on a consolidated basis in September 2026. At the Company level, higher net sales from increased orders for its flagship software "Ikinari PDF" and ongoing reductions in fixed costs, among other factors, also contributed to higher profit. Due to the recording of share of loss of entities accounted for using equity method and a foreign exchange loss, ordinary profit was ¥20 million (compared with an ordinary loss of ¥286 million in the adjusted same period of the previous year); although lower than operating profit, the Company secured a profit at the ordinary level. Profit attributable to owners of parent is expected to be ¥55 million (compared with a loss attributable to owners of parent of ¥120 million in the adjusted same period of the previous year).

3. Recording of Non-Operating Expenses (share of loss of entities accounted for using equity method) and Extraordinary Loss (loss on contract cancellation)

(1) Recording of non-operating expenses (share of loss of entities accounted for using equity method)

For the third quarter of the fiscal year ending December 31, 2026 (July 1, 2026 – September 30, 2026), the Company recorded share of loss of entities accounted for using equity method of ¥75 million. This was attributable to losses incurred at entities accounted for using the equity method held by the Group.

(2) Recording of extraordinary loss (loss on contract cancellation)

For the same period, the Company recorded a loss on contract cancellation of ¥43 million. This was attributable to a review of the product development plan at Pocketalk Corp.

(3) Impact on financial results

The above non-operating expenses and extraordinary loss are reflected in the preliminary results for the nine months and the three months ended September 30, 2026 presented in "1. Preliminary Consolidated Financial Results."

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