



To Our Shareholders and Investors
Business Report
for Fiscal Year ended March 2024

April 1, 2023 - March 31, 2024

We Source,
What's Next



Expanding POCKETALK globally



Founder and CEO
Noriyuki Matsuda

President and COO
Tomoaki Kojima

First, please accept our sincere thanks for your support of SOURCENEXT. We will now provide a report on results for the fiscal year ended March 31, 2024.

Our mainstay product, the AI-powered translation device "POCKETALK," saw a 46.7% increase in net sales over the previous fiscal year, primarily in the consumer electronics retailer channel, in anticipation of a recovery in inbound traveler demand and of further recovery of demand going forward. In overseas markets, particularly in the United States, demand for multilingual solutions for non-native speakers is driving growth in deployments at educational and medical institutions, public agencies, and other organizations, leading to POCKETALK Inc. (United States), which is a subsidiary of a subsidiary of the Company, becoming profitable on a monthly basis in February 2024, and achieving an operating profit for the period corresponding to its first quarter (January to March 2024).

As for other IoT products, the total number of registered accounts (the combined total of paying and non-paying users of the service) for the AI-powered voice-to-text recorder "AutoMemo" exceeded 140,000 as of April 30, 2024, and the number of subscribers to text conversion services is also steadily increasing. Moreover, net sales of our series of 360-degree web cameras increased year on year, as a result of capturing demand from corporate customers.

As a result of the above, the Company went back into the black at the operating level on a non-consolidated basis for the fiscal year under review. The consolidated net sales for the current fiscal year amounted to 11,334 billion yen, up 9.5% from the previous fiscal year. On the other hand, a loss attributable to owners of parent amounted to 2,169 billion yen (compared with a loss attributable to owners of parent of 2,303 billion yen for the previous fiscal year), mainly due to an increase in temporary outsourcing expenses associated with the transition to a new system for our direct sales website and an increase in personnel expenses for the future business expansion of POCKETALK CORPORATION, a consolidated subsidiary.

We regret to report that no dividends will be distributed this time. Following on from the previous fiscal year, this was another set of very disappointing results, for which we offer our sincere apologies.

Since our founding in 1996, we have upheld our corporate mission of "Creating products that inspire joy and move the world." Our areas of business have changed from conventional PC software and smartphone apps to IoT products based on the needs of our customers and times.

The Company will continue to create products that bring joy to its customers, focusing on new planning and development in order to provide new products rapidly, and making every effort to improve profitability.

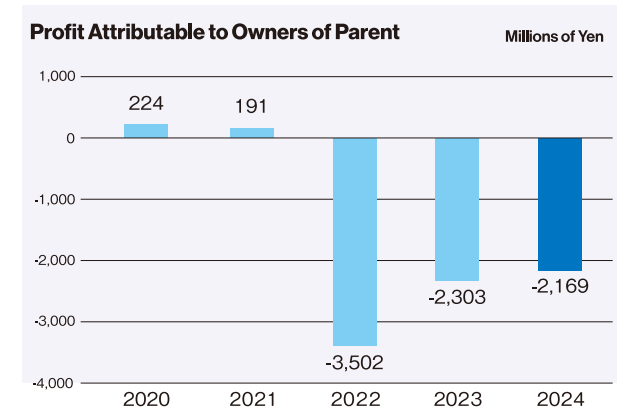
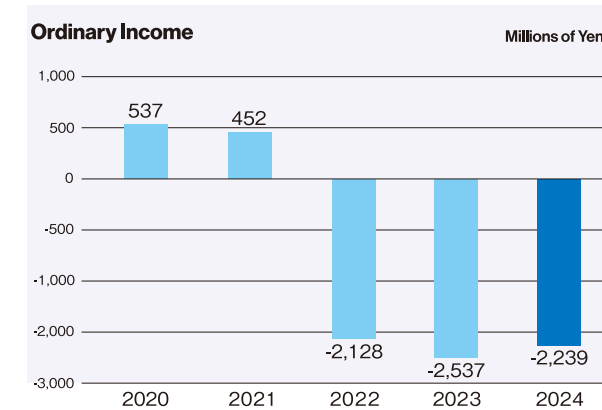
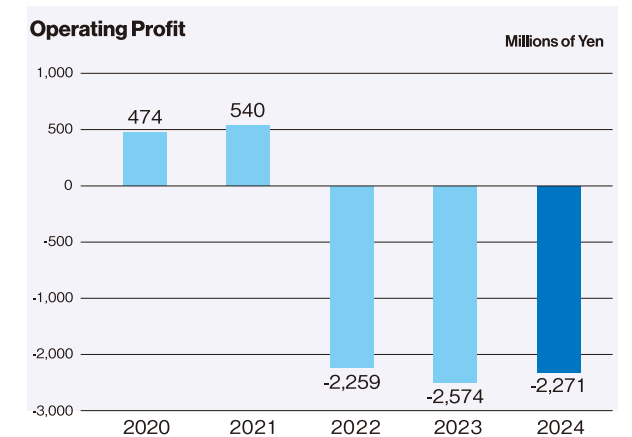
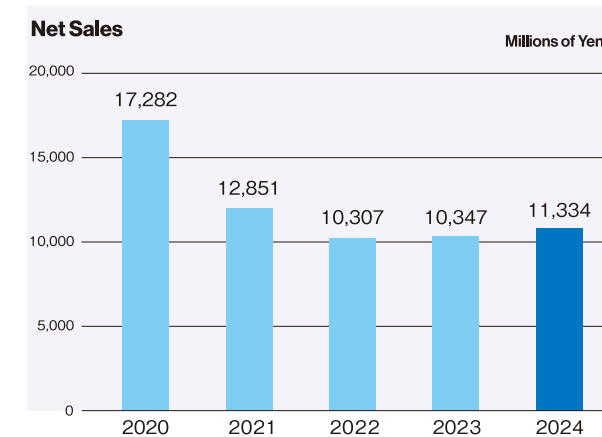
We thank all of you again, from the bottom of our hearts, for your kind understanding and encouragement, and look forward to your continued support in the coming future.

June 2024

Consolidated Business Highlights

Main Highlights

- Net sales increased 9.5% year on year. We made strategic investments in the expansion of the POCKETALK business and incurred one-off SG&A expenses associated with the transition to new systems, but cost-reduction efforts and other initiatives were successful in reducing the size of the ordinary loss.
- At the non-consolidated level SOURCENEXT recorded an operating profit of 41 million yen, compared to an operating loss of 655 million yen for the previous fiscal year.




POCKETALK is spreading into travel and business.

Breaking Down Language Barriers

POCKETALK is an AI-powered translation IoT device that enables people to converse with each other using their own mother tongue. Since it was developed in 2018 we have added numerous improvements, such as language learning functions, hand-free operation, and simultaneous multilingual chat, as well as developing simultaneous interpreting software for use in remote conferencing and other applications. We have established "POCKETALK CORPORATION" in February 2022, making it a wholly owned subsidiary of the Company through a simplified incorporation-type split of the "POCKETALK" business. We are accelerating our efforts to accomplish our corporate mission of "Breaking down Language Barriers."

POCKETALK

POCKETALK CORPORATION's subsidiary in the United States makes first quarterly profit



Accelerated adoption of POCKETALK devices in schools and educational institutes driving trends

In the U.S. market, where there is significant immigration and public services are being required to shift to multilingual operation, there has recently been a sudden surge in demand from educational institutions in particular, and subscription income from the POCKETALK AI-powered translation device and the Ventana console for centralized management of POCKETALK devices has been driving sales. This led to a 2.2 times year-on-year increase, resulting in the company recording its first quarterly operating profit.

AI-powered simultaneous interpretation service "POCKETALK Live Interpretation"



POCKETALK Live Interpretation ("POCKETALK Sentio" in the U.S.) is a service that automatically translates the speech of one party into the mother tongue of the other party, enabling to be understood through audio and text, just as if a dedicated simultaneous interpreter were present.

Uses speech recognition technology from OpenAI, the developer of ChatGPT

This product uses the Whisper speech recognition model, which is powered by one of the generative AIs developed by OpenAI. This has further enhanced not only the precision of speech recognition, but also the accuracy in determining speech timing. Since the release of ChatGPT, OpenAI has become one of the most closely watched AI developers globally.

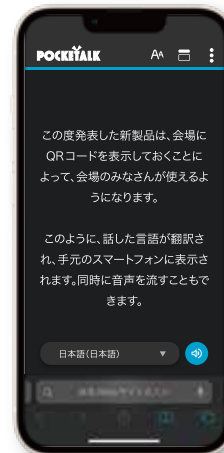
Launches browser version

In November 2023, the product specification was upgraded to enable use in a web browser. This removed the need to download software, and enabled it to be used easily on devices other than personal computers.

Addition of bidirectional communication function (patent pending)

Furthermore, in March 2024 we released a new function for bidirectional communication that automatically detects the language so that it does not need to be selected each time. A speech recognition AI automatically distinguishes the language being spoken by the user using the two languages that were set at the beginning of the POCKETALK Live Interpretation Session, and translates it into the language of the other (patent pending). This significantly expands the scenarios in which it can be used, and is particularly effective in smoothing face-to-face communication.

Launches two new services



AI-powered simultaneous interpretation service "POCKETALK Conference"

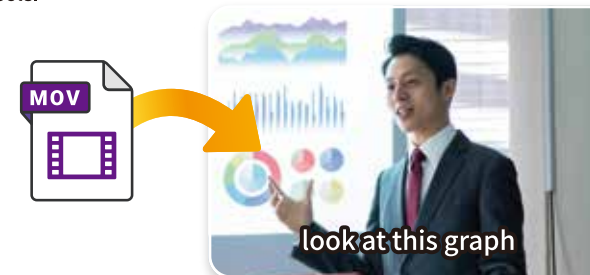


This product is a simultaneous interpretation system for use at conferences and other events. AI interprets multilingual meetings. Installation of software is not required for listeners, and the system can be used simply by accessing a dedicated site on their own smartphone.

Easily globalizes your videos

AI-powered subtitles "POCKETALK Movie Translation"

This service adds translated subtitles and speech to existing video footage. It is useful for the localization of product manuals and similar projects.



POCKETALK Live Interpretation, POCKETALK Conference, and POCKETALK Movie Translation can be used to provide interpretation from 10 main languages to 74 other languages.

AI-Powered Translation Device "POCKETALK"



Thanks to our customers, we have sold over **1,000,000 units**

From December 2017 to December 13, 2022 / Series total including "POCKETALK," (first generation) "POCKETALK W," "POCKETALK S" and "POCKETALK S Plus," but excluding sample units

POCKETALK, our AI-powered translation device, translates to voice and text for 74 languages and to text for 11 additional languages. Shipments have exceeded one million units, due to an increase in inbound tourism following the easing of COVID-19 countermeasures.

AI-powered translation app "POCKETALK App"

Launched in May 2022. (For iOS/Android)



This app allows the AI-powered translation device POCKETALK to be used with the convenience of a smartphone. We have rolled it out on a global basis through the respective app stores. It won the "Best in Category" Award in Google Play's "Best Apps of 2022."



"Best in Category" Award in Google Play's "Best Apps of 2022"

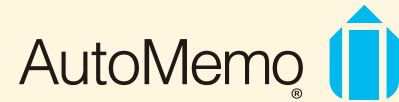
Our products are evolving rapidly in response to corporate demand.

AI service for meeting minutes

AI-powered voice-to-text recorder “AutoMemo”

AutoMemo is a transcription AI that not only significantly reduces the work involved in creating minutes by automatically transcribing and summarizing audio, but also enables management and sharing of the same. Recording and the conversion of speech to text, as well as subsequent editing and sharing, can all be performed in the browser. In addition to recording directly on a PC, dedicated voice recorders and smartphone apps are also available. Through highly accurate speaker diarisation, minutes can be completed in a flash. We continue to provide updates in response to customer needs.

March 2024 Added function for summarizing using GPT-4
 April 2024 Added function for file upload



Number of accounts over
140,000
 (As of April 2024)

Dedicated voice recorder
 AutoMemo R (Left)
 AutoMemo S (Right)



Dedicated smartphone app
 AutoMemo App

Products for Remote Conferencing

These are products to improve productivity of remote conferencing. Their use has been popularized as a result of COVID-19, and we are continuing to expand our corporate customer base.

We sell two types of 360-degree web cameras for conferences that integrate a camera, microphones, and speakers in a single unit.



“KAIGIO CAM360” lets you see everyone’s faces

“KAIGIO CAM360” uses AI to automatically divide a screen according to the number of meeting participants and project the participants. The product enables you to create meetings with a sense of unity where you can see the expressions on the participants’ faces.



“Meeting OWL” brings the speaker into focus

The “Meeting OWL” automatically focuses on the speaker and brings him or her into close-up. Suitable for conference rooms hosting a large number of people. We have sold a total of over 30,000 units, and it is being used in many companies.



PC Software

Demand for security and business software, as well as learning and educational software, has been on the rise due to the spread of working at home.

“IKINARI PDF” meets the needs of the transition to paperless operations



A long-selling, high-performance, low-cost product that has changed common practice in PDF creation. It has been deployed at over 10,000 companies. It helps to increase efficiency of document management, reduce costs and promote telework.

“ZERO” antivirus software with no expiration date



The ZERO series offers users with a “fixed device and no expiration date” policy. A product that continues to protect the device it is installed on until the device can no longer be used. As security measures are completed by installing one line to one device one time, the burden of taking antivirus measures significantly decreases.

Three postcard creation software brands



In postcard creation software, the Company offers the three brands of “FUDEMAME,” which has the top share on Windows, “ATENA SHOKUNIN” top for MacOS, and its own copyrighted product “FUDEOH.”

On our website, sales of the annual automatic renewal version are steadily growing.

No. 1 Share in the Number of Units Sold in 5 Categories of PC Software

Share of number of units sold by each manufacturer in 2023 according to research by the Company based on sales data of major domestic electronics retailers compiled by a third party research institution. Regarding “PC Software” data, “OCR/Translation/PDF” data has been extracted from the “Business” category, “Postcard/Typing” data has been extracted from the “Practical Use” category, and “Video Editing/DVD-Related” data has been extracted from the “Graphics” category.

IoT product for golf

With the objective of opening up new markets, SOURCENEXT is developing its first golf-related product by combining the speech recognition technology it has cultivated through POKETTALK and AutoMemo with that of OpenAI’s GPT-3.5 Turbo.



Interactive AI device “BirdieTalk”

This is the first dedicated golf device in Japan to provide spoken advice using GPT. Simply by pressing a button and speaking during play, the device can be made to provide advice on hitting the ball, depending on its lie, and on how to strike the ball to reduce mistakes. (Scheduled to be launched at the end of August 2024)

First in Japan: Based on survey by SOURCENEXT (conducted February 6, 2024 - February 20, 2024) encompassing 845 products at top 5 large retailers of golf goods, Amazon, Rakuten, Yahoo, GDO, and Google.

User Services

Over 18 Million Registered Users

We operate our own EC site, mostly focused on sales via downloads. Customers who purchase and register a product are encouraged to purchase again through after-sale upgrades, discounts, etc. The total number of registered users now exceeds 18 million, making them our major asset.



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

"KYOUSOKU 95" on sale
 "TOKU-UCHI" on sale
 "KEIKAI DENWA" on sale



SOURCE Corporation founded
 Company name changed from SOURCE Corporation to SOURCENEXT Corporation

Internet

First in software industry to adopt "Mileage Services"



E-commerce site opened

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



"Reassurance Policies" started

"KINARI PDF" on sale

Broadband

Revolutionizing "Price"

Introduction of "Packages with unfolding cover page"



"Virus Security" on sale
 "Virus Security ZERO" on sale

"KINARI PDF" on sale
 "IKINARI PDF" on sale

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

Partnership with KOEI Corporation

Partnership with Evernote

Security

Revolutionizing Security



"Virus Security ZERO" on sale

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

"B's Recorder" on sale
 "FUDEOH" on sale

Partnership with Evernote

Partnership with Dropbox

Smartphone

Listed on the First Section of the Tokyo Stock Exchange

"U-Memo" series on sale



"CHOUJIMAKU" on sale



Began providing iPhone apps

Number of registered users surpasses 10 million

iPhone version of "CHOUJIMAKU" on sale

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

Launched "AutoMemo S" AI voice-to-text recorder

Launched "AutoMemo R" AI voice-to-text recorder

Revolutionizing the Methods for Providing Software

SOURCENEXT Inc. founded



Started providing apps to "SugoToku Contents"

Started providing apps to "au Smart Pass" for Android apps

Started providing apps to "App Pass"

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

Started in-house development of IoT devices

Announced "AutoMemo" voice-to-text recorder

Announced "AutoMemo S" AI voice-to-text recorder

Announced "AutoMemo R" AI voice-to-text recorder

POCKETALK CORPORATION founded

Compliance with the Prime Market of the Tokyo Stock Exchange

Revolutionizing "Translation Devices"



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



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

Launched "POCKETALK" AI-powered translation device

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Redefining Meetings



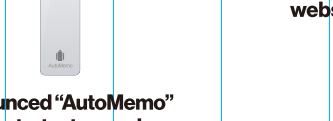
Launched "Meeting Owl" webcam with 360-degree capability



Launched our 360-degree web camera "KAIGIO CAM360"



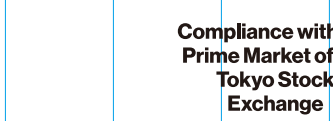
Announced "Birdie Talk" IoT product for golf



Launched "Live Interpretation" (former Simultaneous Interpretation), AI-powered translation software that can also be used online



Launched "AutoMemo S" AI voice-to-text recorder



Launched "AutoMemo R" AI voice-to-text recorder

Launched "AutoMemo R" AI voice-to-text recorder

Launched "AutoMemo R" AI voice-to-text recorder

Remote work

IoT AI

What's Next

Consolidated Financial Statements (Summary)

Consolidated Balance Sheets

Millions of Yen

科目	前期 As of March 31, 2023	当期 As of March 31, 2024
Assets		
Current assets	12,506	8,762
Cash and deposits	6,484	3,282
Merchandise and finished goods	3,345	2,494
Non-current assets	7,132	8,048
Property, plant and equipment	77	140
Intangible assets	3,075	3,542
Investments and other assets	3,979	4,366
1 Total assets	19,639	16,811
Liabilities		
Current liabilities	7,404	6,329
Non-current liabilities	2,331	2,092
2 Total liabilities	9,736	8,421
Net assets		
Shareholders' equity	8,981	7,026
Accumulated other comprehensive income	224	1,047
Share acquisition rights	258	315
Minority interest	438	-
Total net assets	9,903	8,389
Total liabilities and net assets	19,639	16,811
Current ratio	168.9%	138.4%
Quick ratio	104.7%	83.1%
Equity ratio	46.9%	48.0%

Consolidated Statements of Income

Millions of Yen

科目	前期 Fiscal year ended March 31, 2023	当期 Fiscal year ended March 31, 2024
3 Net sales	10,347	11,334
Cost of sales	5,373	5,230
Gross profit	4,973	6,103
Selling, general and administrative expenses	7,548	8,375
Operating loss (△)	△2,574	△2,271
4 Ordinary loss (△)	△2,537	△2,239
Loss before income taxes (△)	△2,515	△2,158
Total income taxes	11	363
Loss attributable to non-controlling interests (△)	△223	△351
5 Loss attributable to owners of parent (△)	△2,303	△2,169

Consolidated Statements of Cash Flows

Millions of Yen

科目	前期 Fiscal year ended March 31, 2023	当期 Fiscal year ended March 31, 2024
6 Cash flows from operating activities	170	△765
7 Cash flows from investing activities	△999	△1,501
8 Cash flows from financing activities	1,609	△1,163
Effect of exchange rate change on cash and cash equivalents	252	76
Net increase (decrease) in cash and cash equivalents	1,033	△3,353
Cash and cash equivalents at beginning of period	5,451	6,484
Cash and cash equivalents at end of period	6,484	3,130

ポイント

1 Total assets

Decreased by 2.827 billion yen to 16.811 billion yen. Main factors were a decrease of 3.202 billion yen in cash and deposits, a decrease of 850 million yen in merchandise and finished goods, and an increase of 1.150 billion yen in software.

2 Total liabilities

Decreased by 1.314 billion yen to 8.421 billion yen. Main factors were a decrease of 775 million yen in short-term loans payable and a decrease of 520 million yen in long-term loans payable (including its current portion).

3 Net sales

A rise in inbound tourism demand led to an increase in sales volume of POCKETALK, mainly at stores, in addition to which we saw strong sales of such mainstay products as AutoMemo, the 360-degree web camera series, and "IKINARI PDF." Orders for large transactions also increased due to having focused on corporate sales. As a result, net sales stood at 11.334 billion yen, up 9.5% year on year.

4 Ordinary loss

Gross profit stood at 6.103 billion yen, up 22.7% year on year, mainly due to Initiatives to reduce costs. On the other hand, selling, general and administrative expenses included an increase in personnel expenses to prepare for future POCKETALK business expansion and an increase in temporary outsourcing expenses associated with the transition to a new system for our direct sales website. In addition, foreign exchange gains of 249 million yen due to the Japanese yen depreciation, and share of loss of entities accounted for using equity method of 155 million yen were recorded. As a result, ordinary loss stood at 2.239 billion yen (ordinary loss in the previous fiscal year was 2.537 billion yen).

5 Loss attributable to owners of parent

Net loss attributable to non-controlling interests was 351 million yen and net loss attributable to owners of parent was 2.169 billion yen.

6 Cash flows from operating activities

Expenditures amounted to 765 million yen in the current fiscal year, while revenue amounted to 170 million yen in the previous fiscal year. Main factor is an expenditure increase of 853 million yen due to an increase in trade receivables.

7 Cash flows from investing activities

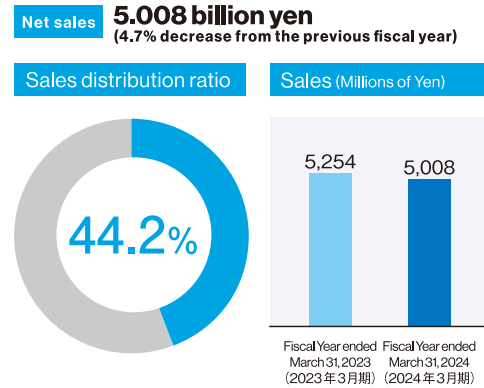
Expenditures increased by 502 million yen compared to the previous fiscal year and amounted to 1.501 billion yen. Main factors were an increase of 488 million yen in expenditure for purchase of software and an increase of 13 million yen in expenditure for purchase of property, plant and equipment.

8 Cash flows from financing activities

Expenditures amounted to 1.163 billion yen in the current fiscal year, while revenue amounted to 1.609 billion yen in the previous fiscal year. Main factor is a decrease of 2.162 billion yen in proceeds from share issuance to non-controlling shareholders.

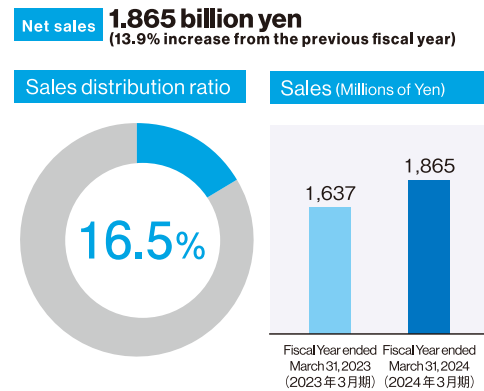
Overview by Sales Channel

Online shops



We sell IoT products and software products through online shops on domestic websites including our direct sales website and Amazon.

Consumer electronics retailers



We sell IoT products, PC software and the like to individual consumers, mainly at consumer electronics retailers around Japan.

Overview of sales and major activities

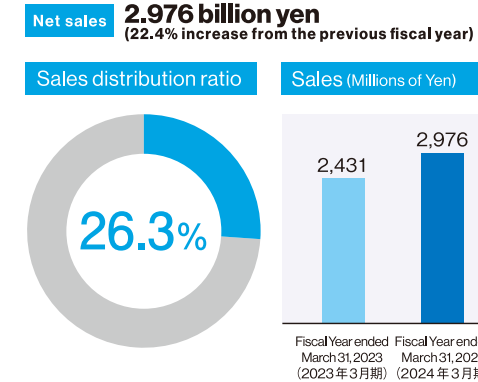
- Sales volume via this channel increased due to strong demand from Amazon, Rakuten, and other domestic websites. As a result of expanding the number of products and strengthening advertising, net sales from domestic websites increased year on year.
- Net sales via our direct sales website declined year on year due to the fall in PC shipments, the contraction in the overall market for postcard creation software, and the decrease in the number of visitors to the site, among other factors.
- We are working on increasing the frequency of purchases by loyal users and winning new customers by expanding the product lineup, planning attractive events, and improving the purchasing routes through the direct sales website.

Overview of sales and major activities

- The revival of inbound and outbound tourism led to a recovery in demand for POCKETALK, and as a result of expanding its presence on sales floors at consumer electronics retailers and other measures, net sales grew year on year.
- In addition, we boosted marketing for the 360-degree web camera series, which led to solid sales volumes.
- On the other hand, conditions for software products remain challenging due to the decline in PC shipments and the contraction of the postcard creation market as a whole. In view of the growing market for secondhand PCs, we have been strengthening sales activities in this area with the intention of developing an additional pillar of revenue.

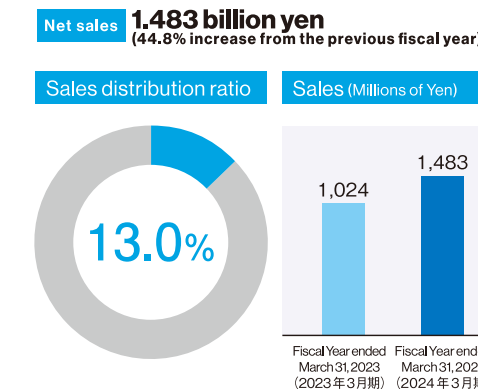


Corporate sales



We sell and rent IoT products for corporate users such as “POCKETALK” and web meeting-related hardware, and provide unlimited use services including PC software and smartphone applications.

Others



We sell “POCKETALK” for personal-use and company-use at our bases in the United States and Europe.

Overview of sales and major activities

- POCKETALK orders via this channel are increasing due to the sudden recovery of inbound tourism demand. We are receiving numerous inquiries relating to the POCKETALK device, mainly from companies and local governments seeking to capture inbound tourism demand, and we have received some major orders for the POCKETALK app. As a result, net sales increased year on year.
- The 360-degree web camera business has been performing well due to the hybrid work styles becoming widely practiced and the new product launch. There is an increasing number of cases of introducing the device as companies relocate their workplaces and renovate meeting rooms.
- “Smart RUSUDEN” is sold at more than 500 mobile phone shops nationwide via primary mobile phone distributors.



Overview of sales and major activities

- Overseas, we are selling POCKETALK mainly through Amazon in the United States and Europe and through direct approaches to corporations, and sales have been strong, centered on companies.
- In the United States in particular, we are seeing significant repeat purchases driven by demand from educational and medical institutions, public agencies, and other organizations for multilingual solutions for use with non-native speakers. As a result, POCKETALK Inc. (United States), which is a subsidiary of a subsidiary of the Company, became profitable on a monthly basis in February 2024, and achieved an operating profit for the period corresponding to its first quarter (January to March 2024).



Concluded a capital and business alliance agreement with FUJI SOFT INCORPORATED

Partnership driven by advanced technical capabilities in software development and wide-ranging sales network

POCKETALK CORPORATION has concluded a capital and business alliance agreement with FUJI SOFT INCORPORATED aimed at building a partnership over the medium to long term. The amount raised from a third-party allocation of shares to FUJI SOFT INCORPORATED was 1.0 billion yen, bringing cumulative funds procured to 4.83 billion yen.



Going forward we will work with FUJI SOFT INCORPORATED and society on the increasingly important issue of achieving a world without language barriers. This agreement will enable us to update existing products and accelerate the development of new products. We will work on strengthening our enterprise products, particularly for software series for which corporate demand is strong, while at the same time enhancing the development structure to enable the prompt incorporation of user feedback.

In terms of sales, with the objective of continuously and effectively expanding our revenue, we will appropriately identify rapidly growing multilingual needs in Japan and overseas, and work to enlarge our sales network.

POCKETALK CORPORATION aims to achieve a world without language barriers, one in which all kinds of people can converse in their own languages, and in which the people from various countries and regions achieve deeper mutual understanding with each other.

Going forward, we will continue to expand the POCKETALK series around the world, with a focus on mitigating the barriers of language.

Q. What is your most popular product / service?

A. IoT products such as the AI-powered translation device “POCKETALK” and the AI-powered voice-to-text recorder “AutoMemo” are popular.

We have sold a total of over 1,200,000 “POCKETALK” units since its release in December 2017 (as of March 2024). In the United States, adoption of these devices by educational and medical institutions, public bodies, and other organizations is accelerating in order to provide multilingual solutions to non-native speakers. In addition, for the AI-powered voice-to-text recorder “AutoMemo,” which leverages the voice recognition technology cultivated with “POCKETALK,” we are continually making improvements, such as increase of the voice recognition sensitivity and implementation of the summary function, and with over 140,000 service use accounts, it has been very well received.

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. So far, we have paid dividends on the basis of a dividend payout ratio of 10% to 15%.

However, we recorded a net loss of 2,169 billion yen during the current fiscal year. Regrettably, we are not planning to distribute dividends for the current fiscal year in order to restructure the base for medium- to long-term growth and fully recover business performance.

We will continue to implement the shareholder special benefit plan that was introduced as premium redemptions to shareholders. Depending on the number of shares owned, you will receive SOURCENEXT ePoint (privilege points) that can be used for purchases on our site.

Q. What are your future business strategies?

A. We will promote sales of “POCKETALK” to meet the expansion of demand from inbound travelers and enhance our product lineup, such as products for business and new products specialized in AI.

In Japan, we are seeking to capture a rapid increase in inbound tourism demand by achieving greater exposure for POCKETALK devices in stores, with the goal of increasing sales volume. Overseas, we are working to further improve brand recognition and expand sales channels in the United States, where there is tremendous demand for multilingual solutions. We are also planning to grow sales of products such as POCKETALK Live Interpretation, which is software capable of simultaneous interpretation, mainly among corporate customers.

In addition to IoT products such as 360-degree camera “KAIGIO CAM360” and AI-powered voice-to-text recorder “AutoMemo,” we will expand our lineup of business software and enhance its functionality going forward, proactively developing and launching products that take advantage of generative AI and other new technologies.

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 undertake tests 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 to actions that arouse suspicion as to whether they are within laws and regulations, we have established a report desk 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.

Sustainability Promotion Committee

The Group recognizes that addressing sustainability issues is an important management theme that leads to reductions in business risk and the creation of revenue opportunities, and set up a Sustainability Promotion Committee in January 2023, which is engaged in various activities. Through these activities the Group will achieve growth and help bring about a sustainable society.



In March 2024, the Group drew up the SOURCENEXT Group Business Partner Code of Conduct, which describes standards related to such issues as environmental conservation and respect for human rights, which also apply to the suppliers of the Group, and has asked its major suppliers to endorse and comply with the Code. This fiscal year, we began responding to questionnaires from CDP, which is an international ESG evaluation agency.

Corporate Profile

Overview of Corporation (as of March 31, 2024)

Company Name	SOURCENEXT Corporation
英文社名	SOURCENEXT CORPORATION
Founded	August 2, 1996
Headquarters	〒105-7133 Shiodome City Center 33F, 1-5-2, Higashi-Shimbashi, Minato-ku, Tokyo 105-7133
Capital	3,703 million yen
Number of Employees	Non-consolidated: 131 (including 8 temporary staff / employees) Consolidated: 166 (including 8 temporary staff / employees)
Description of Business	Planning, development and distribution of PC / smartphone software and hardware products

Members of the Board (as of March 31, 2024)

Founder and CEO	Noriyuki Matsuda
President and COO	Tomoaki Kojima
Director and CSO	Kousuke Fujimoto
Director and CFO	Fumihiko Aoyama
Outside Director	Hideaki Kubori
Outside Director	Kunitake Ando
Outside Director	Nobuhide Nakaido
Outside Director	Aiko Oue
Standing Auditor	Masaaki Hirose
Outside Auditor	Tetsuya Kobayashi
Outside Auditor	Maho Kinami

Present Shares (as of March 31, 2024)

Total Number of Authorized Shares	361,120,000 shares
Total Number of Issued Shares	136,358,300 shares
Number of Shareholders	54,702

Corporate Philosophy

Origin of company name:

“We Source What’s Next”

SOURCENEXT’s Ultimate Strategy

Corporate Mission	Corporate Value
Creating products that inspire joy and move the world	Customer-Centric Mindset. Creating Innovative New Markets. Embrace Challenge.

Corporate Vision

To become the most exciting company in the world

The three conditions of “Exciting”

**Being genuinely good,
Creating happiness,
Having fun**

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)

〒1 68- 0063

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/procedure/agency/>

(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 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 (<https://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 (Prime Market)



SOURCENEXT[®]

www.sourcenext.com

SOURCENEXT Corporation

〒105-7133

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

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