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February 12, 2026

Company name:	SOURCENEXT CORPORATION
Name of representative:	Tomoaki Kojima, Representative Director, President and COO Securities code: 4344; Tokyo Stock Exchange, Prime Market
Inquiries:	Fumihiko Aoyama, Director and CFO Telephone: +81-3-5797-7165

Notice Concerning Recognition of Extraordinary Losses and Non-Operating Income, and Differences from the Previous Fiscal Year's Consolidated Results

SOURCENEXT Corporation (Head Office: Chiyoda-ku, Tokyo; Representative Director, President & COO: Tomoaki Kojima) announces that it has recognized extraordinary losses in its consolidated financial results for the fiscal year ended December 31, 2025 (April 1, 2025 to December 31, 2025). The Company also announces the differences between these results and the previous fiscal year's results as follows.

1. Recognition of Extraordinary Losses

(1) Recognition of Impairment Loss Related to Software (Consolidated)

Pocketalk Corporation ("Pocketalk") has decided to recognize an impairment loss on fixed assets as a result of conservatively re-estimating future profitability, taking into account the performance trends as of the end of December 2025.

The timing of monetization has been delayed compared to original expectations at the time of development. In response, we have carefully reviewed our business plan and are working to strengthen our financial foundation, prioritizing future profit growth. For the fiscal year ended December 2025, 1,209 million yen will be recognized as an extraordinary loss. This is a non-cash charge that does not involve any cash outflow, and there is no impact on Pocketalk's cash flow or business continuity. We will continue to utilize this software as a source of our competitive advantage.

Going forward, we will firmly capture the growth trajectory by expanding sales channels outside the education sector in the U.S. and by introducing new products such as "POCKETALK X." As this accounting treatment significantly reduces the amortization burden from the next fiscal year onwards, we will transition to an optimal earnings structure aimed at early profit improvement and a return to profitability.

(2) Recognition of Impairment Loss Related to Rosetta Stone (Consolidated and Non-consolidated)

Since acquiring all shares of Rosetta Stone Japan Inc., as well as the trademarks and exclusive distribution rights in Japan in April 2017, the Company has been promoting this business. However, following the acquisition of Rosetta Stone's U.S. headquarters in 2021, we re-evaluated the future profitability of the Japan business after receiving an inquiry from IXL Learning, Inc., the new parent company, regarding the buyback of the Japan operations.

Consequently, in order to focus our management resources on the AI field in the future, we have decided to transfer these rights for the purpose of streamlining our business portfolio and improving asset efficiency. Accordingly, the book value was reduced to the sale price, and the amount of this reduction was recognized as an impairment loss. For the fiscal year ended December 31, 2025, an impairment loss of 408 million yen was recorded as an extraordinary loss in the consolidated results, and 460 million yen in the non-consolidated results.

2. Recognition of Non-Operating Income

For the fiscal year ended December 2025, 160 million yen was recognized as non-operating income under foreign exchange gains. This was primarily due to the translation of foreign currency-denominated deposits held by the Group at the exchange rate prevailing at the end of the period.

3.Impact on Financial Results

All the impacts described above have been reflected in the " Consolidated Financial Results for the Fiscal Year Ended December 31, 2025 (Under Japanese GAAP) " announced today.

4. Comparison with Prior Year Actual Consolidated Results

Consolidated Results for FY December 2025 and Differences from the Previous Period (Unit: Million yen)

	Net Sales	Operating Income (Loss)	Ordinary Profit (Loss)	Net Income (Loss) Attributable to Owners of Parent	Net Income (Loss) per Share (Yen)
Previous Year Results（A）	11,455	△3,480	△3,925	△3,896	△28.65
Adjusted Previous Year（B）	8,650	△2,143	△2,148	△1,919	△14.15
Current Results（C）	9,274	△1,308	△1,243	△2,128	△15.39
Amount of Change（C－B）	624	835	905	△209	-
Rate of Change（%）	7.2	-	-	-	-

(Note: The Company changed its fiscal year-end from March 31 to December 31 starting from the current period. Figures in (B) are adjusted for the same 9-month period for comparison.)

(2) Reasons for the Differences

By resolution of the Annual General Meeting of Shareholders held on June 20, 2025, the Company's fiscal year-end (last day of the business year) was changed from March 31 to December 31. Consequently, the fiscal year ended December 2025, which serves as a transitional period for this change, is an irregular accounting period of nine months, from April 1, 2025, to December 31, 2025, for SOURCENEXT Corporation and its subsidiaries. Therefore, for reference purposes, comparative information is provided for the same period of the previous year (hereinafter referred to as the "Adjusted Previous Period").

Net sales for the current consolidated fiscal year were 9,274 million yen (up 7.2% compared to the Adjusted Previous Period). Gross profit expanded due to the growth of software products driven by demand for Windows 11 migration, as well as the expanded lineup of new products such as "Fude-gurume" and "Oura Ring 4." Regarding selling, general and administrative expenses, as a result of reviewing fixed costs across the entire Group, operating loss for the current consolidated fiscal year was 1,308 million yen (compared to an operating loss of 2,143 million yen in the Adjusted Previous Period), and ordinary loss was 1,243 million yen (compared to an ordinary loss of 2,148 million yen in the Adjusted Previous Period).

As a result of recognizing impairment losses on software and contract-related intangible assets, net loss before income taxes was 2,850 million yen (compared to a net loss before income taxes of 2,065 million yen for the same period of the Adjusted Previous Period). Additionally, as a result of recording a net loss attributable to non-controlling interests of 727 million yen, net loss attributable to owners of parent was 2,128 million yen (compared to a net loss attributable to owners of parent of 1,919 million yen for the same period of the Adjusted Previous Period). While the amount of loss has increased, underlying profitability is steadily improving.

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