

To Our Shareholders and Investors

Business Report for Fiscal Year ended March 2021
April 1, 2020 - March 31, 2021



Greetings

Going Global with SOURCENEXT

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.

Founded in August 1996 with the mission of “Creating products that inspire joy and move the world,” we have striven to plan and develop products that would exceed customer expectations as we strengthen our corporate structure and improve and reform our business. As a result, it has become time for a candidate successor to take on the management role, and Tomoaki Kojima has become our new president as of February 1, 2021.

With an eye on the globalization of our business, we aim to further strengthen our management base and speed up decision-making to even further raise the corporate value of our group.

By “Fostering product owners to continue creating hit products,” “Building the structure to become a global corporation,” “Creating a rewarding organization by promoting delegation of authority” and working on other initiatives, Noriyuki Matsuda, as founder and CEO, will work with Tomoaki Kojima, the new president, to lead the new managerial structure for the sustainable growth and development and the increased corporate value of our group.

We would like to express our deepest gratitude to all our shareholders and investors for their continued support and, in line with our new slogan, create “Your next delight,” one after another, and work toward expanding into the global market to inspire joy and move the world with our products.

We thank all of you again, from the bottom of our hearts, for your kind understanding and encouragement, and look forward to your continued support in the coming future.

June 2021



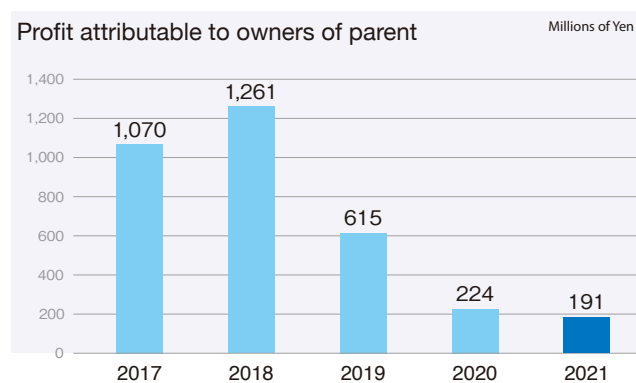
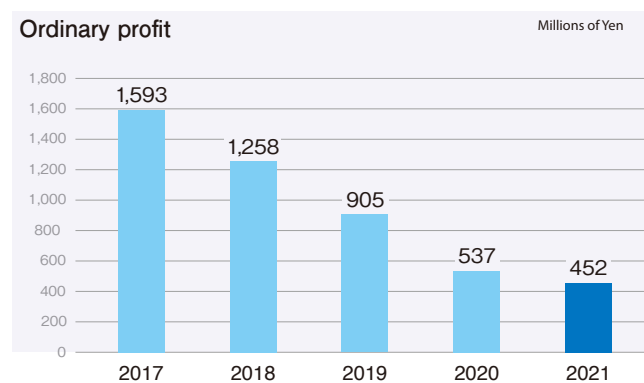
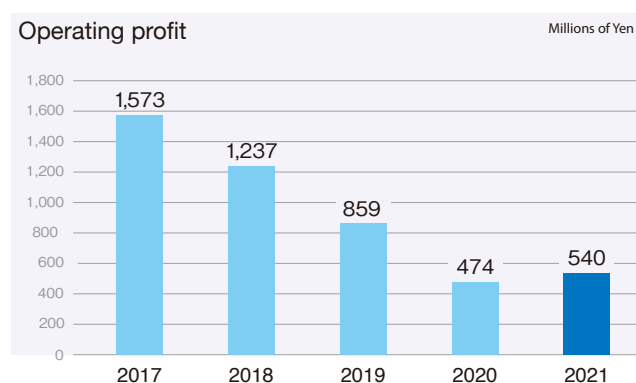
Founder and CEO
Noriyuki Matsuda

President and COO
Tomoaki Kojima

Consolidated Business Highlights

Main Highlights

- Recorded an operating profit greater than the previous fiscal year despite the effects of COVID-19
- Dividend payout of 0.21 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, 2021	6,850	46	0	0	0.00	—
Full year	16,817	578	550	376	2.76	0.41

Products and Services

NEWS

Started Sales of Products for Web Conferencing in Response to the Rapidly Changing Market Caused by COVID-19

Strengthen the Management Base through Product Diversification

Up until now, we have mainly dealt with products for the general consumer market. However, by opening up the corporate market with POCKETALK, making products for web conferencing and teleworking a new pillar of our business and diversifying products, we will build a strong management base that can withstand rapid changes in the economic environment.

Products for Web Conferencing



These are products for web conferencing, which has become common for helping prevent the spread of COVID-19, that enabled us to gain more corporate customers.

The Meeting Owl



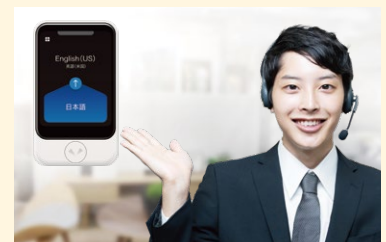
Advertisement featuring the comedian Akihiro Kakuta of "Tokyo 03"

A web conferencing tool equipped with a 360° camera, microphones, and speakers. It can automatically focus on whoever is speaking, providing a more immersive meeting experience than ever before. We have been able to ship 10,000 units over approximately seven months, and it is being used by various companies across the industry.

Comprehensive Web Page on Telework



In March 2020, we opened a dedicated page on the SOURCENEXT site called "TELEWORK COLLECTION," which is a collection of telework-related products. The Company offers a variety of proposals, from work to solving a lack of exercise, learning and education.



XSplit Vcam for Background Freedom

Software that can blur your background or switch between an image or video in order to protect your privacy by preventing others from seeing your room during web conferences.



Freedom of Expression - Ewodas

Our proprietary software that can display images or text on your video display during web conferences.



Krisp, Surprisingly Silent

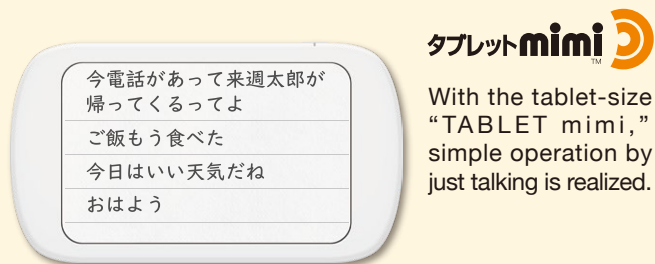
Software that uses AI technology to reduce unwanted noise during web conferences.

Products and Services

IoT Products

Through new products that utilize the technology from the AI translation device POCKETALK, we are expecting to acquire new customers and to expand the market.

AI Voice-to-text Device



タブレットmimi

With the tablet-size "TABLET mimi," simple operation by just talking is realized.

We realized that some customers were using POCKETALK to communicate with people who are hearing impaired. Therefore, we released two types of specialized devices for displaying the contents of what is spoken into large text. These facilitate communication with people who have impaired hearing including the elderly.

Voice-to-text Recorder



AutoMemo can convert recorded voice memos into text using AI over the internet, and automatically send it together with the audio file to a computer or smartphone. This improves efficiency with the creation of meeting minutes and drafts.

AI-powered translation device

"POCKETALK mimi" won the Good Design Award along with "POCKETALK S."



The AI-powered translation device POCKETALK is the size of a business card.

We introduced an all new "POCKETALK S Plus" in July 2020, which featured the same camera translator as "POCKETALK S," but with an even larger screen size. It has quickly gained popularity due to its easy-to-operate and easy-to-view screen size.

Air Purifier

An air Purifier

MOLEKULE



"Molekule," whose name is taken from the English word "molecule," is an innovative air purifier developed in the U.S. It can remove various molecules from the air including viruses, pollen, house dust, and bacteria using a photoactive nanofilter and special catalyst. We launched the molekule.jp website in October 2020, and are currently expanding our sales channels to electronics retailers.

Products and Services

Providing a wide-range of products, from smartphone apps to computer software

Smartphone Apps

Providing Apps to All 3 Major Mobile Carriers

ISOURCENEXT provides apps to the all-you-can-use app services of all 3 major carriers in Japan.

Providing Apps Since	Carrier	Service Name	Number of Apps Provided
March 2012	KDDI	"au SmartPass"	2
June 2013	NTT DOCOMO	"SugoToku Contents"	15
August 2014	Softbank	"App Pass"	36

(As of March 2021)

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).

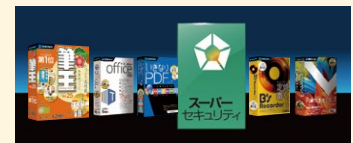


All-You-Can-Use Services

New State 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.

製品名	ジャンル
スーパーセキュリティ 3台用 マルチOS版 組み合わせた理由で3台まで使える、世界最高レベル性能のセキュリティ対策ソフト ソースネクスト株式会社	セキュリティ
超ブルーライト削減 Ver.2 (5台用) 簡単操作でパソコンの画面から出るブルーライトを削減できるソフトです。(Windows 5台用) ソースネクスト株式会社	システム/メディア
いきなりPDF Ver.8 BASIC PDF作成ソフト ・販売本数シェア17年連続No.1シリーズの普及版 ・PDFの作成、変換、編集、結合、分割、抽出ができる ソースネクスト株式会社	ビジネス
筆王Ver.25 オールシーズン 住所録、はがき作成ソフト ・簡単、お楽、お楽 ・5台のパソコンで使える ソースネクスト株式会社	趣味/娯楽
Paintgraphic 4 Pro 画像編集ソフト ・低価格で本格的な画像編集ソフト ・Photoshop形式も対応 ソースネクスト株式会社	趣味/娯楽
カンタン切り抜き写真 4 写真編集ソフト ・ドラッグだけで簡単に切り抜き ・AIが人物を認識 ソースネクスト株式会社	趣味/娯楽
消足素材 コピー/パステル/の20,000点以上の写真とイラスト素材 ソースネクスト株式会社	趣味/娯楽
100万人のための3D麻雀 人間的な思考を必要とした、本格的4人打ち麻雀 株式会社ファンタジー	ゲーム
信長の野望・蒼天録 with パワーアップキット 「信長の野望・蒼天録」本体と、新しい楽しみ方を提案する「パワーアップキット」のセット 株式会社コーエーテクモゲームス	ゲーム

Products and Services

PC Software

Demand for security and business software, as well as learning and educational software, has been on the rise due to the rapid adoption of telework throughout the country.

“ZERO,” Antivirus Software With No Renewal Fee



In 2006, SOURCENEXT 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 versions to choose from: virus security, which costs 1,980 yen, or “Super Security,” which has the world's best performance.



Super Security's engine has achieved the highest score for seven consecutive years.

It has achieved the highest score for seven consecutive years in performance testing by AV-Comparatives, an Austrian third-party organization. In 2020, it achieved the highest rank in all seven tests, including protection and resource usage, and won “Outstanding Security Product 2020.”

“IKINARI PDF,” No.1 Share for 18 Consecutive Years Since Its Launch



A long-selling, high-performance, low-cost product that has changed common practice in PDF creation and has been introduced to over 9,800 companies. It helps to increase efficiency of document management, reduce costs and promote telework.

POS actual sales statistics from 2,717 major electronics retailers, computer stores and online shops nationwide (2003-2020 BCN Inc. survey)



The World Famous, Language Learning Software “Rosetta Stone”



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

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



Number of units of “PC Software” sold by each manufacturer in 2020 according to GfK Japan's research on sales data of major domestic electronics retailers. “OCR/Translation/PDF” extracted from “Business” category, “PC Software Training” extracted from “Educational,” Postcard/Mobile/Typing” extracted from “Practical Use,” and “Video Editing/DVD-Related” extracted from “Graphics.”

Over 70% Share in the Postcard Creation Software Category



As a group, SOURCENEXT gained more than 70% of the share in the postcard creation software market, with the top-selling postcard software “FUDEMAME,” our own copyrighted product “FUDEOH,” and “ATENA SHOKUNIN” for Mac.

Full Range of Video, Image Editing and Music Software

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



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 exceeds 17 million, making it a major source of income for SOURCENEXT.



1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008

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"

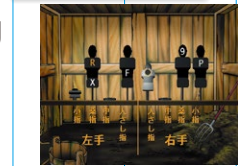
"KYOU SOKU 95" requires no operations other than installing the program

"KYOU SOKU 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"



"Reassurance Policies" started

E-commerce site opened

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

Revolutionizing "Price"



Partnership with KOEI Corporation



"KYOU SOKU 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.

Listed on the First Section of the Tokyo Stock Exchange

"U-Memo" series on sale



"FUDEOH" on sale



"B's Recorder" on sale

Amazed the industry by setting the price of software to 1980 Yen

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

Internet Windows

Broadband

Security

2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021

"CHOUJIMAKU" on sale



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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

SOURCENEXT Inc. founded



Started Providing Apps to "Sugotoku Contents"



Started Providing apps to "App Pass"



Partnership with Dropbox

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

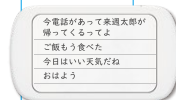


Announced "FamilyDot" location monitoring device

SOURCENEXT B.V. founded



Launched "Meeting Owl" webcam with 360° capability



Announced "POCKETALK mimi" series of AI voice-to-text devices



Announced "AutoMemo" voice-to-text recorder



Announced "Molekule" an air purifier

Redefining Meetings

Smartphone

IoT
AI

Telework

What's Next

Consolidated Financial Statements (Summary)

Consolidated Balance Sheets

Millions of Yen

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets	11,518	13,465
Cash and deposits	3,898	4,779
Merchandise and finished goods	3,092	4,330
Non-current assets	5,511	6,865
Property, plant and equipment	157	105
Intangible assets	2,927	2,930
Investments and other assets	2,426	3,829
1 Total assets	17,029	20,331
Liabilities		
Current liabilities	3,985	6,538
Non-current liabilities	952	1,428
2 Total liabilities	4,937	7,966
Net assets		
Shareholders' equity	11,992	12,152
Accumulated other comprehensive income	△19	59
Share acquisition rights	118	151
Total net assets	12,091	12,364
Total liabilities and net assets	17,029	20,331
Current ratio	289.0%	205.9%
Quick ratio	157.1%	104.1%
Equity ratio	70.3%	60.1%

Consolidated Statements of Income

Millions of Yen

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
3 Net sales	17,282	12,851
Cost of sales	7,096	5,256
Gross profit	10,185	7,594
Selling, general and administrative expenses	9,710	7,054
Operating profit	474	540
4 Ordinary profit	537	452
Profit before income taxes	565	418
Total income taxes	340	227
Profit attributable to owners of parent	224	191

Consolidated Statements of Cash Flows

Millions of Yen

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
5 Cash flows from operating activities	△1,329	△639
6 Cash flows from investing activities	△1,715	△2,755
7 Cash flows from financing activities	△602	4,271
Effect of exchange rate change on cash and cash equivalents	△16	4
Net increase (decrease) in cash and cash equivalents	△3,663	881
Cash and cash equivalents at beginning of period	7,562	3,898
Cash and cash equivalents at end of period	3,898	4,779

Consolidated Financial Statements (Summary)

1 Total assets

Cash and deposits increased by 881 million yen, merchandise and finished goods such as IoT products and telework goods increased by 1.237 billion yen, and investment securities at Molekule, Inc. of the U.S. and other companies increased by 1.665 billion yen.

2 Total liabilities

Liabilities increased by 3.028 billion yen to become 7.966 billion yen. The main factor was an increase of 3.3 billion yen in short-term borrowings, for purchases of IoT products and “Meeting Owl” and for the investment in Molekule, Inc. of the U.S.

3 Net sales

Sales of POCKETALK fell as demand for outbound and inbound travel decreased, but telework products such as “Meeting Owl” captured much of the domestic demand. In addition, we introduced numerous new IoT products, including “POCKETALK S Plus,” “TABLET mimi” and “AutoMemo.” Though augmented by the expansion of telework-related and security PC software, net sales decreased by 25.6% from the previous fiscal year to 12.851 billion yen.

4 Ordinary profit

We greatly reduced advertising expenses and took other effective cost-cutting measures, and as a result, our operating profit closed higher than the previous year, at 540 million yen (13.8% increase from the previous fiscal year). However, because the spread of COVID-19 became a long-term issue, sales of IoT products did not grow as initially expected, and investment losses of 86 million yen arose from an entity accounted for using equity method in China. As a result, our ordinary profit closed at 452 million yen (15.8% decrease from the previous fiscal year).

5 Cash flows from operating activities

Outflows decreased compared to the previous fiscal year, amounted to 639 million yen. The main factors were a 470 million yen decrease in advance payments to suppliers because of the decrease in POCKETALK purchases, a 546 million yen decrease in unearned revenue because of the decrease in POCKETALK sales, and an 834 million yen decrease in accounts payable outflows because of the reduced advertising expenses.

6 Cash flows from investing activities

Net cash used in investing activities amounted to 2.755 billion yen, an increase of 1.039 billion yen in outflows compared to the previous fiscal year. The main factors were an increase of 683 million yen in outflows for purchase of investment securities and an increase of 237 million yen in outflows for purchase of software.

7 Cash flows from financing activities

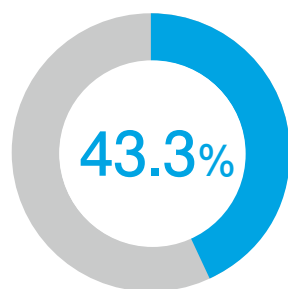
Inflows for the current fiscal year amounted to 4.271 billion yen. The main factors were purchases of new IoT products such as Meeting Owl and Molekule and financing of borrowings for investing. The net increase of short-term borrowings was 3.3 billion yen, and inflows from long-term borrowings amounted to 1.5 billion yen.

Overview by Sales Channel

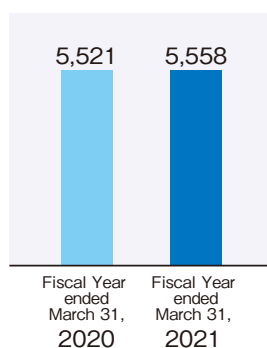
SOURCENEXT eSHOP (EC site)

Net Sales 5.558 billion yen
(0.7% increase from the previous fiscal year)

Sales distribution ratio



Sales (Millions of Yen)

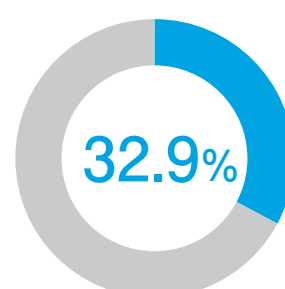


We sell IoT products, software and the like through the online shop on our website. Net sales amounted to 5.558 billion yen (a 0.7% increase from the previous fiscal year).

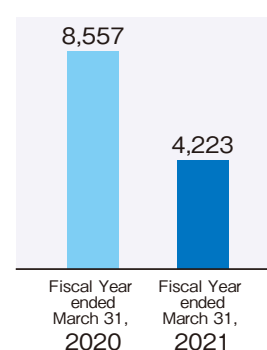
Electronic Retail Stores

Net Sales 4.223 billion yen
(50.6% decrease from the previous fiscal year)

Sales distribution ratio



Sales (Millions of Yen)



We sell IoT products, PC software and the like to individual consumers, mainly at electronics retail stores around Japan. Net sales amounted to 4.223 billion yen (a 50.6% decrease from the previous fiscal year).

Growth in PC software due to the rise in stay-home demand and telework demand

Overview of sales and major activities

- Stable sales of security, postcard creation software, and other existing products
- Introduced new PC software including “XSplit Vcam” and “B’s Video Recorder”
- Started to carry “Meeting Owl,” “Molekule,” “AutoMemo,” “Tablet mimi,” and other new IoT products
- Started a migration service for POCKETALK from the first generation to the new product
- Introduced a point system exclusive to the online shop



Enhanced in-store appeal by placing sample products and displays listing awards

Overview of sales and major activities

- Grew appeal of “POCKETALK” as a language-learning tool
- Developed new sales routes for “TABLET mimi,” such as optical stores that carry hearing aids
- Expanded in-store placement of “Meeting Owl” and “AutoMemo” with displays listing awards and adoption cases
- Sales of security and typing software increased with greater telework and online-learning demand

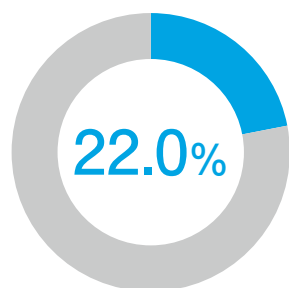


Sales based on Different Channels

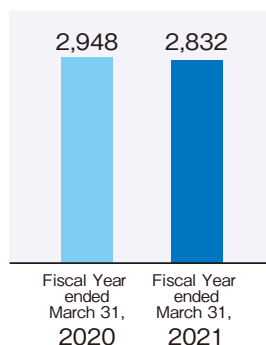
Corporate Sales

Net Sales 2,832 billion yen
(3.9% decrease from the previous fiscal year)

Sales distribution ratio



Sales (Millions of Yen)



We sell and rent “POCKETALK,” “Meeting Owl” and more to corporations and organizations, and we also provide services such as “all-you-can-use” subscription services for PC software and apps. Net sales amounted to 2,832 million yen (a 3.9% decrease from the previous fiscal year).

Stable sales because of capturing corporate telework demand

Overview of sales and major activities

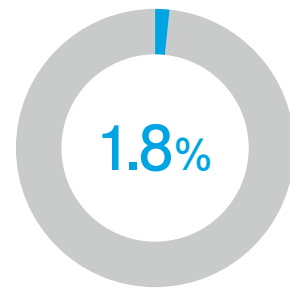
- “POCKETALK” demand decreased, for both new and rental units; Stable performance however, with continuing needs from corporations with demand related to foreign residents in Japan
- Increased orders for “Meeting Owl” from major companies as more companies adopt telework; adoption also at universities and the like
- Among content provision for “all-you-can-use” apps services for major mobile carriers, there was an increase in subscribers for some carriers, leading to increased sales
- Monthly subscriptions to “Smart RUSUDEN” and “Apps CHOU HODAI” are performing steadily



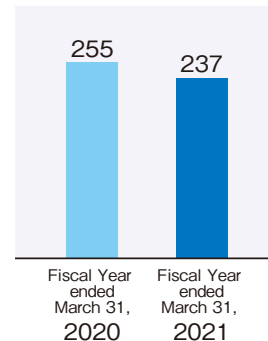
Others

Net Sales 237 million yen
(7.1% decrease from the previous fiscal year)

Sales distribution ratio



Sales (Millions of Yen)



Net sales amounted to 237 million yen (a 7.1% decrease from the previous fiscal year).

“POCKETALK” introduced at U.S. medical institutions; sales also recovering

Overview of sales and major activities

- Donated “POCKETALK” to medical institutions through our U.S. subsidiary and was selected by Newsweek for its “50 U.S. Businesses That Stood Out During the Pandemic”
- Consumer online shopping through Amazon is steady in 2021, resulting in major growth in sales in the fourth quarter, 2.6 times from the previous year
- Promotional activities such as the development of pop-up stores with a focus on Asia (Thailand and Malaysia) are progressing



TOPICS

Chosen as a Best Company in the “Great Place to Work®” ranking for seven 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 2021 ranking of “Great Place to Work” among Japanese companies, SOURCENEXT was chosen as one of the Best Companies for seven consecutive years since 2015.

The Meeting Owl awarded “Nikkei Superior Products and Services Award”



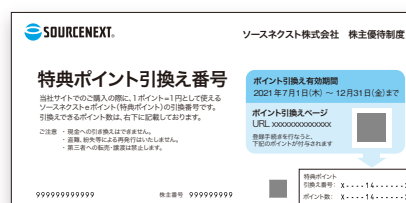
The Meeting Owl won one of the “2020 Nikkei Superior Products and Services Awards - Nikkei Awards for Excellence.”

POCKETALK appearance in Newsweek



POCKETALK was selected as one of the “50 U.S. Businesses That Stood Out During the Pandemic” in Newsweek, and its logo was printed on the cover as it donated 850 devices to medical institutions in the United States. (July 10, 2020 edition of Newsweek)

Introduction of shareholder benefit plan



The Company introduced a shareholder benefit plan with the aim of expressing the Company's gratitude to shareholders for their ongoing support, increasing the number shareholders holding shares in the medium to long term by increasing the appeal of investing into the Company's stocks, and enabling shareholders to gain an even deeper understanding of the Company's business. Shareholder benefit points that can be used at the Company's website will be presented to shareholders depending on the number of shares held and the duration of ownership.

Frequently Asked Questions

Q. What is your most popular product / service?

A. The AI translation device “POCKETALK” and telework-related products, led by “Meeting Owl,” are popular.

We have sold a total of over 800,000 “POCKETALK” units since its release in December 2017 (as of November 2020). Though demand for international travel has decreased, we have updated “POCKETALK” so that it can be used in learning and in remote meetings, and it has remained popular. Shipment of the 360 ° AI camera “Meeting Owl” exceeded 10,000 units in just seven months (as of February 2021), and the product received a “2020 Nikkei Superior Products and Services Awards - Nikkei Awards for Excellence.” This and other products that support the increasing telework are popular.

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

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

Our 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, 2021, we paid out dividends on the basis of a 15% dividend payout ratio. For the fiscal year ending March 31, 2022, we also plan to pay dividends on the basis of a 15% dividend payout ratio upon taking business conditions into account. 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. With an eye on the “post-COVID-19 era” and the “COVID-19 era,” we will expand sales of “POCKETALK” further and expand our lineup of products for remote meetings and telework.

In preparation for widespread vaccination against the COVID-19, we will add even more features to “POCKETALK” and expand our sales routes, including international sales. Making “POCKETALK” support remote meetings is certain. We will also expand our lineup of IoT products and software for corporations that will make the office telework environment more convenient and introduce new products that support the changing times.

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

Corporate Profile

Overview of Corporation (as of March 31, 2021)

Company Name

SOURCENEXT Corporation

Founded

August 2, 1996

Headquarter

Shiodome City Center 33F, 1-5-2 Higashi-Shim bashi,
Minato-ku, Tokyo 105-7133

Capital

3,688 million yen

Number of Employees

Nonconsolidated: 137
(including 5 temporary staff / employees)
Consolidated: 151
(including 5 temporary staff / employees; excluding
2 seconded employee)

Description of Business

Planning, development and distribution of PC /
smartphone software and hardware products

Members of the Board

(as of March 31, 2021)

Founder and CEO
Noriyuki Matsuda
President and COO
Tomoaki Kojima
Senior Managing Director
Kousuke Fujimoto
Managing Director & CFO
Fumihiko Aoyama
Outside Director
Hideaki Kubori
Outside Auditor
Kunitake Ando
Outside Auditor
Nobuhide Nakaido
Standing Auditor
Masaaki Hirose
Outside Auditor
Tetsuya Kobayashi
Outside Auditor
Kakuji Takano

Present Shares (as of March 31, 2021)

Total Number of Authorized Shares
361,120,000 shares
Total Number of Issued Shares
136,256,800 shares
Number of Shareholders
49,361

Corporate Philosophy

Origin of company name:

"We Source What's Next"

SOURCENEXT's Ultimate Strategy

Corporate Mission

Creating products that inspire joy and move the world

Corporate Vision

To become the most exciting company in the world

The three conditions of "Exciting"
Being genuinely good
Creating happiness
Having fun

Corporate Principles

Work diligently.
Think positively.
Keep your senses sharp.