



FY2025 Financial Results Presentation

May15, 2025

SOURCENEXT CORPORATION

1. Highlights

2. Business Update

3. Future Outlook

4. Supplementary Materials

Summary








- In the United States, sales of “POCKETALK” to educational institutions, medical facilities, public institutions, and other businesses expanded rapidly, resulting in a 1.1% (121 million) increase in revenue compared to the previous fiscal year.
- On the other hand, operating profit decreased by 53.2% (¥1.209 billion), mainly due to valuation losses on returned older models following the launch of “POCKETALK S2,” as well as increased investments in organizational structure to support sales growth in the U.S. market.
- In addition, an impairment loss of 716 million was recorded on investment securities related to investments in partner companies.

Topics

- Release of the next-generation POCKETALK (PTS2) in October 2024, marking the first major model upgrade in five years.
- In the United States, gross profit margin improved significantly from 46% to 58% in the January–March 2025 period (compared to the same period of the previous year), driven by cost reductions, higher selling prices, and an increased share of software-related revenue.
- In February 2025, we launched a new service under the POCKETALK brand, “POCKETALK for Tour.”

Consolidated Income Statement for the Fiscal Year Ended March 2025 (YoY Comparison)

(Unit : million yen)

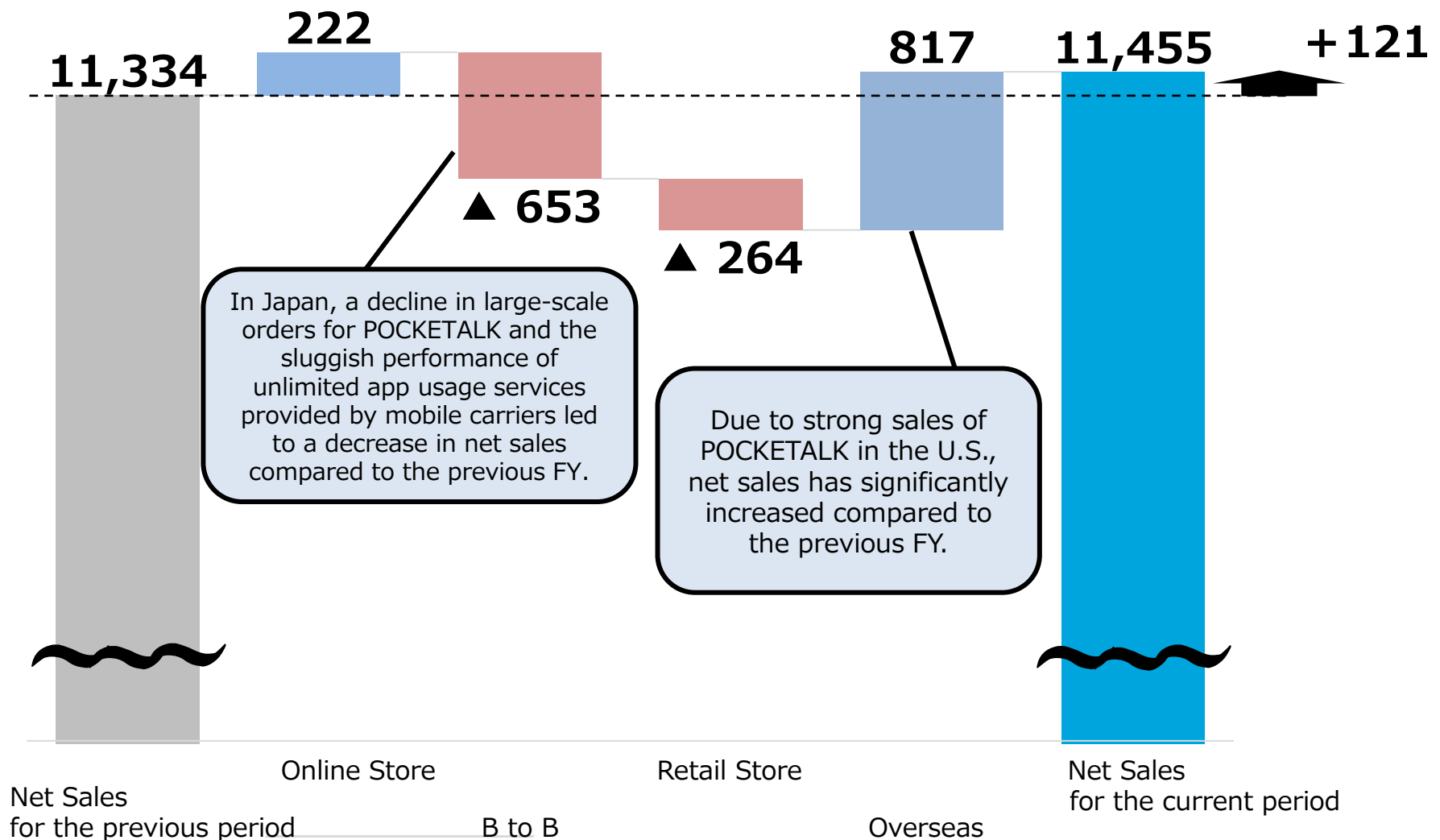
	FY2024 Full-Year	FY2025 Full-Year	YoY	
			Change	Change Rate
Net Sales	11,334	11,455	+ 121	+1.1% 
Operating Profit	▲2,271	▲3,480	▲1,209	▲53.2% 
Operating Profit Margin	▲20.0%	▲30.4%	-	▲10.4pt 
Ordinary Profit	▲2,239	▲3,925	▲1,686	▲75.3% 
Ordinary Profit Margin	▲19.8%	▲34.3%	-	▲14.5pt 
Net Profit	▲2,169	▲3,896	▲1,726	▲79.6% 
Net Profit Margin	▲19.1%	▲34.0%	-	▲14.9pt 

Note : Net profit attributable to parent company shareholders is used.

Year-on-Year Change in Net Sales by Channel (Cumulative for FY2025)

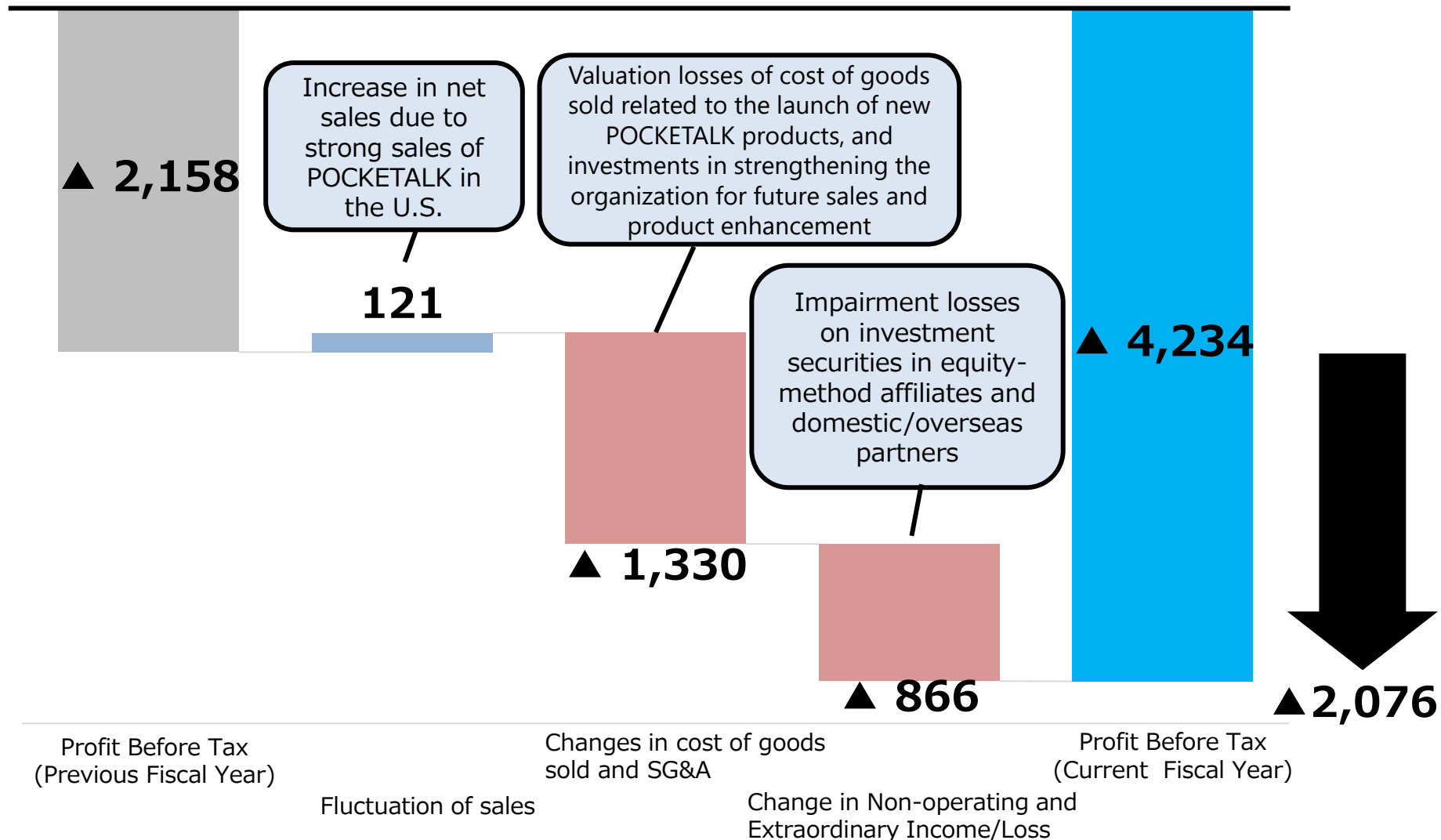
(Unit : million yen)

■ Increase ■ Decrease



Change in Profit Before Tax (YoY / Cumulative for FY2025)

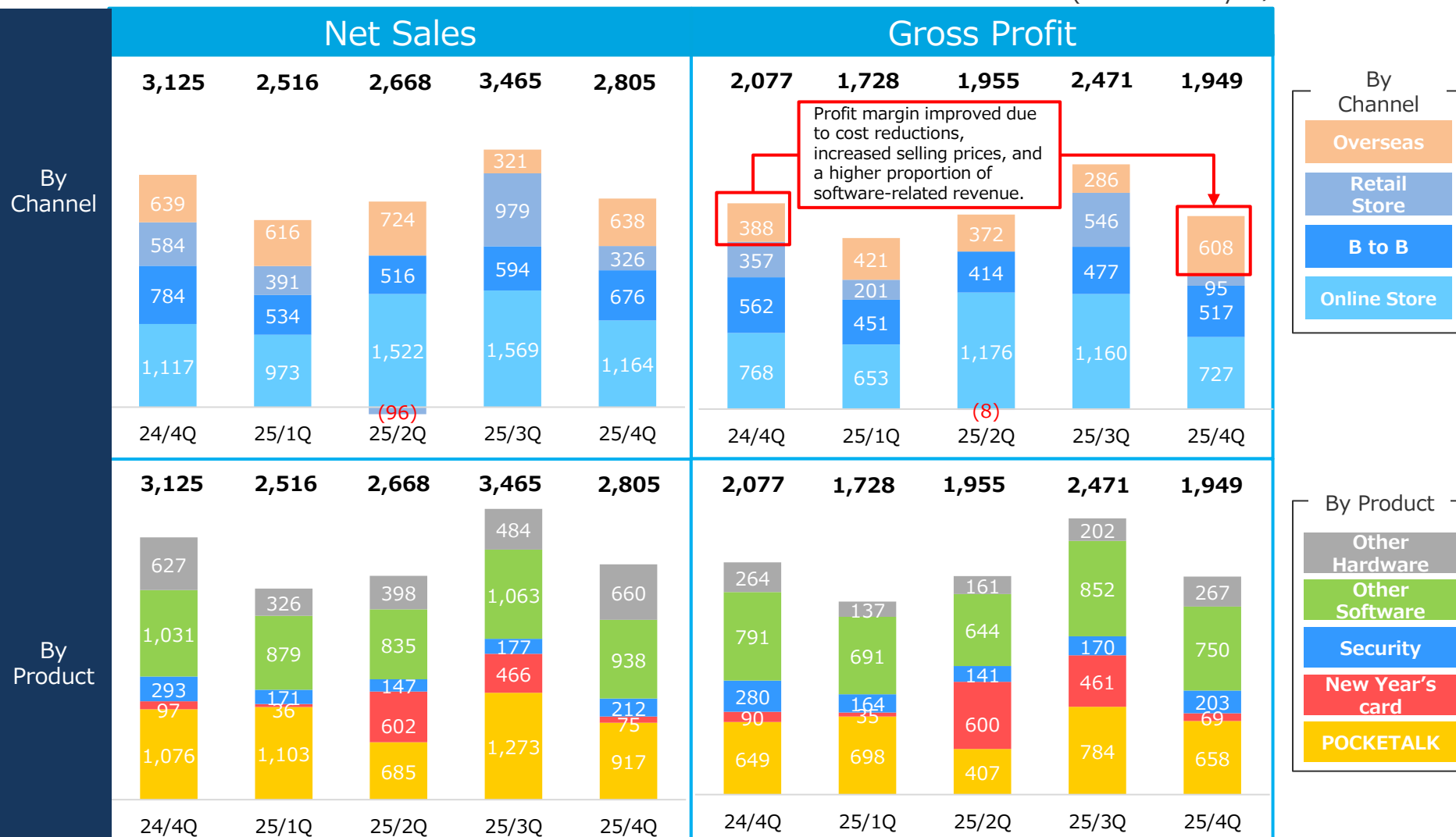
(Unit : million yen)

■ Increase ■ Decrease


※increase or decrease affects the profit.

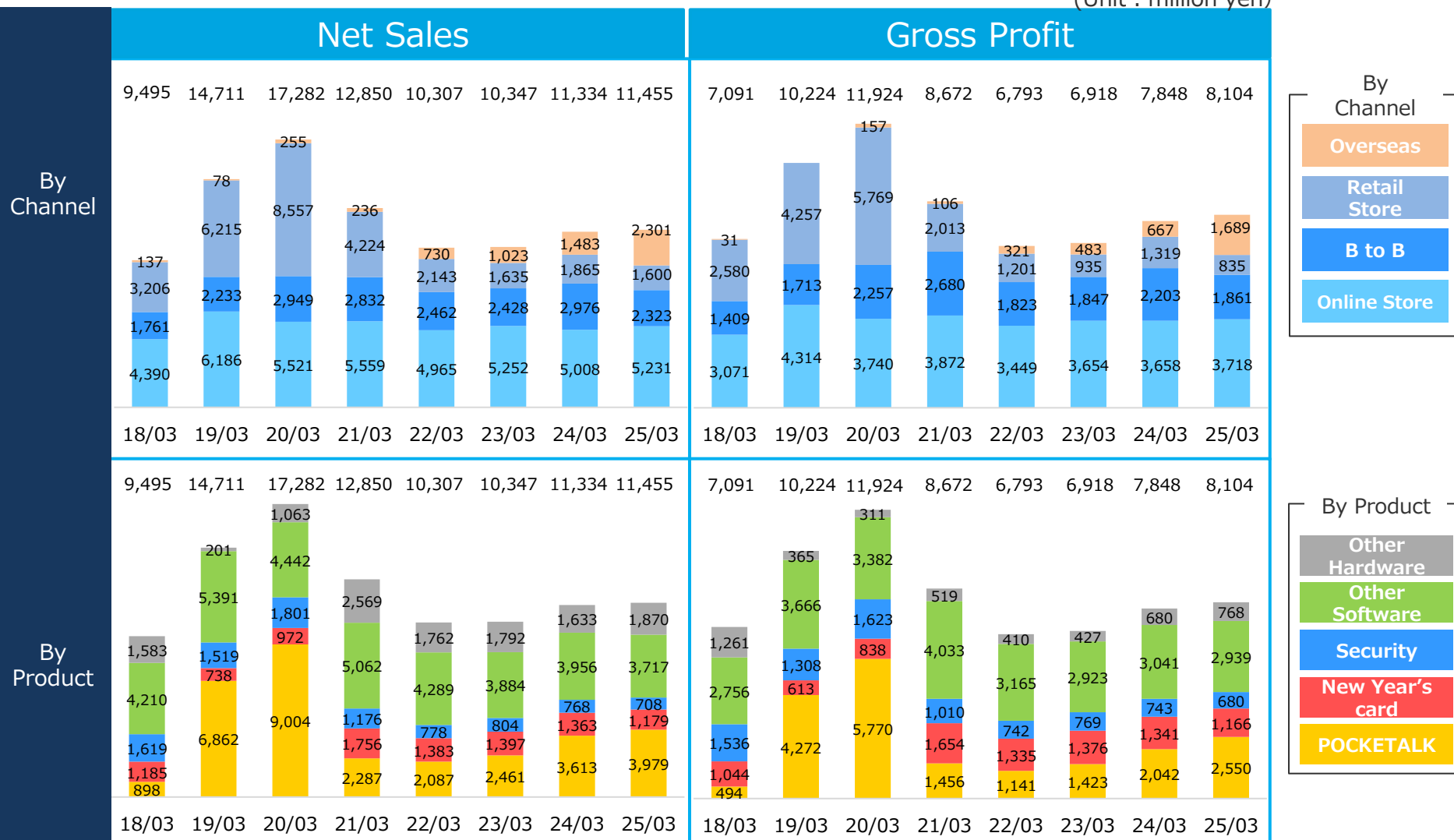
Quarterly Trends in Net Sales and Gross Profit

(Unit : million yen)



Annual Trends in Net Sales and Gross Profit

(Unit : million yen)



Note: The gross profit shown excludes common expenses such as development costs that cannot be directly attributed to each product or channel.

Consolidated Balance Sheet

(Unit : million yen)

	End of Mar 2024	End of Dec 2024	YoY	
			Amount of increase or decrease	Rate of increase or decrease
Current Assets	8,762	11,342	+ 2,580	+ 29.4%
Cash and Deposits	3,282	6,008	+ 2,726	+ 83.1%
Merchandise and Finished Goods	2,494	2,646	+ 151	+ 6.1%
Fixed Assets	8,048	5,866	▲ 2,182	▲ 27.1%
Total Assets	16,811	17,209	+ 397	+ 2.4%
Current Liabilities	6,329	6,165	▲ 163	▲ 2.6%
Non-Current Liabilities	2,092	1,689	▲ 403	▲ 19.3%
Net Assets	8,389	9,354	+ 964	+ 11.5%
Equity Ratio	48.0%	43.4%	-	▲ 4.6pt

Note : The equity ratio is calculated as (Net Assets - Subscription Rights to Shares - Non-controlling Interests) / Total Assets.

Fundraising activities led to an increase in both current assets and net assets.

1. Highlights

2. Business Update

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4. Supplementary Materials

1) Business Update on POCKETALK

Consolidated Statement of Profit and Loss for POCKETALK Corp.

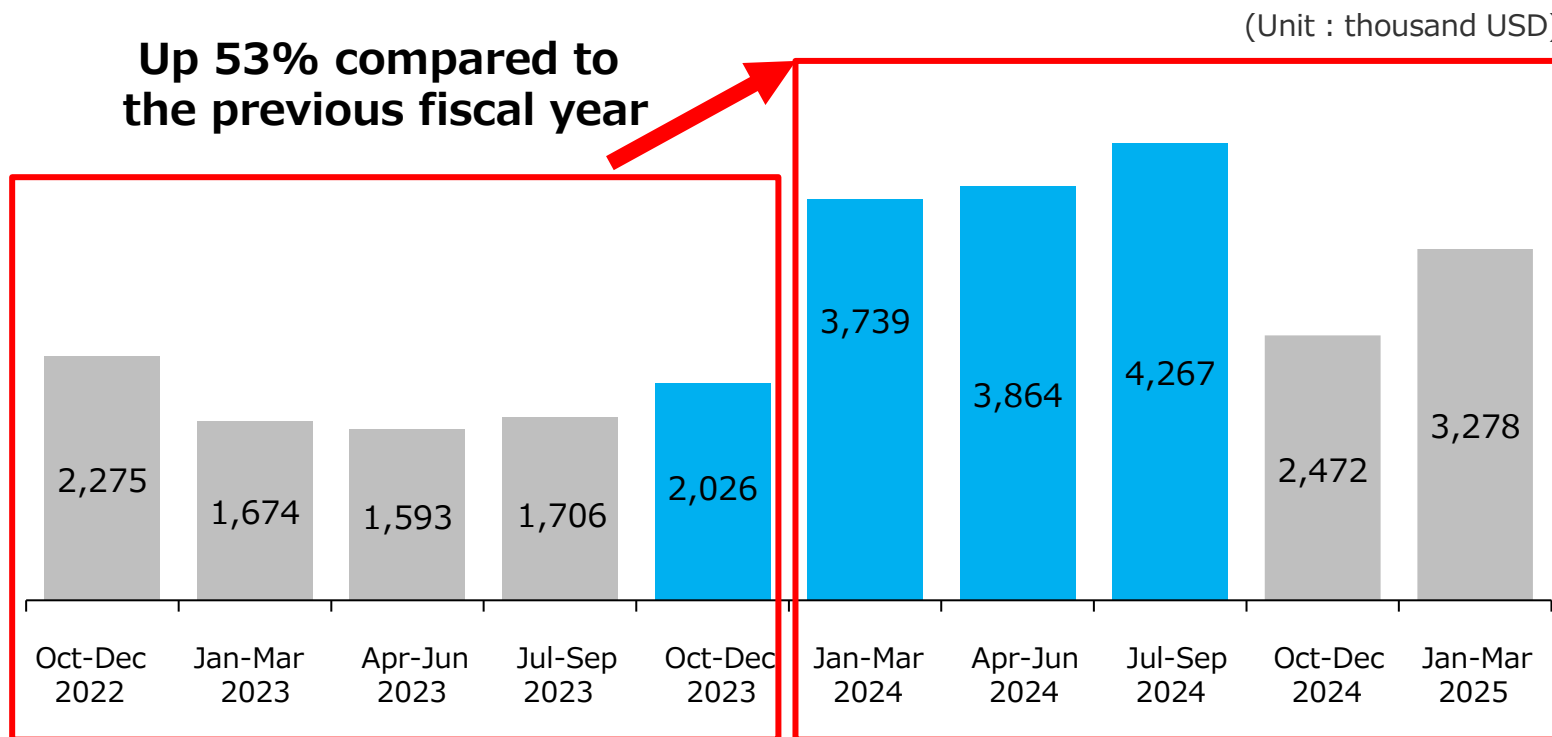
(Unit: million yen)

FY2025 (Full Year, ending March)	
Net Sales	4,213
Gross Profit	1,493
SGA	3,807
–Personal expenses	1,181
–Outsourcing expenses	811
–Advertising expenses	525
Operating Profit	▲2,313
Operating Profit Margin	▲54.9%

Personnel and outsourcing costs increased as part of upfront investments for business expansion and IPO preparation.

1 . POCKETALK (Overseas)

Revenue Trends for POCKETALK in the U.S. Market



- Due to the impact of the presidential election, there was a temporary decline in purchases from October to December. However, orders recovered from January, resulting in a 32% increase compared to the previous quarter.
- On a year-over-year basis (April 2024 – March 2025), orders grew significantly, showing a 53% increase.

1 . POCKETALK (Overseas)

Enhancing the Organizational Structure in Europe



- Sales at the European base for January–March 2025 increased by 39% year-over-year.
- Strengthened organizational structure to roll out the successful U.S. B2B strategy across the European business.
- Expecting business growth in Europe by leveraging the U.S. as a success model.

1 . POCKETALK

Launched the Next-Generation AI Translator
"POCKETALK S2" in October



1 . POCKETALK

Specifications of the Next-Generation AI Translator "POCKETALK S2"



POCKETALK S2 (left)/POCKETALK S2 Plus (right)

【Individual Model】

"POCKETALK S2"	¥36,300 (incl. tax)
"POCKETALK S2 Plus"	¥39,930 (incl. tax)

【Business Model】

"POCKETALK S2"	¥66,000 (incl. tax)
"POCKETALK S2 Plus"	¥72,600 (incl. tax)

- * SIM communication period: 3 years
- * They comes with "POCKETALK Analytics."

1 . POCKETALK

Next-Generation AI Translator "POCKETALK S2"

NEW**Introduction of business models and services.****NEW****Supports use in over 170 countries and regions.****NEW****Global unified model.**

1 . POCKETALK

Significant Enhancement to Support 92 Languages




























Available when and where you need it.

Covers virtually every language imaginable:
90 languages (voice & text) + 2 languages (text only)

1 Icelandic	17 Kazakh	33 Spanish (Spain)	49 Turkish	65 Hebrew	81 Romanian
2 Irish	18 Catalan	34 Spanish (Mexico)	50 Nepali	66 Persian	82 Russian
3 Azerbaijani	19 Galician	35 Spanish (United States)	51 Norwegian	67 Bengali	83 English (United Kingdom)
4 Afrikaans	20 Kannada	36 Slovak	52 Haitian Creole	68 Polish	84 English (India)
5 Amharic	21 Greek	37 Slovenian	53 Pashto	69 Bosnian	85 English (Australia)
6 Arabic	22 Gujarati	38 Swahili	54 Basque	70 Portuguese (Brazil)	86 English (Philippines)
7 Albanian	23 Khmer	39 Sundanese	55 Hungarian	71 Portuguese (Portugal)	87 English (United States)
8 Armenian	24 Georgian	40 Serbian	56 Punjabi	72 Macedonian	88 Korean
9 Italian	25 Croatian	41 Somali	57 Burmese (Myanmar)	73 Marathi	89 Cantonese
10 Indonesian	26 Xhosa	42 Thai	58 Hindi	74 Malayalam	90 Chinese (Simplified)
11 Welsh	27 Javanese	43 Tamil	59 Filipino (Tagalog)	75 Maltese	91 Chinese (Traditional)
12 Ukrainian	28 Sinhala	44 Dari	60 Finnish	76 Malay	92 Japanese
13 Uzbek	29 Swedish	45 Czech	61 French (Canada)	77 Mongolian	
14 Urdu	30 Zulu	46 Telugu	62 French (France)	78 Lao	
15 Estonian	31 Spanish (Argentina)	47 Danish	63 Bulgarian	79 Latvian	
16 Dutch	32 Spanish (Colombia)	48 German	64 Vietnamese	80 Lithuanian	

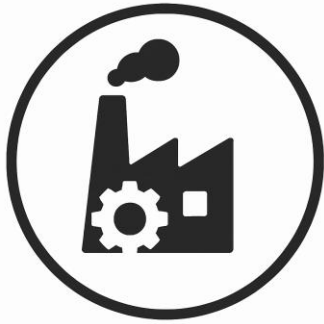
1. POCKETALK

A Diverse Lineup Tailored to Various Needs

	 Standard Model A user-friendly model available for purchase	 Business Model Purchase Type with Enhanced Security	 Subscription Secure and centrally managed service
Device Management Tool	   	   	   
Group Conversation	 グループ翻訳	 グループ翻訳	 グループ翻訳
Conversation Data Protection	<input type="radio"/> OFF 取得することがあります	<input checked="" type="radio"/> ON 一切取得されません	<input checked="" type="radio"/> ON 一切取得されません
SIM Communication Period	1年 > 2年 > 3年	1年 > 2年 > 3年	無制限 (契約期間中)
Manufacturer Warranty	1年 > 2年 ⁺ > 3年 ⁺	1年 > 2年 ⁺ > 3年 ⁺	無制限 (契約期間中)
User Support	  	  	  
Purchase Method	オンライン 請求書	オンライン 請求書	オンライン 請求書
Price (Excluding Tax)	￥33,000 ￥36,300	￥50,000 ￥55,000	お見積り (年額プラン)
	+ OPTION	+ OPTION	

1 . POCKETALK

Adopted by Over 10,000 Companies
Across a Wide Range of Industries



Manufacturing



Retail



Restaurant



Hospitals

Transportation
Services

Travel



Sightseeing



Amusement

1 . POCKETALK

Participating as a Supplier Sponsor for the Signature Pavilion
"Playground of Life: Jellyfish Pavilion"
at the Expo 2025 Osaka, Kansai, Japan.



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With the aim of connecting the world through learning and play, we are supporting smooth communication among people meeting at Expo 2025 Osaka, Kansai through POCKETALK, contributing to the creation of a space where diverse cultures can come together.

1 . POCKETALK

Launched POCKETALK for Tour – February 2025

An AI interpretation service designed for the tourism industry. Provides real-time translation of Japanese spoken by tour guides into the native languages of tour participants, and delivers the translated content directly to their smartphones.



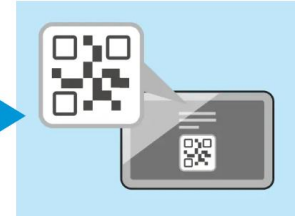
< Supported Languages >
Source : 10 languages
Target : 75 languages

Real-time translation into each participant's native language

▼For Organizers / Guides



Open the app on a tablet

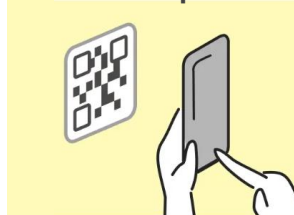


Generate and share a QR code



Set up the mic and start the tour

▼For Participants



Scan the QR code with their smartphone



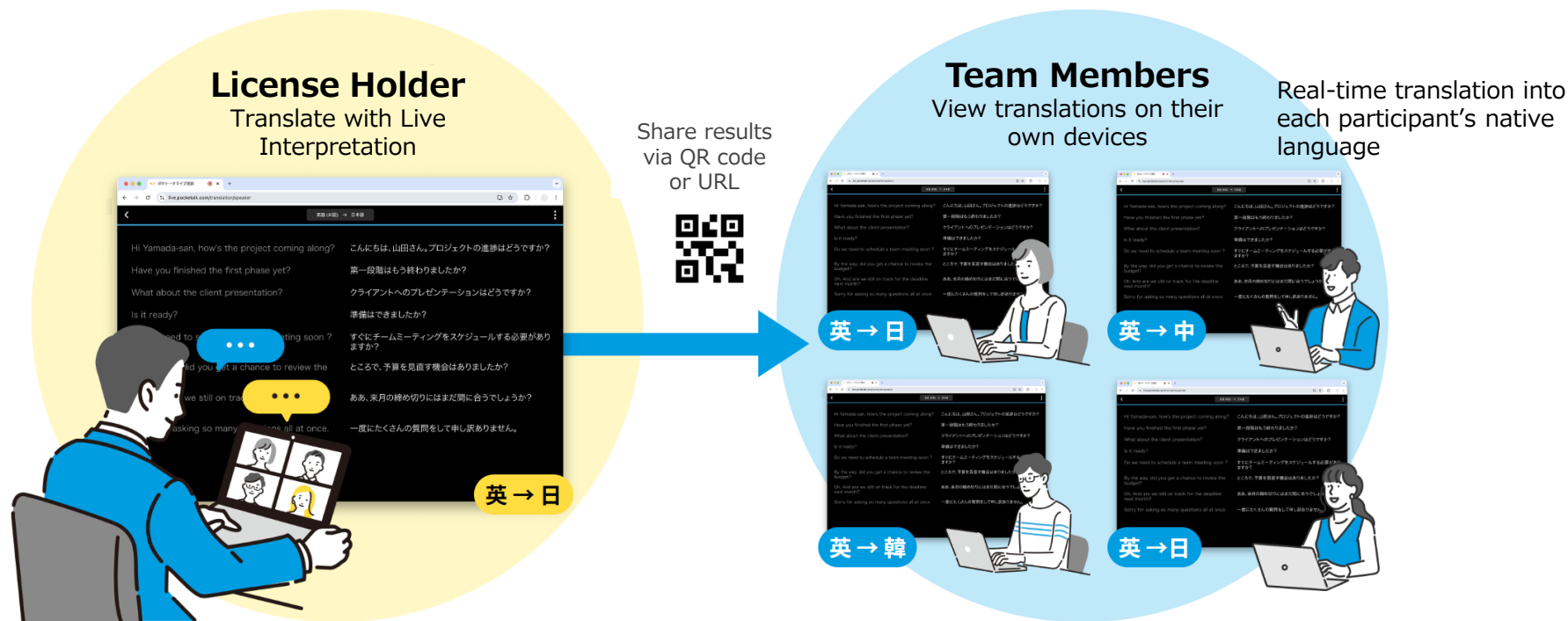
Listen in their native language

- No app installation required for guides or participants — easy to use, even for first-timers
- Supports smooth communication, enhancing both the growth of Japan's tourism industry and visitor satisfaction, while adapting to diverse tour needs

1 . POCKETALK

Launched "POCKETALK Live Interpretation" Team Plan – March 2025

New sharing feature enables truly “inclusive meeting”

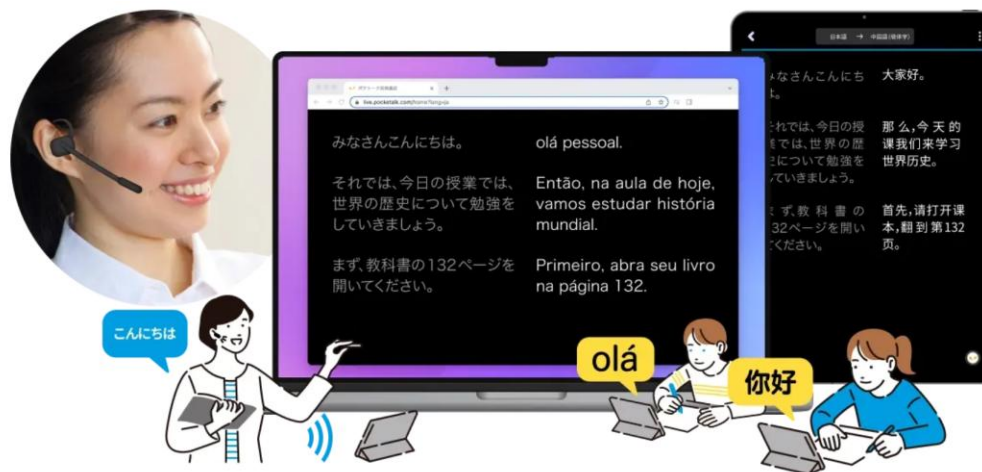


- By using the sharing feature, interpretation results can be shared with meeting participants using a single license.
- All participants can view the translations simultaneously, enabling smoother communication in multilingual meetings.

1 . POCKETALK

Officially Launched "POCKETALK for School" – March 2025

An Online Interpretation Service for Educational Institutions – Enhancing Lessons and School Life



Real-time, simultaneous translation into each student's native language

Teacher

Speaks in Japanese using a microphone; speech is interpreted and shared with students

Students

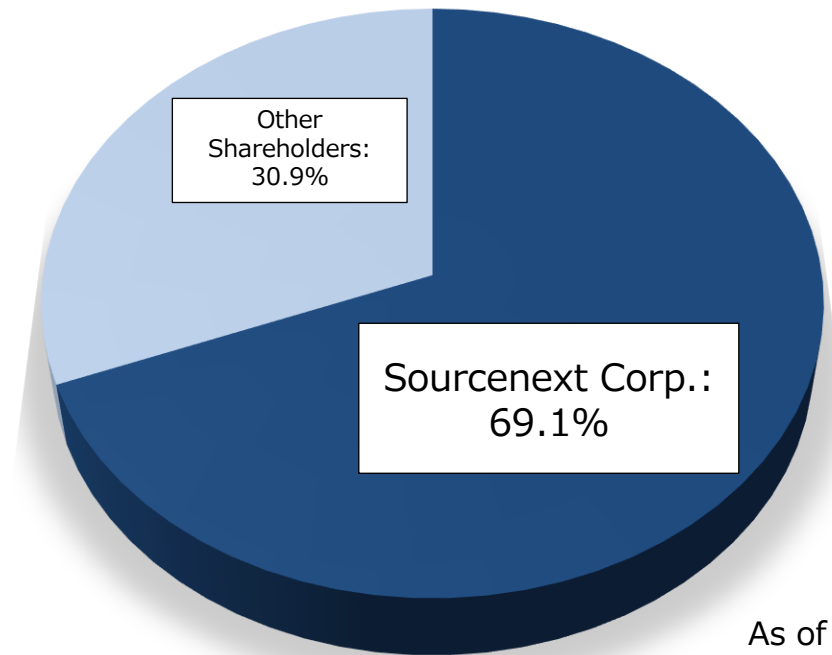
View and listen to translations in their native language on their own devices; supports multiple users and 74 languages

- A browser-based AI interpretation service that eliminates language barriers and helps create an inclusive classroom environment where all students can participate with confidence. (Compatible with GIGA School devices)
- Adopted by the Kobe City Board of Education to support native language learning for non-Japanese students, enabling safe, secure, and high-quality education.

1 . POCKETALK

Shareholding Policy

Shareholding Structure of POCKETALK Corp.



As of the end of March 2025

We plan to hold majority of shares in POCKETALK Corp.
even after its public listing.

1 . POCKETALK

Listing of POCKETALK Corp. (1/2)

Purpose:

- To further develop products and strengthen sales in the global market.
- To secure human resources.

Usage of Proceeds from Share Sales:

Allocated for new product and service development, marketing, and financial strengthening.

1 . POCKETALK

Listing of POCKETALK Corp. (2/2)

Reasons for Maintaining Majority Ownership:

- To ensure autonomy and independence of POCKETALK Corp. while maintaining majority ownership, which allows Sourcenext Group to reflect business growth in consolidated financial results.
- This approach aims to maximize the corporate value of the Sourcenext Group by enhancing market value and social credibility of its subsidiary.

2) Business Updates on Sourcenext

2. Sourcenext

Sourcenext Business Full-Year Policy

- ① Integrating AI functions into almost all main products.
- ② Discovering new products in growth markets.
- ③ Expanding subscription-based services.

2. Sourcenext

- ① Incorporated AI-powered features into almost all main products.

Launched “BirdieTalk,” an Interactive Golf AI Device, in September 2024

An “AI × IoT” Product Combining Our Proven Voice Recognition Technology with the Latest GPT Capabilities



Selected as No.1 in Nikkei Trendy’s “2025 Hit Prediction Ranking”
Shoulder-worn private AI devices, including BirdieTalk, ranked first.

Note: Based on our in-house research covering a total of 845 products sold on the top five online golf retailers in Japan

—Amazon, Rakuten, Yahoo, GDO, and Google—ranked by sales volume.

Survey period: February 6–20, 2024.

2. Sourcenext

- ①Incorporated AI-powered features into almost all main products.

AI Transcription Tool "AutoMemo" Integrations with "kintone"



- Users can output meeting minutes automatically transcribed by AutoMemo to the kintone app. Recorded files, transcription results, and automatically summarized data can be easily reviewed through shared links.
- This integration streamlines the process of recording information into kintone, making internal management even more efficient.

2. Sourcnext

- ① Incorporated AI-powered features into almost all main products.

AI Offline Translation Software “AI Honkaku-Honyaku” Launched in November 2024



The image displays the AI Honkaku-Honyaku software interface, which includes a main window with a sidebar for file management and a central area for translation. The interface is bilingual, showing Japanese and English text. A man with glasses is pointing at the software, and a large yellow banner on the right side of the image reads "オフラインなのに、超・高精度。AI本格翻訳" (Offline but super high accuracy. AI本格翻訳). Below this, a yellow hexagon contains the text "オフライン翻訳ソフトで翻訳精度 No.1" (Offline translation software with translation accuracy No.1). To the right of the hexagon, it says "Google翻訳に匹敵する翻訳精度" (Translation accuracy comparable to Google Translate). A vertical text on the left side of the banner reads "待つてた！" (Waiting!).

- Highly accurate translations (comparable even to Google Translate) made available without the need of internet connectivity.
- Offline document translation services are in high demand especially among corporations, due to security and privacy concerns such as data breaches that could come from online translations.

2. Sourcenext

- ①Incorporated AI-powered features into almost all main products.

First Addition of AI-Driven Design Proposal Service in the "Fudemame," "Fudeo," and "Atena Shokunin" New Year's Card Software Series



- When users provide previously created New Year's card designs or preferred design images, AI selects recommended designs from 450,000 illustrations and templates.
- This feature makes searching for a preferred New Year's card more enjoyable and simplifies the card creation process.



2. Sourcenext

- ① Incorporated AI-powered features into almost all main products.

Other AI-Powered Products



We plan to continue adding AI-powered products in the future.

2. Sourcenext

- ①Incorporated AI-powered features into almost all main products.

Overview of SOURCENEXT AI Lab

We established a R&D team called SOURCENEXT AI Lab, dedicated to pursuing high-performance and user-friendly AI, driving AI-related development.

Organizational Structure

The specialized team, including foreign staff, proficient in various AI fields.

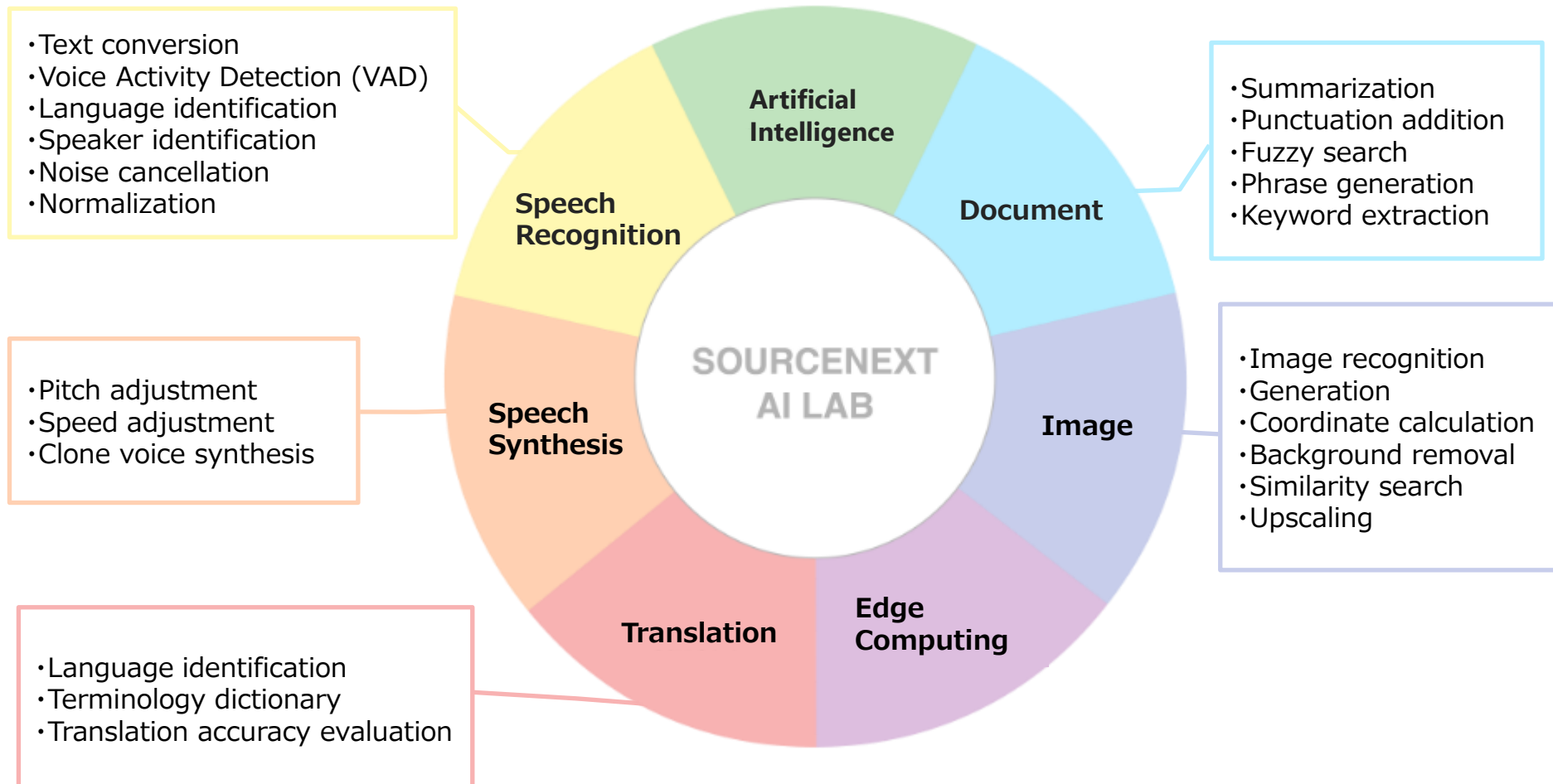
Content

Carefully selected AI from around the world, conducting additional training and prototype development.

2. Sourcnext

- ① Incorporated AI-powered features into almost all main products.

The AI fields covered by the AI lab



2. Sourcenext

- ①Incorporated AI-powered features into almost all main products.

Future Focus Areas

Offline AI for Computers

2024 was the First Year of AI PCs

Due to the efforts of Microsoft and Intel, many PCs equipped with NPUs (Neural Processing Units) dedicated to AI processing (AI PCs) were introduced in 2024.



In the future, environments where AI can be utilized offline are expected to increase.

<Key Needs>

Cases Handling Confidential and Personal Information

Government Agencies, Professional Services, and Many Departments of General Companies



Cases Where Internet Connection is Not Available

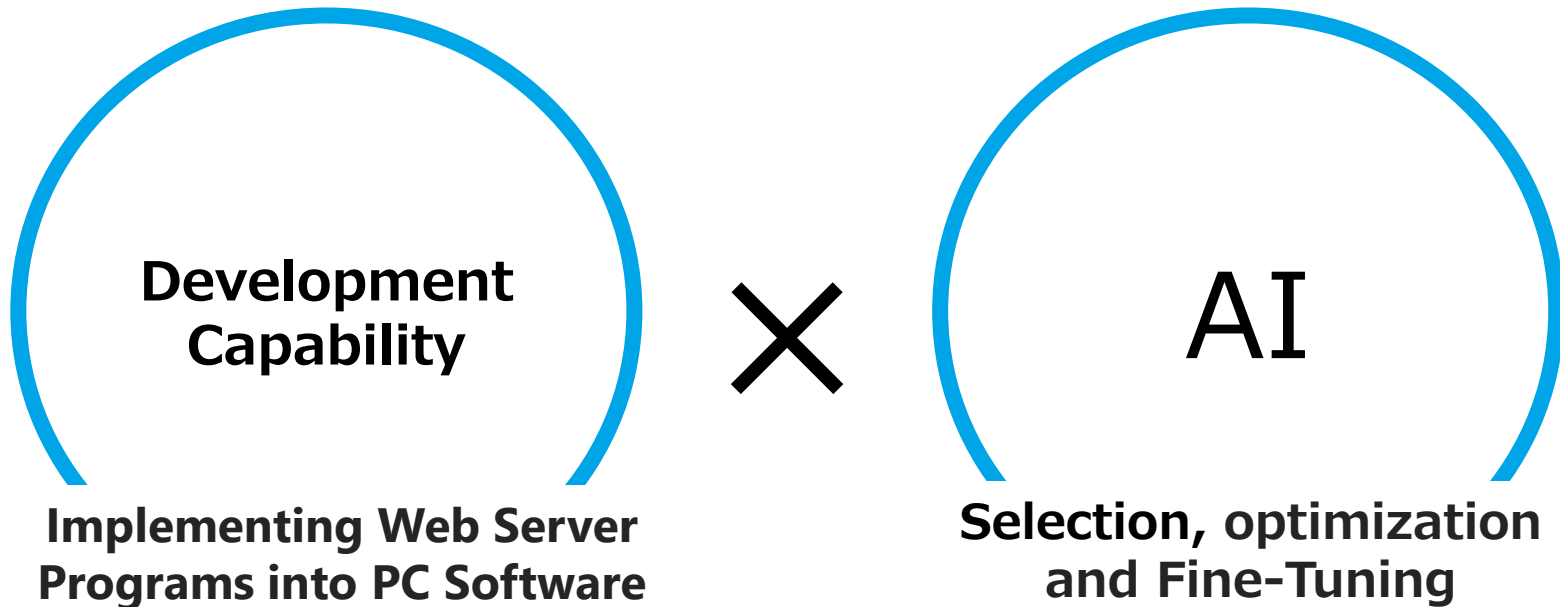
Places with No Signal or Where Connection is Prohibited



2. Sourcenext

- ①Incorporated AI-powered features into almost all main products.

Strengths of SOURCENEXT



Able to Develop AI Products that Can Operate on Standard PC CPUs

Continue to provide advanced AI technology in easy-to-understand products to increase revenue.

2. Sourcenext

-②Discovering New Products in Growing Markets

Launched "Backbone One" Smartphone Gaming Controller in June



- As the exclusive general agent in Japan, we began distribution through various sales channels, achieving strong sales from the outset.
- During the December 2024 sales season, in-store sales events were held at electronics retailers, allowing many customers to experience the products.

2. Sourcenext

-②Discovering New Products in Growing Markets

Launched “Pebblebee” Smart Tag in December



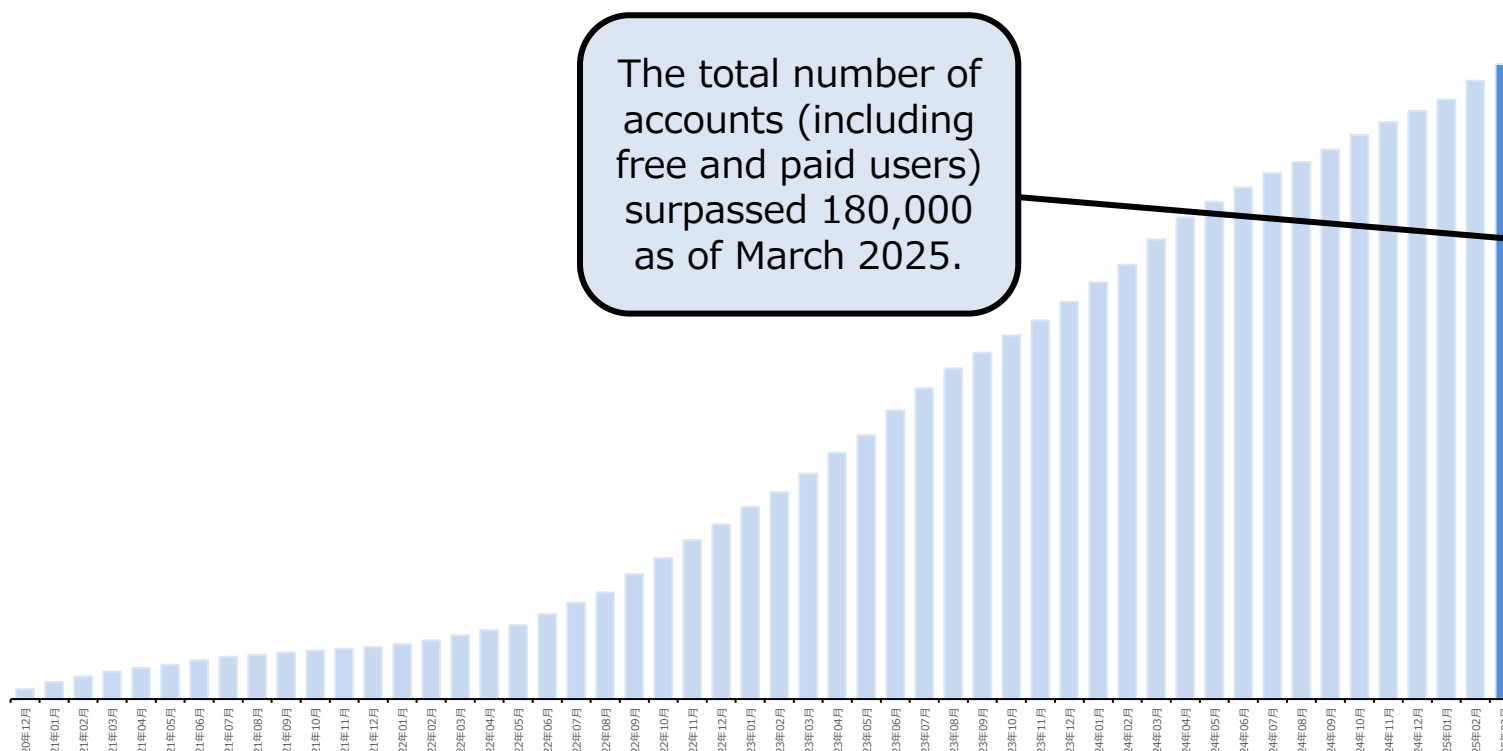
- Smart tags from PB Inc. (USA), a pioneer in the smart tracking industry, have quickly become a trusted brand worldwide.
- The world's first to support both Apple's 'Find My' and Google's 'Find My Device' (According to PB Inc.)
- Sales have been strong since the initial launch, and with the expansion of the lineup in January 2025, further sales growth is expected.

2. Sourcenext

-③Expansion of Subscription-Based Services

Cumulative Number of Accounts for “AutoMemo” Exceeded 180,000 as of March 2025

*including free and paid users



With the introduction of various new key functions such as the kintone integration, the number of paid users has continued to steadily increase.

2. Sourcenext

-③Expansion of Subscription-Based Services

New Year's Card Software

Although the recent postcard market has been on a downtrend, the implementation of automatic billing and other measures have ensured stable revenue, successfully turning it into a cash cow.

(Unit : million yen)

	Performance		YoY
	FY2024 Full-Year	FY2025 Full-Year	
Sales	1,363	1,179	86.6%
Gross profit	1,341	1,166	87.0%

Reference: Number of New Year's cards issued 1.44 billion in 2024
→ 1.07 billion in 2025 (YoY 74.3%)

Source: Prepared by the company based on data from Japan Post Co., Ltd.



2. Sourcnext

-③Expansion of Subscription-Based Services

Expansion of Subscription-Based Services to Build a Stable Business Foundation



ずっとお得！
来年からは
1,980円

最新版に自動でバージョンアップ
[詳しくはこちら](#)

事前に、自動継続版の詳細をご確認下さい



				おすすめ	
	文字起こしのみ お試しプラン	文字起こしのみ スタンダードプラン 自動更新		文字起こし+要約 プレミアムプラン 自動更新	
		月払い	年払い	月払い	年払い
料金 (税込)	無料	1,480円/月	1,280円/月 15,360円/年（一括）	2,480円/月	1,980円/月 23,760円/年（一括）
文字起こし 時間	1時間/月	30時間/月		30時間/月	
要約回数	なし お試し一回	なし お試し一回		10回/月	
お支払い 方法	—	オートメモから：クレジットカード オートメモ Appから：App Store、Google Playストアで			

2. Sourcenext -Additional Topics

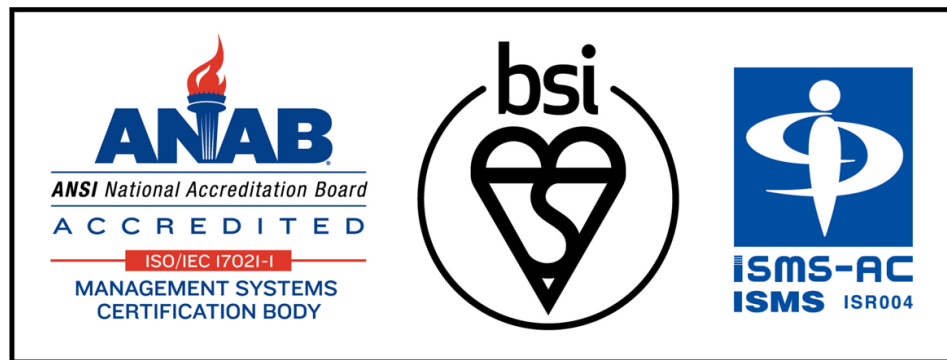
Contributing to Regional Revitalization (Selected as a Return Gift for the Furusato Nozei Program)



- A total of 24 of our products have been selected as return gifts for the Furusato Nozei (Hometown Tax Donation) program in Sapporo, Hokkaido and Higashimatsuyama, Saitama—locations of our development and manufacturing partners.
- Contributing to regional revitalization through increased tax donations. We plan to further expand this initiative.

2. Sourcenext -Additional Topics

Expansion of ISO/IEC 27001 Certification Scope for Our Information Security Management System (ISMS)



ISO/IEC 27001:2022 / JIS Q 27001:2023

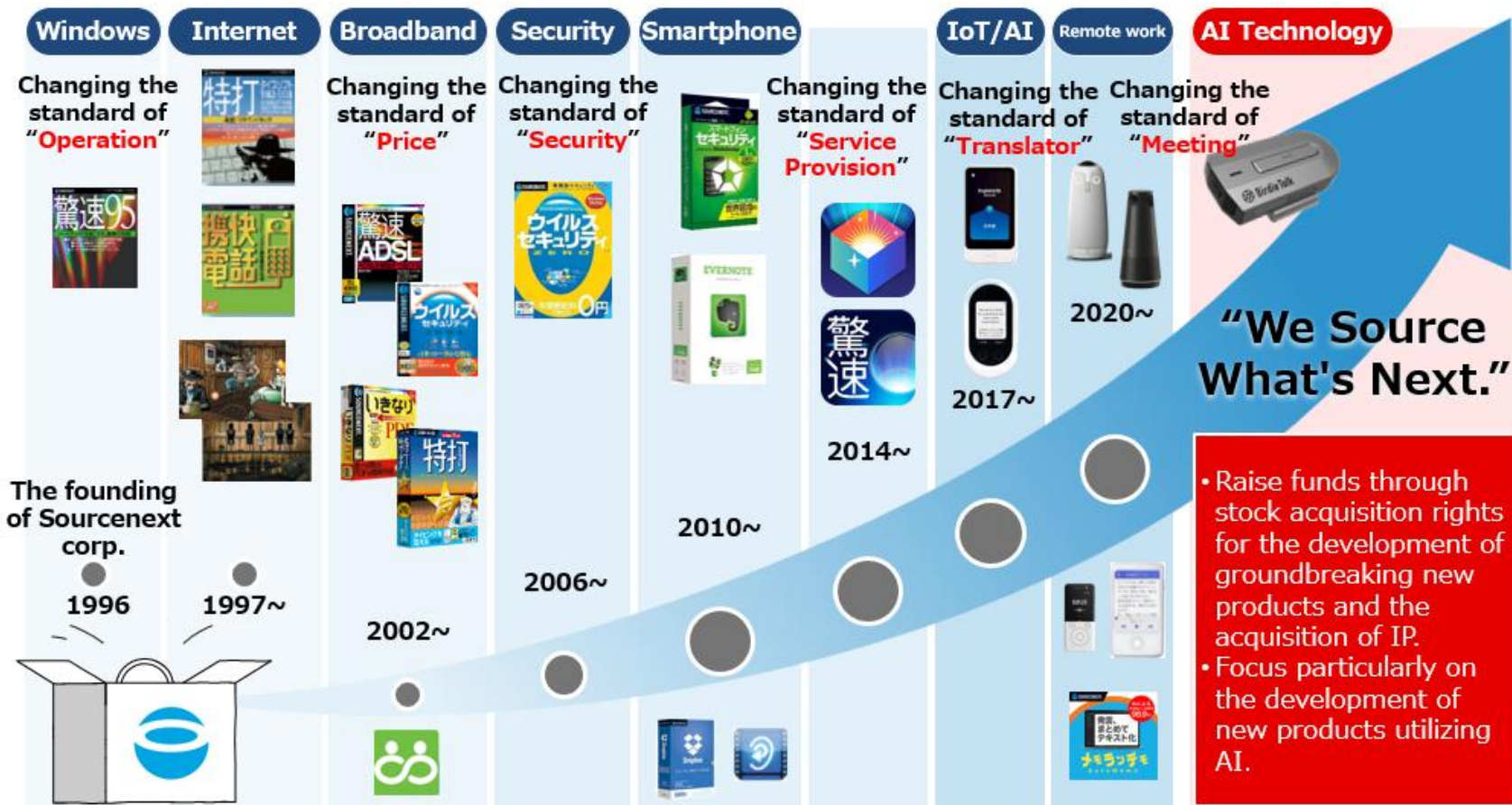
- With the growing demand for our products such as “Ikinari PDF” and “AutoMemo,” driven by the acceleration of digital transformation (DX) in the corporate sector, we have seen an increase in inquiries from corporate clients regarding data security and our information protection framework.
- To ensure our customers can use our products and services with confidence, and to further enhance the reliability of our offerings, we have strengthened our internal systems to prepare for expanding the scope of our ISO/IEC 27001 certification.

2. Sourcenext

Capital Raising Through Issuance of Stock Acquisition Rights Announced on October 2 (1/4)

The Significance of This Fund Raising

The capital raised through this equity financing will be used to develop new products and acquire intellectual property (IP) to create "the next standard" following POCKETALK.



2. Sourcenext

Capital Raising Through Issuance of Stock Acquisition Rights Announced on October 2 (2/4)

Use of Proceeds:

This stock acquisition rights differs from MS warrants in that the exercise price for each rights is set higher than the initial stock price, making it a scheme where fund raising is only realized if the stock price increases.

Use of funds	Amount (Unit: billion yen)	Scheduled time of expenditure
IP acquisition and M&A-related expenses	2.5	Oct 2024 – Oct 2027
Development of new products focusing on the application of AI technology	1.0	Oct 2024 – Oct 2027
Advertising and working capital for the launch of new AI technology-based products	2.5	Oct 2024 – Oct 2027

2. Sourcenext

Capital Raising Through Issuance of Stock Acquisition Rights Announced on October 2 (3/4)

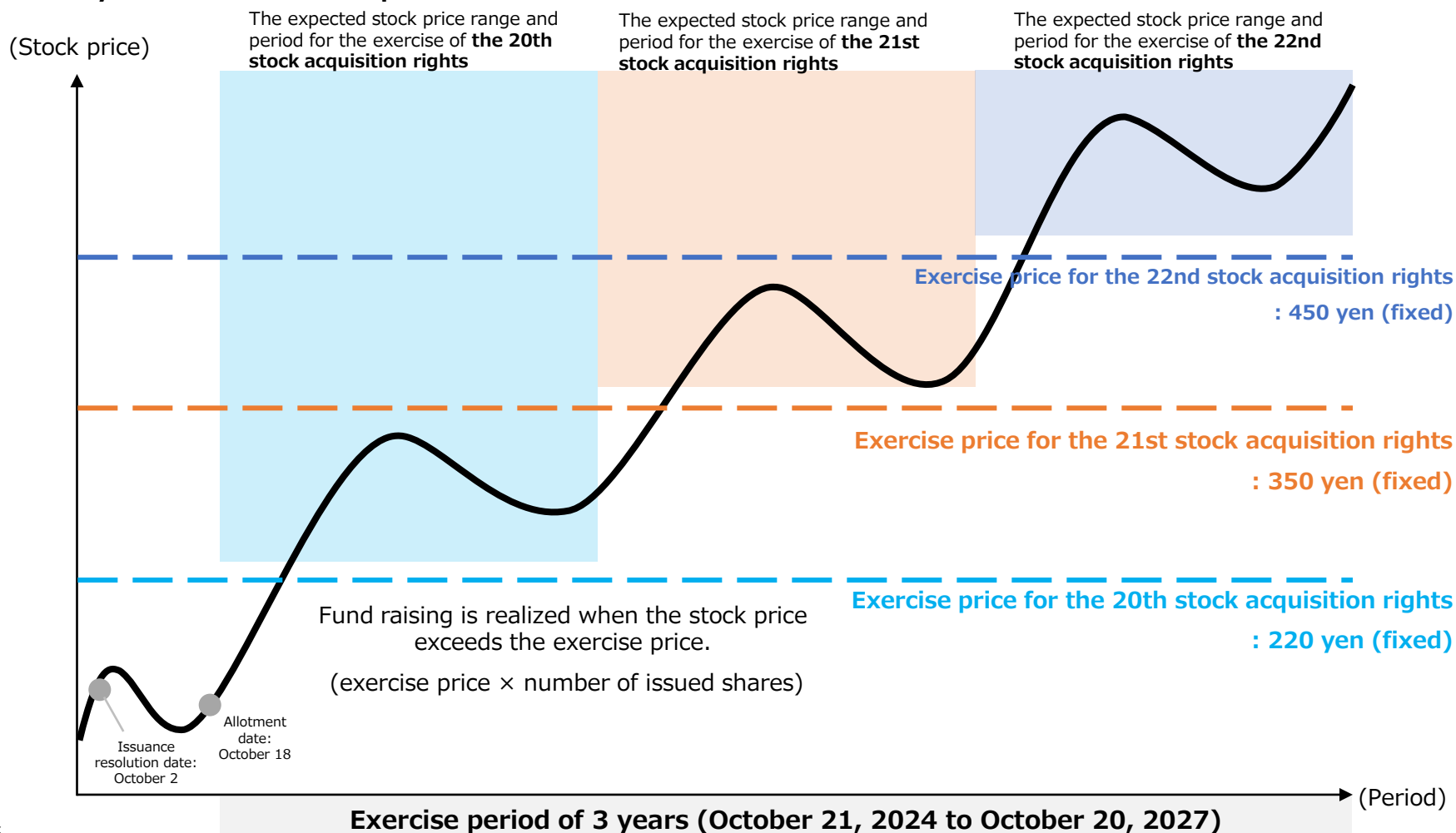
Overview of Stock Acquisition Rights :

		20th Stock Acquisition Rights	21st Stock Acquisition Rights	22nd Stock Acquisition Rights
Issuance Method		Third-party allotment to UBS AG London Branch		
Allotment Date		October 18, 2024		
Issuance Summary	Exercise Period	October 21, 2024 to October 20, 2027 (3 years)		
	Estimated Fund Raising Amount	2.5 billion yen	2.0 billion yen	1.5 billion yen
		Total of 6.0 billion yen		
	Number of Stock Acquisition Rights	113,637	57,143	33,334
Exercise Price	Number of Potential Shares to be Issued	11,363,700 (8.3% of the total number of shares outstanding)	5,714,300 (4.2% of the total number of shares outstanding)	3,333,400 (2.4% of the total number of shares outstanding)
	Exercise Price	220 yen (108% of the closing price on the day before the issuance resolution)	350 yen (172% of the closing price on the day before the issuance resolution)	450 yen (222% of the closing price on the day before the issuance resolution)
	Reset of Exercise Price	None		
	Exercise Order Clause	Exercise designation of 3 days' worth of the smaller average trading volume between the past 1 month or 3 months over 20 business days.		
Others	Exercise Suspension Clause	Company may designate a period which warrant is restricted from exercising.		
	Transfer Restrictions	The stock acquisition rights cannot be transferred to a third party without the approval of the company's Board of Directors.		
Use of Proceeds		Funds for IP acquisition and M&A-related activities (2.5 billion yen), development of new products focusing on AI technology applications (1.0 billion yen), and advertising and working capital related to the launch of new products focusing on AI technology applications (2.5 billion yen).		

2. Sourcenext

Capital Raising Through Issuance of Stock Acquisition Rights Announced on October 2 (4/4)

- Unlike MS warrants, each exercise price is set higher than the reference stock price, and the fund raising is only realized if the stock price increases.



※

- 1 The above stock price trend graph is an illustration and not a forecast of our stock price trend, nor does it guarantee that the stock price will move as shown.
- 2 The exercise requests for the stock acquisition rights will be made by the planned allottee based on market trends and other factors and may not necessarily be made as depicted in the illustration above.

1. Highlights

2. Business Update

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Change in Fiscal Year-End

We plan to change our fiscal year-end from March to December, subject to approval at the Annual General Meeting of Shareholders scheduled for June 20, 2025.

Previously, our group companies had differing fiscal year-ends. By aligning our fiscal year with the global standard, we aim to unify our reporting period and enhance operational efficiency through timely and appropriate information disclosure to stakeholders, including those overseas.

As a result, for the fiscal year ending December 2025, our accounting period will be a transitional nine-month term from April 1 to December 31, 2025.

Future Outlook

We are seeing significant changes in the sales performance of “POCKETALK” due to the recovery of inbound demand and the rapid sales growth in the U.S. market.

However, given the uncertainties caused by factors such as U.S. trade policies, potential trade friction, and foreign exchange fluctuations, it remains difficult to provide a highly accurate earnings forecast.

As such, we will continue to withhold the consolidated earnings forecast for the fiscal year ending December 2025.

Initiatives for Each Business in the FY2025

Implementing the following initiatives to maximize revenue.

POCKETALK Business:

Aiming for a significant improvement in gross profit margin through the launch of the next-generation device (PTS2), with lower production costs and higher sales prices, as well as expanded adoption of the subscription model to further increase revenue.



The U.S.:

1. Expanding sales in the education sector and add medical, public safety, government, and logistics sectors as key pillars.
2. Actively leveraging distributors.
3. Promoting the sale of Ventana (with analysis and management console functions) and subscription services.

Japan:

1. Expanding corporate sales for the PTS2 business model and subscription model.
2. Promoting sales aligned with customer needs for software such as POCKETALK Live Interpretation and POCKETALK Conference (e.g., POCKETALK for School, for Tour, etc.)
3. Establishing winning strategies for Europe and Asia by identifying targeted industries, use cases, and compelling value stories.

Launched POCKETALK at 20 Stores of True Corporation, Thailand's Largest Mobile Operator, in April 2025

Kicking Off in Thailand: Expanding into the Asian Market as a Core Growth Initiative



With Thailand being a major tourist destination attracting a large number of international visitors, the demand for multilingual communication tools within the country is high. In addition to individual users, POCKETALK is also targeting the corporate sector by supporting businesses that serve tourists.

Initiatives for Each Business in the FY2025

Implementing the following initiatives to maximize revenue.

Sourcenext Business (excluding POCKETALK):

- ① Capturing the Demand Surge from the Migration to Windows 11
- ② Identifying New Products in High-Growth Markets
- ③ Achieving Sustainable Revenue through AI-Driven Products

Expansion of Software Sales Driven by DX Promotion and the Transition to Windows 11

- In Japan, the ongoing promotion of digital transformation (DX) is contributing to increased demand for PDF editing software, particularly “Ikinari PDF.” This growth trend is expected to continue.
- In October 2025, Microsoft will end support for Windows 10. As a result, demand for PC operating system upgrades and replacements is rising among both corporate and individual users, leading to continued growth in software sales.



We Source What's Next.

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Number of inbound foreign visitors and number of outbound Japanese travelers

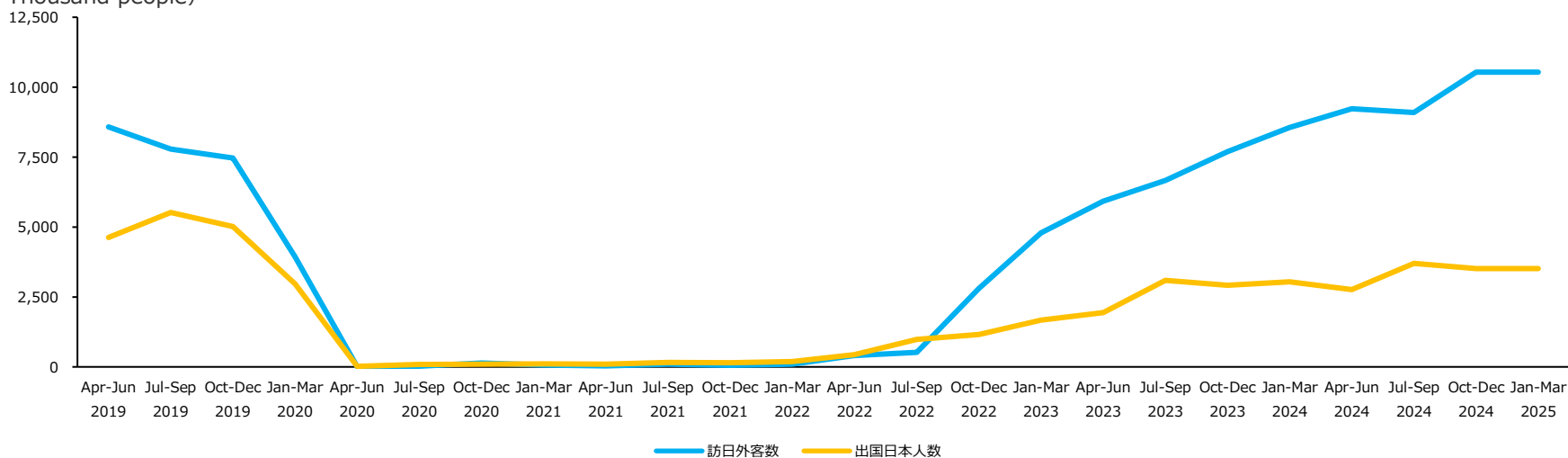
(Unit : People)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
訪日外客数	2017年	2,295,668	2,035,771	2,205,664	2,578,970	2,294,717	2,346,442	2,681,518	2,477,428	2,280,406	2,595,148	2,378,079	2,521,262
	2018年	2,501,409	2,509,297	2,607,956	2,900,718	2,675,052	2,704,631	2,832,040	2,578,021	2,159,595	2,640,610	2,450,751	2,631,776
	2019年	2,689,339	2,604,322	2,760,136	2,926,685	2,773,091	2,880,041	2,991,189	2,520,134	2,272,883	2,496,568	2,441,274	2,526,387
	2020年	2,661,022	1,085,147	193,658	2,917	1,663	2,565	3,782	8,658	13,684	27,386	56,673	58,673
	2021年	46,522	7,355	12,276	10,853	10,035	9,251	51,055	25,916	17,720	22,113	20,682	12,084
	2022年	17,766	16,719	66,121	139,548	147,046	120,430	144,578	169,902	206,641	498,646	934,599	1,370,000
	2023年	1,497,472	1,475,455	1,817,616	1,949,236	1,899,176	2,073,441	2,320,694	2,157,190	2,184,442	2,516,623	2,440,890	2,734,115
	2024年	2,688,478	2,788,224	3,081,781	3,043,003	3,040,294	3,140,642	3,292,602	2,933,381	2,872,487	3,312,193	3,187,000	3,489,800
	2025年	3,781,629	3,258,100	3,497,600	0	0	0	0	0	0	0	0	0

(Unit : People)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
出国日本人数	2017年	1,295,059	1,493,399	1,745,412	1,234,921	1,317,742	1,336,169	1,480,718	1,888,071	1,622,694	1,459,083	1,546,985	1,469,039
	2018年	1,423,727	1,390,518	1,807,063	1,356,679	1,383,847	1,421,649	1,557,980	2,033,435	1,630,088	1,646,230	1,673,473	1,629,345
	2019年	1,452,157	1,534,792	1,929,915	1,666,546	1,437,929	1,520,993	1,659,166	2,109,568	1,751,477	1,663,474	1,642,333	1,712,319
	2020年	1,380,762	1,316,820	272,697	3,915	5,539	10,663	20,295	37,137	31,606	31,049	30,703	33,033
	2021年	48,691	24,807	28,896	35,905	30,121	30,666	43,184	66,051	52,366	50,841	51,774	48,942
	2022年	74,982	46,932	70,678	129,168	134,013	171,529	277,945	386,412	319,165	349,557	379,196	432,057
	2023年	443,105	537,705	694,292	560,183	675,603	703,259	891,615	1,200,930	1,004,730	937,715	1,027,110	947,911
	2024年	838,581	978,884	1,219,789	888,767	941,710	930,229	1,048,823	1,437,126	1,212,545	1,148,502	1,175,116	1,187,200
	2025年	912,298	1,181,062	1,423,400	0	0	0	0	0	0	0	0	0

(Unit: Thousand people)



Source: Prepared by the company based on data from the Japan National Tourism Organization (JNTO)

Q&A Regarding the Issuance of Stock Acquisition Rights (1/2)

Questions	Answers
1. What are stock acquisition rights?	<p>Stock acquisition rights are rights that allow the holder to receive shares of the issuing company upon exercising these rights. When UBS AG London Branch, the planned allottee of these stock acquisition rights, exercises them, the company receives payment equivalent to the exercise price and issues common shares to UBS AG London Branch. This process enables the company to raise funds and strengthen its capital base.</p>
2. What is the reason for choosing this scheme?	<p>We considered various financing methods, including both equity-based and debt-based approaches. We concluded that this is the optimal fund raising method at present, meeting our financial needs while taking into account the interests of existing shareholders.</p> <ul style="list-style-type: none"> ➤ By setting the exercise price higher than the stock price on the day before the issuance resolution, we aim to minimize the dilution of the stock value for existing shareholders. ➤ Through the establishment of exercise designation and suspension clauses, we have a certain degree of control over the timing of fund raising. ➤ The maximum dilution is fixed. ➤ By setting acquisition clauses, the company can cancel the fund raising without incurring additional costs if it becomes unnecessary.
3. What are the disadvantages of this scheme?	<ul style="list-style-type: none"> ➤ At the time of issuing stock acquisition rights, the amount of funds raised is limited. ➤ If the stock price does not reach the exercise price, there is a possibility that the rights will not be exercised, which could result in an inability to raise funds or a decrease in the fund raising amount compared to initial expectations. ➤ If the planned allottee sells the shares acquired through the exercise of rights, it could lead to a decline in the stock price. However, it is reasonably assumed that the allottee has an incentive to avoid a drop in the company's stock price in order to facilitate the sale of shares acquired through the exercise of these rights in the market even after such sales.
4. Will stock lending or short selling be conducted?	<p>We have confirmed with UBS AG London Branch, the planned allottee, that they will not engage in stock lending for the purpose of short selling related to this matter, except for sales conducted within the number of shares acquired through the exercise of these stock acquisition rights.</p>

Q&A Regarding the Issuance of Stock Acquisition Rights (2/2)

Questions	Answers
5. What is the scale of stock dilution?	If all of these stock acquisition rights are exercised, the total number of shares issued will be 20,411,400 shares (equivalent to 204,114 voting rights). Using the company's total number of shares outstanding as of March 31, 2024, which is 136,358,300 shares (equivalent to 1,355,094 voting rights), the dilution rate amounts to 14.97% (15.06% in terms of the proportion of total voting rights).
6. What is the reason for selecting UBS AG London Branch as the allottee?	In implementing this fund raising, we received proposals for various fund raising methods from multiple securities firms. We determined that the fund raising method proposed by UBS Securities Co., Ltd. best met our financing needs, aiming to raise funds according to the demand while minimizing the temporary impact on the stock price. Additionally, UBS Group has extensive experience in purchasing stock acquisition rights, possesses a wide range of financial products, including those that fulfill our needs, and proposed comprehensive services that include IR support with investors after the issuance of these rights. Taking these factors into account, we decided on UBS AG London Branch as the planned allottee.
7. What is the impact on business performance?	We recognize that the impact of this fund raising on the consolidated financial performance of our group for the fiscal year ending March 2025 is minimal. However, as this funding will be effectively invested to establish a stronger business foundation within our group, we expect it to contribute to performance growth from the fiscal year ending March 2026 and support the achievement of our medium-term plans.
8. What is the impact on the company if the stock price does not reach the exercise price during the exercise period, resulting in an inability to raise funds?	This fund raising is intended to accelerate our company's growth by allocating funds for IP acquisition and M&A activities, the development of additional new products centered on AI technology applications, and related advertising and working capital. Even if this fund raising is not executed, the development and rollout of new products will continue as before, so it will not impede current business operations or compromise stability.



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