

To Our Shareholders and Investors

Business Report for Fiscal Year ended March 2020
April 1, 2019 - March 31, 2020



Greetings

“POCKETALK” as De Facto Standard for Translating Device

To all our valued shareholders and investors, I would like to express my warmest gratitude for your continued loyal patronage and hope that this letter finds you well.

Since our founding in 1996, we have upheld our corporate mission of “Creating products that inspire joy and move the world” and have striven to plan and develop new products that would exceed customer expectations. Currently we are expanding our business in the IoT products field while also continuing to keep our place in the smartphone app and PC software markets in order to create new businesses which meet the changing times and fulfil the ever-changing needs of our customers. Regarding the “POCKETALK®” series of AI-Powered Translation Devices, our flagship product, a new model, “POCKETALK S,” equipped with a variety of new functions was launched in December 2019, in addition to the conventional model “POCKETALK W.” During this fiscal year, we focused our efforts on sales of these products in domestic and foreign markets, with a view to raising awareness of these products as de facto standards for translation devices. In addition, with the background of the Cabinet’s promotion of telework (a Japanese coined word for “work from home”), we have decided to set out a policy of providing telework-related software services and hardware in a speedy manner. In March 2020, the “TELEWORK COLLECTION,” a page introducing useful products for telework, was released on our website and sells various telework-related products. As a result, net sales for the current fiscal year were 17.282 billion yen (17.5% increase from the previous fiscal year), and gross profit was 10.378 billion yen (14.0% increase from the previous fiscal year), the highest sales ever since the Company was founded.

I would like to express my deepest gratitude to all our shareholders and investors for their continued support and would like to assure you that we will continue to strive to meet our shareholders’ expectations and to stay true to our slogan - “Creating products that inspire joy and move the world.” I thank all of you again, from the bottom of my heart, for your kind understanding and encouragement, and look forward to your continued support in the coming future.

June 2020

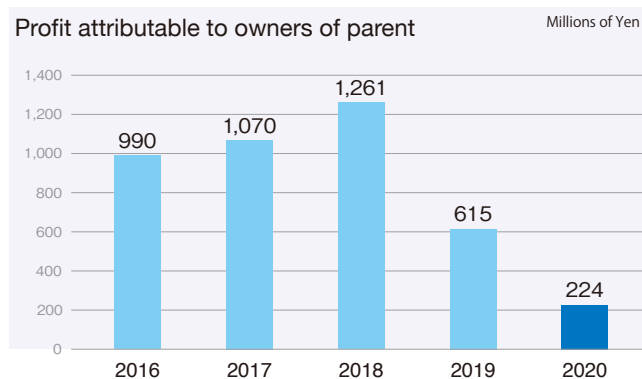
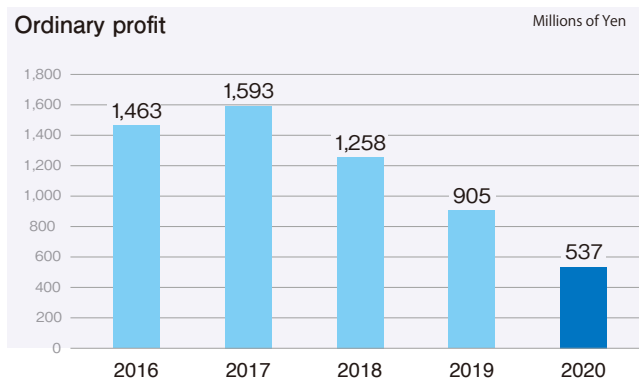
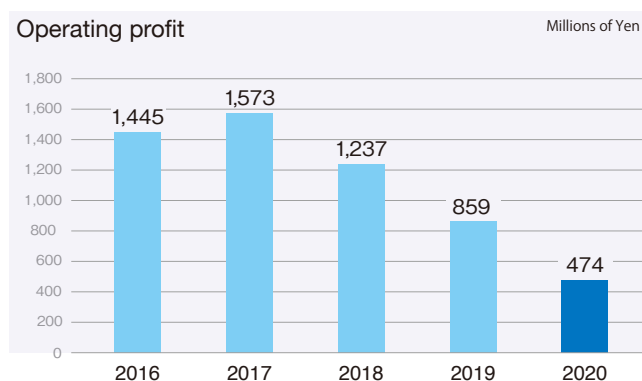
SOURCENEXT Corporation
President and CEO
Noriyuki Matsuda



Consolidated Business Highlights

Main Highlights

Net sales continued to increase significantly due to POCKETALK. Profits decreased year on year due to an increase in selling, general and administrative expenses for sales promotion. Dividend Payout of 0.25 yen (Maintained Dividend Payout Ratio of 15%)



Forecasts for Next Fiscal Year

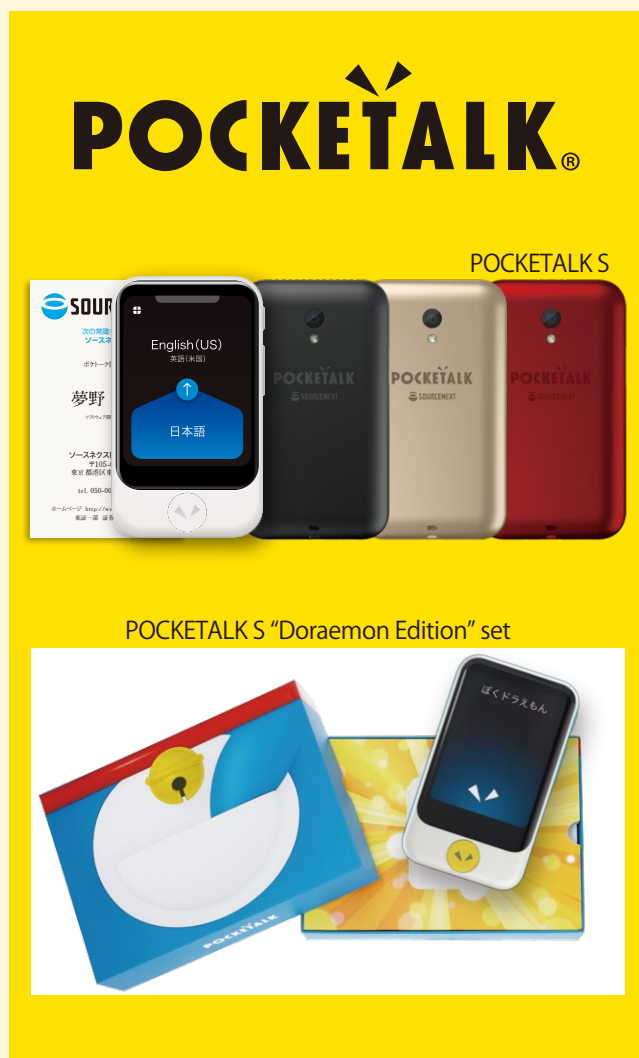
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Yen	Yen
	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share	Annual dividends per share
Six months ending September 30, 2020	6,174	100	100	69	0.51	—
Full year	16,000	600	600	416	3.06	0.46

NEWS

Started Sales of Telework-related Products in Response to the Rapidly Changing Market with the Novel Coronavirus (COVID-19)

A Dream AI-Powered Translation Device, "POCKETALK S"

Hot on the heels of "POCKETALK W," an AI-powered translation device which went on sale in September 2018, we launched a business card-sized model with camera translation, "POCKETALK S" in December 2019. The device is now multifunctional, translating 55 languages in both voice and text, and 20 languages by text. In addition, the device can translate texts taken with the camera and give conversation lessons. In addition, "Doraemon Edition," a collaboration with the popular "Doraemon" character, has been released and well received.



POCKETALK S

POCKETALK S "Doraemon Edition" set

The advertisement features a yellow background. At the top, the "POCKETALK" logo is displayed in large, bold, black letters. Below it, four POCKETALK S devices are shown in a row: white, black, gold, and red. The white device is open, showing a screen with "English (US)" and "日本語" options. To the left of the devices is a small inset image of a business card. Below the devices, the text "POCKETALK S 'Doraemon Edition' set" is written. Underneath this text is an image of the Doraemon Edition packaging, which is blue and white with a Doraemon character on it. The device is shown next to the packaging.



Overseas travel

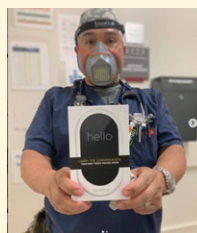
Study

Hospitality

Business

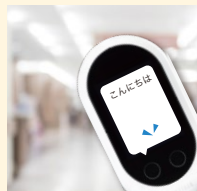
Being Used in the Field of COVID-19 Countermeasures

POCKETALK is used in hospitals in the United States



SOURCENEXT Inc. in the United States donated 600 POCKETALK W to targeted medical institutions, ambulance corps, testing sites, and organizations in need of translation services. They were widely used at the forefront of COVID-19 countermeasures.

Used in response to the Diamond Princess



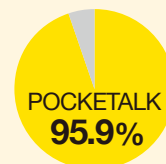
In response to a request from the Ministry of Health, Labour and Welfare, we provided the POCKETALK W free of charge as a communication tool for non-native speakers of Japanese on board the "Diamond Princess" cruise ship.

Used by More Than 500 Companies

POCKETALK has been adopted by more than 500 companies in a wide range of industries.



Awarded the "Good Design Award 2019"



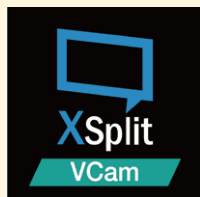
January 2019 - December 2019 cumulative
No. 1 audio-based translation device market share
Source: BCN Inc.

Products and Services

Telework-related Products

In order to prevent the spread of COVID-19, telework in which people work from home, has rapidly spread in society. In anticipation of this demand, we are gathering leading telework-related products from inside and outside the Company and aggressively promoting their sales.

For web conference



XSplit Vcam, freedom of background

Software that allows you to change the background image of your web camera in real time with a single click. The AI automatically recognizes the person and can blur the background or turn it into a video or image. It's comfortable for a meeting where you don't want to be seen in your room.



Krisp, surprisingly silent

Software to reduce environmental sounds and noise in web conferences, etc. Deep learning technology decomposes the input sound into a human voice and noise so that only the human voice can be sent and received. You can concentrate on your meetings without notifying the keyboard noise.



V-CUBE Meeting Basic

A cloud-based service that allows you to hold meetings while looking at each other's faces and documents and listening to each other's voices on the browser of V-cube, Inc. It features a simple UI and usability that is easy to use even for first-time users.



The Meeting Owl, AI is attentive 360°

A web conferencing tool with a 360 ° camera, microphones, and speakers that conveys the presence of the meeting even from a distance. It recognizes who is speaking and displays a screen that automatically focuses on whoever is speaking. Compatible with various web conferencing systems including Zoom and Skype.

Launched a Comprehensive Web Page on Telework



In March 2020, we opened a dedicated page on the SOURCENEXT site called "TELEWORK COLLECTION," a collection of products and services in a wide range of telework-related fields.



The Company handles software, hardware and services and offers a variety of proposals, not only for work, but also for solving a lack of exercise, learning and education.

Diversification of Products to Strengthen the Management Base

Until now, we have mainly dealt with products for the general consumer market. However, POKKETALK has opened up the corporate market as a product that can inexpensively solve the communication problems associated with an increase in the number of tourists and foreign workers visiting Japan. From now on, we will make telework-related products a new pillar of our business, along with software and POKKETALK and promote product diversification. By doing so, we will build a management base that is strong enough to withstand rapid changes in the economic environment.

Products and Services

“From Apps to Hardware, We Continue to ‘Source What’s Next’”

Smartphone Apps

Providing Apps to the 3 Major Mobile Carriers

ISOURCENEXT provides apps to the “all-you-can-use” services of all 3 major carriers in Japan, and have 98 titles accepted to these services.

Providing Apps Since	Carrier	Service Name	Number of Apps Provided
March 2012	KDDI	“au SmartPass”	38
June 2013	NTT DoCoMo	“SugoToku Contents”	26
August 2014	Softbank Mobile	“App Pass”	36

(As of December 2019)

Example of apps provided



World’s First Voice Messaging Service with LINE Integration



スマート
留守電

The number of service contracts has been increasing with respect to the “Smart RUSUDEN” voice message to text service that enables users to read their voice messages either on the spot, or through Email or LINE (messaging service).

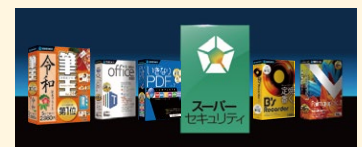


All-You-Can-Use Services

New Way of Apps

SOURCENEXT is leveraging our unique ability to handle a large number of apps from a wide range of fields to focus on providing flat-rate, “all-you-can-use” services. In addition to selling this as our own product, our sales channels have been expanding to wide-ranging business sectors as a result of actively providing apps on an OEM basis.

Service Name	Platform	Provided To
Apps CHOU HODAI	For Smartphone Users	Internet service providers, Cable TV service providers, mobile virtual network operators (MVNOs), PC schools, smartphone/PC shops, etc.
CHOU HODAI	For PC Users	



Users can download and use all the software they want from a lineup of 120 applications, including the world’s top performing antivirus software “Super Security.” It is available under one-year, three-year and monthly subscription plans.

An “all-you-can-use” monthly app subscription service with over 100 apps to choose from.



Products and Services

PC Software

Demand for security and business software, as well as learning and educational software, is growing due to the rapid penetration of telework.

“ZERO,” Antivirus Software With No Expiration Date and No Renewal Fee



Since 2006, SOURCENEXT has abolished the security software update fee, which had been a customary practice in the industry, and it has been very well received by our customers. There are two types to choose from: 1,980 yen virus security (excluding tax) and the world's best performance “Super Security.”



AV Super Security's engine wins AV-Comparatives' "Product of the Year 2019" award

AV-Comparatives is an Austrian non-profit organization that tests the performance of the world's security products and awards the highest-scoring products of the year. The Bitdefender engine in the Super Security has had the highest score for six consecutive years, and received the “Product of the Year 2019” award.

The World Famous, Language Learning Software “Rosetta Stone”



“Rosetta Stone” is world famous language learning software that covers 24 languages in total. “Rosetta Stone Library” is an online language learning platform that allows you to take lessons at your convenience, using your computer, smartphone or tablet.

“IKINARI PDF,” No.1 Share for 17 Consecutive Years Since Its Launch



Convert multiple Excel and Word files to PDF at once, combine multiple PDFs into a single PDF, or convert a PDF to Excel. With its convenient features and low price, it continues to maintain its record as the No.1 market share for 17 years since its launch.

Document Management Software Category - Number of Units Sold, by Software Vendors POS actual sales figures from 2,659 major computer stores nationwide (2019 results) (2004-2020 BCN Inc. survey)



Computer Software - Number of Units Sold No. 1 in the Number of Units Sold in 7 Categories

Unit share for January to December 2019, by manufacturer. Data for “PDF” extracted from “Business,” “OCR/Translation” extracted from “Business,” “Video Editing/DVD-Related” extracted from “Graphics,” “Mobile” extracted from “Practical Use,” “Postcard” extracted from “Practical Use,” “Typing” extracted from “Practical Use,” “Language Study & Testing” extracted from “Educational.”

Full Range of Video, Image Editing and Music Software

We have a wide range of video editing software, image editing software, composition and sound editing software that is used worldwide.



Over 70% Share in the Postcard Creation Software Category

As a group we gained more than 70% share in the postcard creation software market, with the top-selling postcard software “FUDEMAME,” our own copyrighted product “FUDEOH,” and “ATENA SHOKUNIN” for Mac which became No. 1 in that category.



User Services

Over 17 Million Registered Users

Customers who purchase a product and get registered as users are encouraged to purchase again through information on after-sale upgrades, discounts, etc. The total number of registered users now exceed 17 million, making it a major basis of income for the Company.



1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007

The History of SOURCENEXT

SOURCENEXT has always striven to challenge the norms and redefining standards. This philosophy will continue to remain at the heart of our products and services.

Redefining "Usability"

"KYOUSOKU 95" requires no operations other than installing the program

"KYOUSOKU 95" on sale



SOURCE Corporation Founded

"TOKU-UCHI" - designed with a menu without "words"



A typing software based on illustrations instead of a "keyboard on the screen"

"TOKU-UCHI" on sale



"KEIKAI DENWA" on sale



Company Name changed from SOURCE Corporation to SOURCENEXT Corporation

First in software industry to adopt "Mileage Services"



E-commerce site opened



"Reassurance Policies" started

TV Commercial "Muay Thai" wins the Silver Award at the "40th ACC CM FESTIVAL"

Revolutionizing "Price"



"KYOUSOKU ADSL" on sale



"Virus Security" on sale



"IKINARI PDF" on sale

Introduction of "Packages with unfolding cover page"



Listed on Mothers



"Virus Security ZERO" on sale

Revolutionizing Security

Broke away from old security industry standards and set annual renewal fees to 0 Yen. Selected as the "2006 Hit Products Awards" presented by SMBC Consulting.

Partnership with KOEI Corporation



Amazed the industry by setting the Price of software to 1,980 Yen

"Software Priced at 1,980 Yen" wins the "Prize of Excellence" from the Nikkei Products / Services Award 2003 and also the "Nikkei MJ Award"

Internet
Windows

Broadband

Security

2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

Listed on the First Section of the Tokyo Stock Exchange

"U-Memo" series on sale



"FUDEOH" on sale

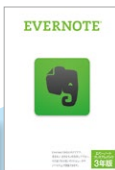


"B's Recorder" on sale

"CHOUJIMAKU" on sale



© 1998 Warner Bros. Entertainment Inc. All rights reserved.



Partnership with Evernote



Began providing iPhone apps



"Super Security ZERO" on sale



"Android GENSEN Apps" series launched
Began development / sales of Android based applications



iPhone version of "CHOUJIMAKU" on sale

Number of registered users surpasses 10 million

Smartphone

SOURCENEXT Inc. founded



Started Providing Apps to "SugoToku Contents"



Android App
Started Providing Apps to "au Smart Pass"



Partnership with Dropbox

Started Providing Apps to "App Pass"

Revolutionizing the Methods for Providing Software



"CHOU HODAI" and "Apps CHOU HODAI" series launched

"CHOU HODAI" (all you can use PC software) service started with over 120 software. "Apps CHOU HODAI" (all you can use Android apps) service started with over 100 apps.

Revolutionizing "Translation Devices"



Launched "POCKETALK" translation device



Launched the in-house developed "POCKETALK W" translation device

Started in-house development of IoT devices



Launched "POCKETALK S," more advanced AI-powered translation device



Announced "FamilyDot" location monitoring device

SOURCENEXT B. V. founded

IoT AI

2020



Launched Telework-related products

What's Next

Consolidated Financial Statements (Summary)

Consolidated Balance Sheets

Millions of Yen

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets	13,084	11,518
Cash and deposits	7,562	3,898
Non-current assets	4,314	5,511
Property, plant and equipment	203	157
Intangible assets	3,023	2,927
Investments and other assets	1,087	2,426
1 Total assets	17,398	17,029
Liabilities		
Current liabilities	4,087	3,985
Non-current liabilities	1,388	952
Total liabilities	5,475	4,937
Net assets		
Shareholders' equity	11,837	11,992
Accumulated other comprehensive income	△5	△19
Share acquisition rights	92	118
Total net assets	11,923	12,091
Total liabilities and net assets	17,398	17,029

Current ratio	320.1%	289.0%
Quick ratio	256.4%	157.1%
Equity ratio	68.0%	70.3%

Consolidated Statements of Income

Millions of Yen

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
2 Net sales	14,710	17,282
Cost of sales	5,528	7,096
Gross profit	9,182	10,185
Selling, general and administrative expenses	8,322	9,710
Operating profit	859	474
3 Ordinary profit	905	537
Profit before income taxes	1,016	565
Total income taxes	400	340
4 Profit attributable to owners of parent	615	224

Consolidated Statements of Cash Flows

Millions of Yen

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
5 Cash flows from operating activities	1,346	△1,329
6 Cash flows from investing activities	△160	△1,715
7 Cash flows from financing activities	4,467	△602
Effect of exchange rate change on cash and cash equivalents	2	△16
Net increase in cash and cash equivalents	5,655	△3,663
Cash and cash equivalents at beginning of period	1,906	7,562
Cash and cash equivalents at end of period	7,562	3,898

Consolidated Financial Statements (Summary)

1 Total assets

The decrease in cash and deposits of 3.663 billion yen was primarily due to an increase in merchandise and products from mass production of the “POCKETALK” series (1.764 billion yen) and an increase in investment securities at Umeox Innovations Co., Ltd. and other companies (1.054 billion yen).

2 Net sales

In addition to an AI-powered translation device “POCKETALK W,” we launched a new model “POCKETALK S.” Sales of the “POCKETALK” series increased as a result of a large-scale rollout at electronics retail stores and a campaign on the SOURCENEXT eSHOP. In addition, sales of security software and postcard software were also strong, resulting in a 17.5% increase in sales compared to last year.

3 Ordinary profit

As a result of the change in policy to sell “POCKETALK W” exclusively through SOURCENEXT eSHOP because of its higher margin and therefore to collect “POCKETALK W” from stores in a phased manner, provision for sales returns were recorded. Selling, general and administrative expenses increased due to sales promotion expenses related to “POCKETALK S” promotional fixtures and trial devices, as well as outsourcing costs resulting from the addition of dedicated “POCKETALK” support. As a result, our ordinary profit was down 40.6% from the previous fiscal year and the ordinary profit ratio was 3.1%.

4 Profit attributable to owners of parent

Profit attributable to owners of parent fell 63.5% from the previous fiscal year to 224 million yen, due to the absence of a gain on sales of investment securities that had occurred in the previous fiscal year.

5 Cash flows from operating activities

Expenditures for the current fiscal year amounted to 1.329 billion yen. The main factors were a 450 million yen decrease in profit before income taxes compared to the end of the previous year, a 1.755 billion yen decrease in accounts payable for advertising and other expenses, a 1.437 billion yen decrease in the collection of trade receivables, and a 877 million yen increase in advance payments for POCKETALK production.

6 Cash flows from investing activities

Expenditures for the current fiscal year amounted to 1.715 billion yen. The main factors were an increase of 809 million yen in expenses for acquiring investment securities, and there was no gains from the sale of investment securities in the current fiscal year compared to 810 million yen in the previous fiscal year.

7 Cash flows from financing activities

Expenditures for the current fiscal year amounted to 602 million yen. The main factors were a decrease of 3.773 billion yen in proceeds from shares issued through the exercise of share acquisition rights and no proceeds from the disposal of treasury shares through the exercise of share acquisition rights during the current fiscal year.

Sales based on Different Channels

SOURCENEXT eSHOP (EC site)

Launched a dedicated website for “POCKETALK” and opened telework products introduction page

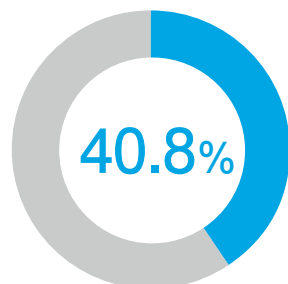
In this sales channel, we mainly focus on selling “POCKETALK” and software, as well as IoT and hardware products, through the online shop on our website. Below are the activities carried out in this fiscal year and net sales resulted in 7.055 billion yen (12.0% increase from the previous fiscal year).

- Opened a dedicated website for “POCKETALK” on the online shop
- Postcard creation software “FUDEOH,” “FUDEMAME” and “ATENA SHOKUNIN” contributed to increased sales
- Security software contributed to increased sales
- Launched “SOURCENEXT ePoint” service
- Released the “TELEWORK COLLECTION,” a page introducing useful products for telework

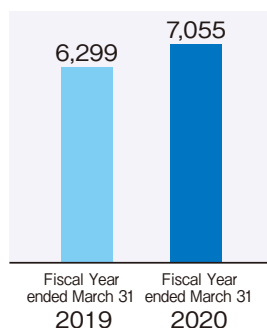


Net Sales 7.055 billion yen
(12.0% increase from the previous fiscal year)

Sales distribution ratio



Sales (units: million yen)



Electronic Retail Stores

Launched “POCKETALK S” and Increased the Sales Floor at Electronic Retail Stores

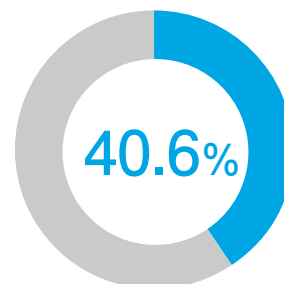
In this sales channel, we mainly focus on selling IoT products, PC software, etc., for individual users at electronics retail stores around Japan. Below are the activities carried out in this fiscal year and net sales resulted in 7.023 billion yen (15.1% increase from the previous fiscal year).

- Launched a new model “POCKETALK S,” revised price of “POCKETALK W,” and increased sales floors and trial devices at electronic retail stores around Japan
- Upgrades of postcard creation software “FUDEOH,” “FUDEMAME” and “ATENA SHOKUNIN”
- Upgrades of security software “Virus Security” and “Super Security”

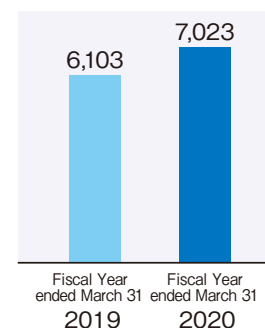


Net Sales 7.023 billion yen
(15.1% increase from the previous fiscal year)

Sales distribution ratio



Sales (units: million yen)



Sales based on Different Channels

Smartphone Businesses (Mobile Carriers)

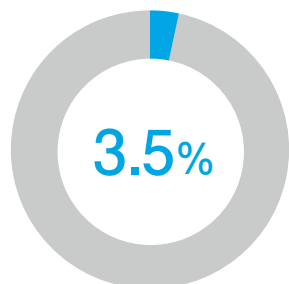
Sales decreased due to a gradual decline in the number of subscribers

In this sales channel, we focused on providing and selling content intended for the “all-you-can-use” application subscription services offered by three major mobile carriers. In the current fiscal period, we provided “Sweet Snap” for “au SmartPass.” We worked to increase the number of users by strengthening the promotion of our core apps. However, the reduced number of subscribers to the “all-you-can-use” application subscription services provided by the respective carriers has led to a decline of the source of revenue sharing to content providers. As a result, net sales have decreased to 605 million yen (27.0% decrease from the previous fiscal year).

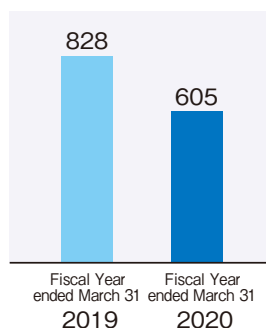


Net Sales 605 million yen
(27.0% decrease from the previous fiscal year)

Sales distribution ratio



Sales (units: million yen)



Others

Large-scale adoption of “POCKETALK” by corporate customers and sales expansion in the United States and Europe

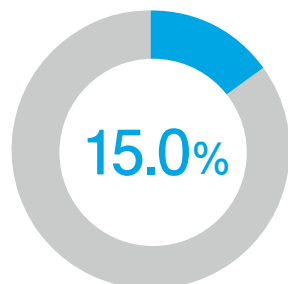
We mainly offer “POCKETALK” to corporate users for purchase and rental, as well as services such as “all-you-can-use” application subscription service for PC software and smartphone apps. Below are the activities carried out in this fiscal year and net sales resulted in 2,598 billion yen (75.6% increase from the previous fiscal year).

- “POCKETALK” for corporate users: Large scale adoption of products by airlines and railway companies before the arrival of the travel season such as Golden Week and summer vacation.
- Exhibiting at the G20 Tourism Ministers’ Meeting or national exhibitions such as the “Multi-lingual & ICT Forum”
- Sales of PDF conversion software “IKINARI PDF” and other licenses increased
- Expanding “POCKETALK” sales, especially on “Amazon” in the United States and Europe

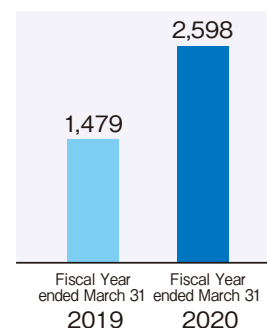


Net Sales 2,598 billion yen
(75.6% increase from the previous fiscal year)

Sales distribution ratio



Sales (units: million yen)



TOPICS

Chosen as a Best Company in “Great Place to Work®” ranking for six consecutive years



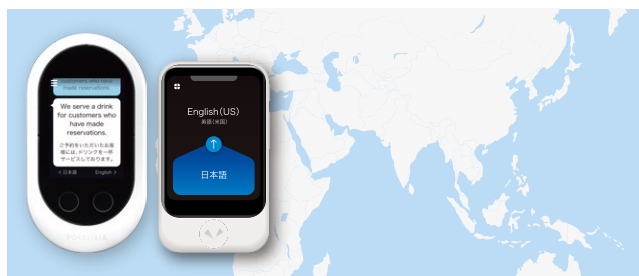
The Great Place to Work® Institute is one of the largest institutions in the world that conducts and analyzes employee satisfaction surveys. In the 2020 ranking of “Great Place to Work” among Japanese companies, SOURCENEXT was chosen as one of the Best Companies for six consecutive years since 2015.

Launched telework-related products one after another



In response to the rapid rise in demand for telework, we have expanded our related products. In addition to the “Dropbox Plus” and “Splashtop Premium” that we have been offering up to now, we have launched a series of leading products in Japan and overseas, including the “XSplit VCam” web camera background deletion software and the “V-CUBE Meeting” cloud-based web conferencing service.

“POCKETALK” expanded into Asia



In July 2019, POCKETALK was launched in Macao and in December a local company in Taiwan launched POCKETALK. In February 2020, the product was launched in Thailand. We are aggressively expanding our overseas sales channels, especially in Asia.

Bringing leading overseas products to Japan



We began to sell The “OSMO” series of educational toys manufactured by U.S.-based Company Tangible Play, Inc. in Japan in May 2020. The “OSMO” series is an advanced educational toy series that combines a game app that runs on tablets, such as the iPad, with a physical kit to use at hand. We will continue to aggressively introduce superior products from Silicon Valley to the Japanese market.

Frequently Asked Questions

Q. What is your most popular product / service?

A. The “POCKETALK” AI-powered translation device and the “ZERO” security software series are our most popular products / services.

We have sold a total of over 700,000 “POCKETALK” units since its release in December 2017 (as of February 2020). “POCKETALK” has received a high evaluation, winning Grand Prize at the 2018 Nikkei Superior Products and Services Awards - Nikkei Awards for Excellence. Furthermore, in December 2019, we launched the “POCKETALK S” series installed with new functions including a camera translation function and English conversation learning function. Moreover, “ZERO Virus Security” has a cumulative total of 10 million users.

Q. What are your thoughts on premium redemptions to shareholders?

A. We are committed to firmly maintaining a policy of paying stable dividends.

The basic dividend policy is to implement the distribution of profits with comprehensive consideration of performance, the dividend payout ratio and the amount of investment required for medium- and long-term corporate growth. For the fiscal year ended March 31, 2020, the Company has paid out dividends on the basis of a 15% dividend payout ratio. For the fiscal year ending March 31, 2021, the Company also plans to pay dividends on the basis of a 15% dividend payout ratio upon considering business conditions. Going forward, we are committed to firmly maintaining a policy of paying stable dividends while taking business conditions into account.

Q. What are your future business strategies?

A. A. In addition to the “POCKETALK,” we will expand our IoT products with an eye on “After Coronavirus” and “With Coronavirus.”

“POCKETALK,” with its enhanced learning capabilities, has maintained steady sales even amid the restraint on going out due to the coronavirus. In addition, we will continue to introduce new products that keep an eye on the changing times, such as the “360 ° AI camera Meeting Owl” and the “Molekule,” a cutting-edge air purifier that works with smartphones.

Q. Does SOURCENEXT have an established regulatory compliance program?

A. Yes, we have established a culture of treating compliance with utmost importance.

In our corporate philosophy of “becoming the most exciting company in the world,” we define “exciting” to mean “being genuinely good,” “creating happiness,” and “having fun,” and we are fostering a culture that expects our people to do the right thing. Moreover, in addition to requiring our employees to undergo training and do a test at the time of entering the company and once a year thereafter, regardless of the form of their employment with the company, we also teach via other methods such as through the activities of committees composed of employees. Furthermore, as a response for actions that arouse suspicions as to whether they are within laws and regulations, we have established the “Corporate Ethics Hotline” that provides the means for all employees to make an anonymous report to the company via an independent organization with no relationship of interest with our company.

Shareholders' Notes

Fiscal Year

From April 1 to March 31 of the following year

Annual Meeting of Shareholders

June of every year

Record Date

For Annual Shareholders' Meeting: March 31, every year

For Year-end Dividend: March 31, every year

If others are deemed necessary, the dates will be as notified in advance

Shareholder Registry Administrator and Transfer Account Management Institution for Special Accounts

1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited

Shareholder Registry Administrator Office

1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited,
Stock Transfer Agency Business Planning Dept.

(Mailing Address) 2-8-4, Izumi, Suginami-ku, Tokyo 168-0063

Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Business Planning Dept.

(Telephone Number) 0120-782-031 (Available only in Japan)

(Internet Homepage URL) <https://www.smtb.jp/personal/agency/index.html>

(Regarding changes in registered address and referencing information regarding shares)

Shareholders who have an account opened with a securities company, who need to make changes to their registered address or need to reference any records, please contact the securities companies for which the account is opened for. For shareholders who do not have an account at any securities company, please make inquiries to the telephone number noted above.

(Regarding Special Accounts)

For shareholders who are not using Japan Securities Depository Center for their electronic stock certificates, we have prepared an account (special account) at the above Sumitomo Mitsui Trust Bank, Limited. For address changes and referrals regarding these special accounts, please contact the above telephone number.

Method of Notification

Notification will be made public electronically (<http://www.sourcenext.com>), but in any cases where notification via electronic publication is not possible, the information will be made public through the Nihon Keizai (Nikkei) Shimbun.

Securities Code

4344

Traded

Tokyo Stock Exchange (First Section)

SOURCENEXT Corporation

Shiodome City Center 33F, 1-5-2 Higashi-Shimbashi Minato-ku, Tokyo 105-7133
TEL: 81-3-6254-5231