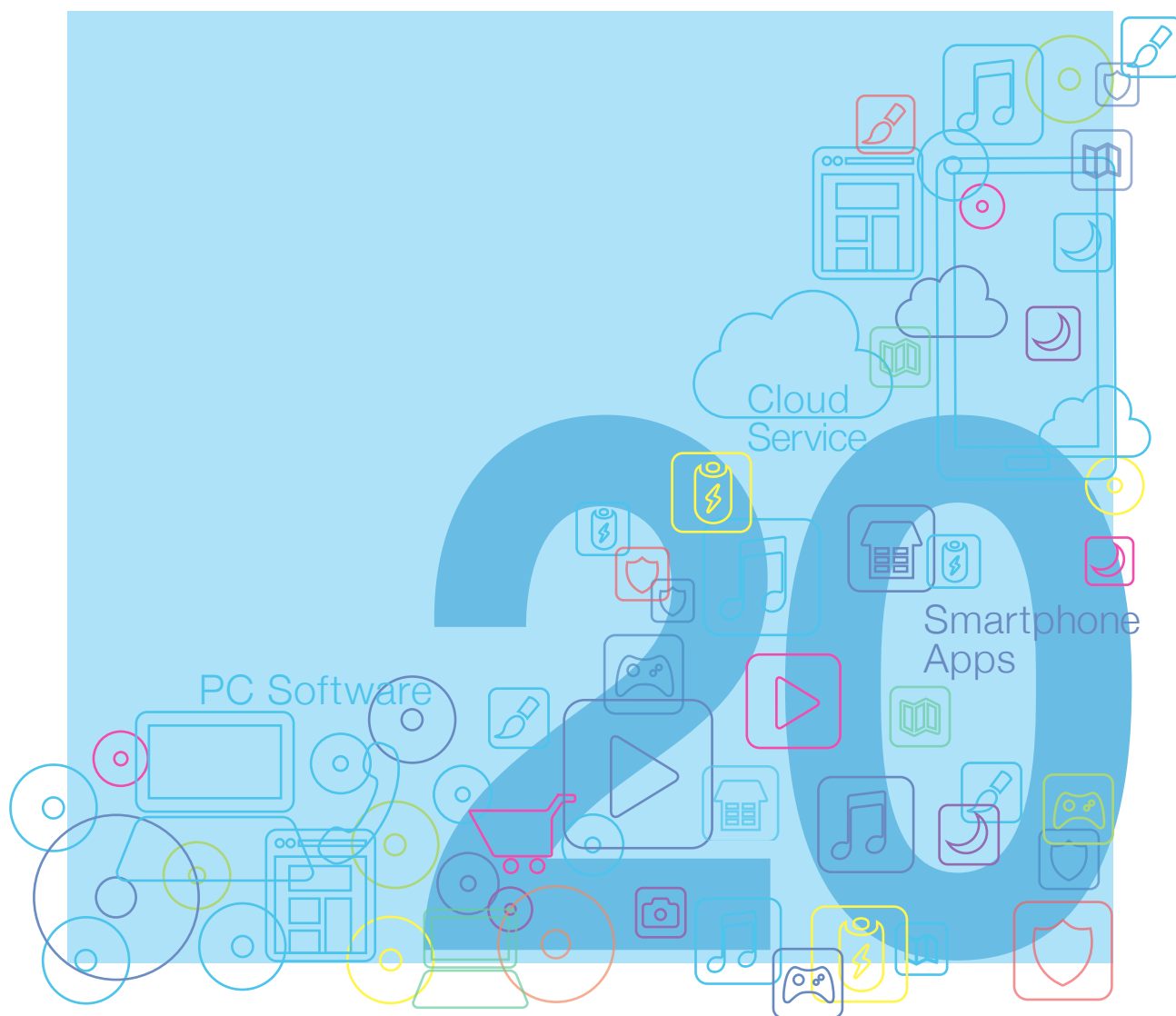


**Business Report for Fiscal Year ended March 2016**  
**April 1, 2015 - March 31, 2016**



## Greetings

# Accelerating Businesses Even Further on the 21st Year

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.

Our group's consolidated business statements for the fiscal year ending March 2016, ended with operating income at 1.445 billion yen (11.0% increase from previous year), ordinary income at 1.463 billion yen (11.5% increase from previous year) and this fiscal year's net income belonging to the shareholders of the parent company coming to 990 million yen (18.4% decrease from previous year). As a result of these positive factors, our ordinary income and operating income marked a new all-time high for the third year in a row. I would like to send my gratitude to all our valued shareholders and investors - for without your encouragement and support, this extraordinary feat would not have been possible.

Since our founding in 1996, we have upheld our corporate mission of "Creating products that inspire joy and move the world" and have striven to plan and develop new products that matched the needs of our customers. In the recent year, we have actively planned and developed for the rapidly growing smartphone app market, and focused on venturing into new businesses to meet the changing times and customer needs.

Two of the biggest factors which contributed to the increased revenue / income for this consolidated fiscal year are - one, the exponential sales of security software and other PC software as result of the new "Windows 10" release, and two, the increase of sales in our EC site with the rise in the number of people who use online shopping sites in all age groups.

In addition, we have utilized our cash reserves to actively obtain new IP's (Intellectual Properties) and we plan to make full use of these IP's by creating multilingual versions of products, which we will be introducing to overseas markets in hopes to expand our businesses even further.

Lastly, coming August 2016 marks the 20th anniversary for our company. I would like to express my deepest gratitude to all our shareholders and investors for their continued support and would like to assure you that we will continue to strive to meet our shareholders' expectations.

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

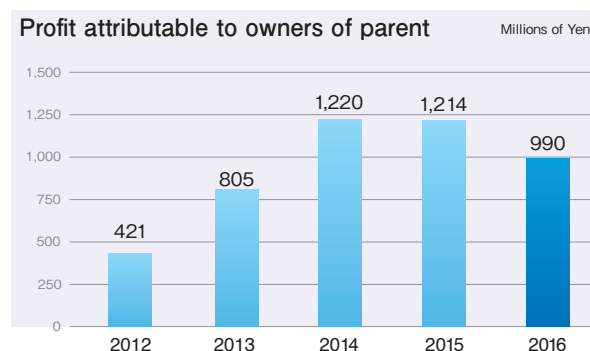
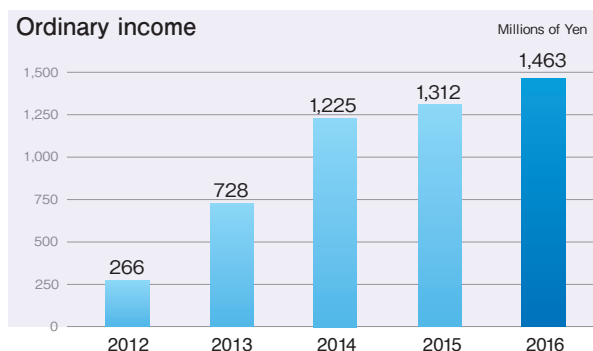
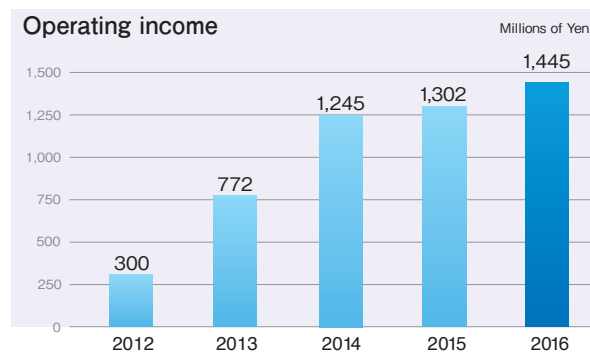
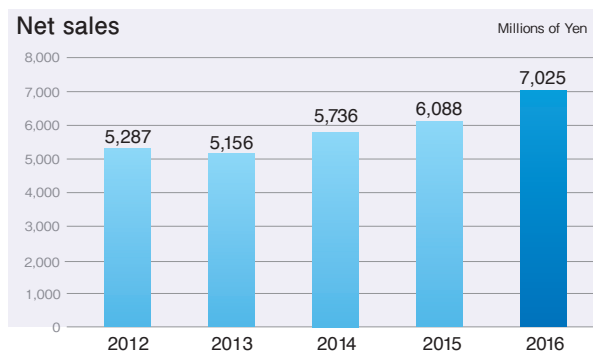


SOURCENEXT Corporation  
President and CEO  
**Noriyuki Matsuda**

# Consolidated Business Highlights

## Main Highlights

Recorded the Highest Operating Income / Ordinary Income for third year in a row  
 Ordinary Income Increased by 11.5%. Dividend Payout marked 4.68 Yen (Dividend Ratio: 15%)



## Forecasts for Next Fiscal Year

	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Yen	Yen
	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share	Annual dividends per share
Six months ending September 30, 2016	3,897	757	763	525	16.56	—
Full year	8,090	1,552	1,562	1,077	33.96	6.09 *

(\*) Includes the 20th Anniversary Dividend payout (1 yen)

## Executive Interview

# Making Challenges for Oversea Markets

SOURCENEXT Corporation

President & CEO

Noriyuki Matsuda



### Reasons for Founding

[Connecting Developers and Customers]

Before founding SOURCENEXT, I was an engineer at IBM, developing applications, localizing and customizing overseas enterprise solutions to meet the customers' needs. During this time one of the biggest problems we faced was that even when there was a bug reported by a customer, in many cases, we were unable to fix it - simply due to the fact that we didn't own the source (code). Our company was first founded under the name "SOURCE" which was derived from this "source code", and later renamed to "SOURCENEXT".

Another good analogy that I always use is that a program (coded by developers after months or years of hard work) which doesn't get used by anyone, is like a dinner (cooked by a chef after hours of hard work) being served but not being eaten by anyone. There's nothing more saddening than this, and we feel that it is our responsibility to be able to connect developers and customers so that we would be able to deliver even better products and services and enrich the lives of people around the world.

### Our Strengths

One of the unique characteristics of our company as a software publisher, is that we take part in all 4 phases (plan / develop / sell / support) of the product cycle and our 3 strengths that lie within our business model are also very unique.

[Number of IP's Owned]

The first strength is the various IP's (Intellectual Properties) that we own. Starting with our ever-popular postcard creation software "FUDEOH", we own IP's for many of our popular brand products such as "IKINARI PDF", "KYOUSOKU" and our popular smartphone apps such as "Super Tools" and "Super Battery".

In addition to the above products, in April of 2016, we obtained the rights to the popular Mac postcard creation software "ATENA SHOKUNIN", raising our total number of IP's to 36. The biggest strength in owning these IP's is that it allows us to freely develop / improve / enhance the products to suit customer needs and also allows us to bring forth these products to overseas markets.

[Mixture of SOURCENEXT Products and OEM Products]

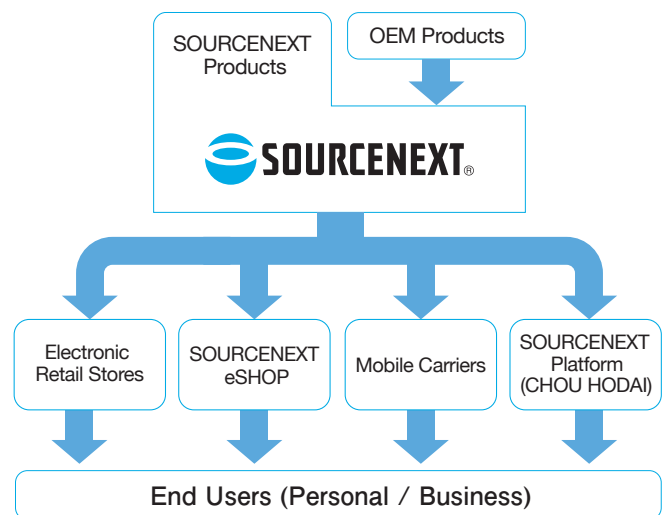
Our second strength is that we not only sell our own SOURCENEXT products, but also OEM products. Owning the rights to develop our own program has its merits such as - freedom to make changes as we like and higher profits, but also comes with its downsides such as - requiring much more time to develop. On the contrary, the merits to OEM products is that it takes very little time to develop and allows us to release products more speedily. Also, in such OEM cases, we

either sell the product under our SOURCENEXT brand or we sell it under our partner's brand, but in either cases - we take responsibility in supporting our users.

Although there are a multitude of software publishers around the world, only a few have the advantages as SOURCENEXT does in handling both in-house and OEM products.

[A Broad Sales Channel]

Our third strength is our broad sales channel and our ability to market products through both retail and on our own online EC shop. While most software publishers have to have their products distributed to retail through distributors, SOURCENEXT have direct relationships with major electronic retail stores such as Yamada Denki, Yodobashi Camera and all major electronic retail stores in Japan. In addition to this, we also provide our Android apps to major mobile phone carriers such as KDDI, NTT DoCoMo and Softbank.



### Overseas Activities and Future Developments

[Obtaining Intellectual Property Rights]

Our U.S. subsidiary based in the Silicon Valley actively seeks out new products and plays a vital role in maintaining relationships with our overseas partners. Having a base for overseas activities in the U.S. has not only allowed us to keep a good relationship with partners but also helps run overseas businesses smoothly.

We believe that in the future, obtaining new IP's will lead to further growth for the company, and aim to continue focusing on obtaining more prospective IP's and developing our own programs in order to make new challenges for overseas expansions.

## Products and Services

# Providing Various Products and Services with Focus on Smartphone Apps

## Smartphone Apps

### Providing Apps to All 3 Major Mobile Carriers

SOURCENEXT provides apps to the monthly subscription services of all 3 major mobile carriers in Japan, and have 75 titles accepted to these services.

Providing Apps Since	Carrier	Service Name	Number of Apps Provided
March 2012	KDDI	"au SmartPass"	29
June 2013	NTT DoCoMo	"SugoToku Contents"	23
August 2014	Softbank Mobile	"App Pass"	25

(As of May 2016)

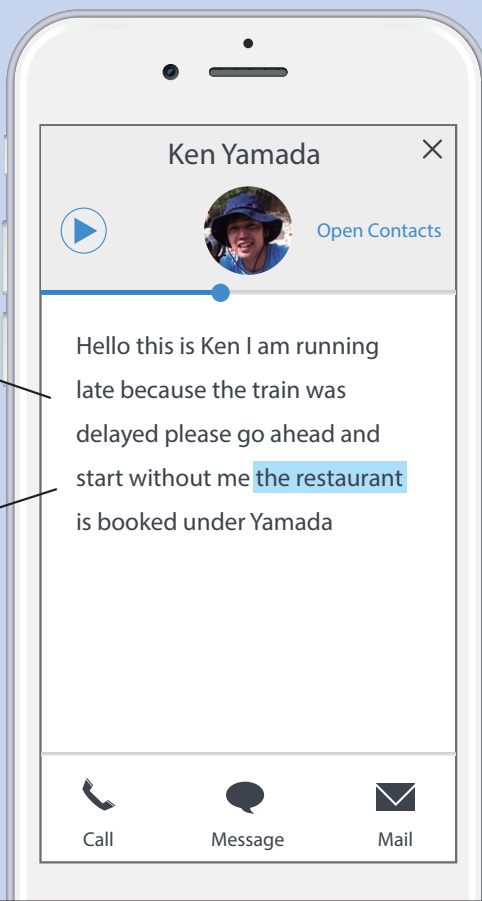
## New Services

### A Voice Messaging Service you can READ

On May 2016, SOURCENEXT released a revolutionary new product "Smart Voice Message" (for iPhone and Android), which allows users to READ their voice messages instead of having to dial up the messaging services and play back the voice messages.



"the restaurant is booked under Yamada"



## All-You-Can-Use Services

### A New Way of Providing Apps

Taking advantage of our broad application line-up, we focus on providing our apps through various "all you can use" subscription services. By actively providing apps as OEM's, our sales channel continues to spread to various sectors.

Service Name	Platform	Provided To
CHOU HODAI	For PC Users	Internet Service Providers, Cable TV service providers, MVNO Smartphone dealers, PC schools, Smartphone / PC shops, etc.
CHOU HODAI Business	For Enterprise Users	
Apps CHOU HODAI	For Smartphone Users	



アプリ超ホーダイ®

"Apps CHOU HODAI" logotype



超ホーダイ®

"CHOU HODAI" logotype





## PC Software

### Taking Advantage of the "Windows 10" Business Opportunities

With Microsoft offering free upgrades to their new "Windows 10" OS (until end of July 2016), sales of our "Windows 10 Upgrade Services" for our ZERO series anti-virus products have shown strong sales. Also, from April this year, we made changes to the License Policy for the ZERO series, to allow "installion in only one device, but with no expirations". This allows our product to cope with Microsoft's "free version upgrades for future OS's" but also ensures that once users install the product on a device, that device will be protected for good, without expiration.



**ZERO Virus Security**  
A cumulative total of 9.6 million users, and being used in over 3,000 companies.



**ZERO Super Security**  
Powered by the unbeatable Bitdefender engine, which has been presented the "TOP RATED 2015" award from AV-Comparatives and also won annual awards from AV-TEST in 2 categories.



AV-Comparatives (Austria) and AV-TEST (Germany) are independent testing institutes which conduct tests and evaluate security products from around the world.

### Venturing into the Mac Market

In April 2016, we obtained the program copyrights and trademark rights for various AGENDA products, including the top-selling Mac postcard creation software "ATENA SHOKUNIN". We aim to take advantage of this opportunity to further expand upon our Mac product line-up.



\* NOTE: above images are packages for AGENDA's products

### Worldwide Brands Made Easier to Use for Japanese Markets

One of the main businesses at SOURCENEXT is to search for outstanding products and services from around the world and to localize / market them to suit the needs of the Japanese audience.



**Sony Creative Software Products**  
SOURCENEXT is the exclusive distributor of Sony Creative Software's products in Japan, and after launching the package version sales in retail stores from June 2015, sales have sky-rocketed and became the No.1 selling software in the Video Editing category.



**Acronis Backup Software**  
Anticipating the rise in demands for backup with the Windows 10 release, we launched the sales of the popular backup software, "Acronis" on October 2015.

## User Services

### Over 13 Million Registered Users

Since year 2000, SOURCENEXT have been running an EC site and marketing various software and hardware products. The total number of registered users now exceed 13 million, and we believe that these registered users are our most valuable assets, and by providing better services to each individual registered users on a personal level, we will be able to increase repeat users and continue to build a strong relationship with our customers.



1996 1997 1998 1999 2000 2001 2002 2003 2004 2005

# The History of SOURCENEXT

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

## Redefining "Usability"

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

"KYOUSOKU 95" on sale



SOURCE Corporation Founded

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



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

"TOKU-UCHI" on sale



"KEIKAI DENWA" on sale



Company Name changed from SOURCE Corporation to SOURCENEXT Corporation

First in software industry to adopt "Mileage Services"



E-commerce site opened

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



"Reassurance Policies" started

## Revolutionizing "Price"

Quality イチキュツパ 1980円 わくわく、パソコンソフト



"KYOUSOKU ADSL" on sale



"Virus Security" on sale



"IKINARI PDF" on sale

Introduction of "Packages with unfolding cover page"



Partnership with KOEI Corporation



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

"Software Priced at 1980 Yen" wins the "Prize of Excellence" from the Nikkei Products / Services Award and also the "Nikkei MJ Award"

"Windows 95" on sale and start of Tele-HODAI

"Yahoo! YAPAN" launched  
"Windows 95" on sale and start of Tele-HODAI

"Yahoo! YAPAN" launched

"Google" services started

"RAKUTEN ICHIBA" (Internet shopping mall) services started

First Issue of "Weekly ASCII Magazine" (PC magazine) published "Google" services started

"Windows 98" on sale

First Internet-based securities trading service launched by Matsui Securities Co., Ltd.

"iMode" services launched

"Windows 98SE" on sale

"Yahoo! Auction" services started

"Windows 2000" on sale

"Windows Me" on sale

"Amazon.co.jp" services launched

"Windows XP" on sale

"Yahoo! BB" services launched

"FOMA" 3G services for mobile phones launched

Launch of "B Flets" services announced

Web-based encyclopedia, "Wikipedia" founded

iPod on sale (U.S.)

11 Telecommunications companies carry out joint experiments for wireless LAN in public facilities

Start of "050" numbers being assigned to IP phones

"Skype" services launched

Blog services such as "Cocolog", "HATENA Diary", "livedoor Blog" launched.

"Second Life" (3D virtual world) services launched

SNS "mixi" services launched

SNS "Facebook" services launched

"YouTube" services launched

# The History of the IT Industry

2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

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.



"FUDEOH" on sale

Listed on the First Section of the Tokyo Stock Exchange



"B's Recorder" on sale

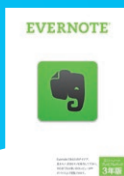


"U-Memo" series on sale



"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 "Android GENSEN Apps" series launched.



iPhone version of "CHOUJIMAKU" on sale

Number of registered users surpasses 10 million

SOURCENEXT Inc. founded



Android App Started Providing Apps to "au Smart Pass"



Started Providing Apps to "SugoToku Contents"



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.

Partnership with Dropbox

# What's Next

"Windows Vista" on sale

SNS "Twitter" services launched

"Niconico Douga" services launched

"iPhone" on sale (outside Japan)

"iPhone 3G" debuts from Softbank (first carrier in Japan)

Online note "Evernote" launched

Online storage "Dropbox" services launched

"Google Chrome" released

"Windows 7" on sale

First "Android" device on sale in Japan

"iPad" on sale

eBook devices on sale from various manufacturers

"LINE" services launched

"Windows 8" on sale

"LTE" based mobile communications provided from carriers

Office of Prime Minister opens official "Facebook" page

Various MVNO smartphones with low cost plans introduced into market

The rise of "IoT (Internet of Things)"

Wearable devices (watches / glasses) become hot topic of the industry

"Windows 10" on sale

"Windows 95" 20th anniversary

## The History of the IT Industry



# Consolidated Financial Statements (Summary)

## Consolidated Balance Sheets

Millions of Yen

	As of March 31, 2015	As of March 31, 2016
<b>Assets</b>		
1 Current assets	3,805	4,716
Cash and deposits	1,778	2,677
Non-current assets	1,239	1,331
Property, plant and equipment	22	27
Intangible assets	966	881
Investments and other assets	250	421
Total assets	5,044	6,047
<b>Liabilities</b>		
Current liabilities	974	1,106
Non-current liabilities	47	35
Total liabilities	1,022	1,141
<b>Net Assets</b>		
Shareholders' equity	3,992	4,861
Accumulated other comprehensive income	5	2
Share warrant	24	41
<b>Total net assets</b>	4,022	4,905
<b>Total liabilities and net assets</b>	5,044	6,047

Current Ratio	390.4%	426.2%
Quick Ratio	328.1%	382.2%
Equity Ratio	79.2%	80.4%

## Consolidated Statements of Income

Millions of Yen

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
2 Net sales	6,088	7,025
Cost of sales	1,631	1,987
3 Gross profit	4,457	5,038
Selling, general and administrative expenses	3,154	3,592
Operating income	1,302	1,445
4 Ordinary income	1,312	1,463
Profit before income taxes	1,326	1,463
Total income taxes	112	472
Profit attributable to owners of parent	1,214	990

## Consolidated Statements of Cash Flows

Millions of Yen

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
5 Cash flows from operating activities	1,649	1,623
6 Cash flows from investing activities	△645	△600
7 Cash flows from financing activities	△539	△121
Effect of exchange rate change on cash and cash equivalents	6	△4
Net increase in cash and cash equivalents	471	898
Cash and cash equivalents at beginning of period	1,807	2,278
Cash and cash equivalents at end of period	2,278	3,176

## 1 Current Assets

Mainly, there was an increase in cash and deposits and the floating assets increased by 911 million yen as compared to the previous consolidated fiscal year.

## 2 Net Sales

The Windows 10 upgrade sales for our flagship PC software, "Virus Security ZERO" and "Super Security ZERO" contributed greatly to sales. With the rise in the number of people who use online shopping sites for all age groups, our EC shop sales rose steadily as well. As a result of marketing exclusive limited time products on our online shop and continuing to release new software / apps on a regular routine, our net sales increased by 15.4% compared to last year and marked 7.025 billion yen.

## 3 Gross Profit

In addition to the increase in sales from our online shop, there was an increase in the number of high value-added products, such as the Android apps provided to the 3 major domestic mobile carriers.

## 4 Ordinary Income

In addition to the increase in gross profit, the increase in the selling, general and administrative expenses caused ordinary income to increase to 1.463 billion yen. An 11.5% increase compared to last year. As a result, our ordinary income ratio rose to 20.8%.

## 5 Cash Flow from Operations

Increase in assets from the cash flow from operations marked 1.623 billion yen. The reasons for increase were due to the 1.463 billion yen net income before income taxes, 222 million yen in software amortization, while the reasons for decrease were due to the rise in sales credit by 133 million yen and rise in advanced payments by 0.51 million yen.

## 6 Cash Flow from Investments

Cash flow from investments decreased by 600 million yen. The reasons for the decrease were due to the 378 million yen spendings from software acquisition, and 211 million yen spendings from lease deposits and security payments.

## 7 Cash Flow from Financial Activities

Cash flow from financial activities decreased by 121 million yen. The reason for the decrease was due to the dividend payments.

## Sales based on Different Channels

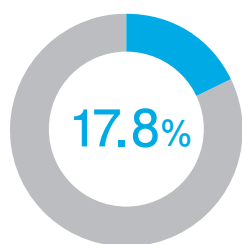
### Smartphone Businesses (Mobile Carriers)

#### Over 20 Titles Provided for All 3 Carriers

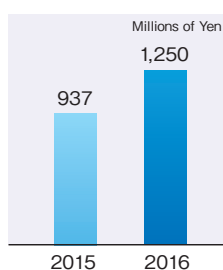
In this sales channel, we focused mainly on providing contents to the monthly subscription services run by the 3 major domestic mobile carriers. As a result of these activities, in this consolidated fiscal year, our total number of titles provided to all 3 carriers surpassed 20 titles, and net sales ended at 1.25 billion yen (33.3% increase from last year).

**Net Sales** 1.25 billion yen (33.3% increase from last year)

#### Sales distribution ratio



#### Transition of sales



### Electronic Retail Stores and Other EC Sites

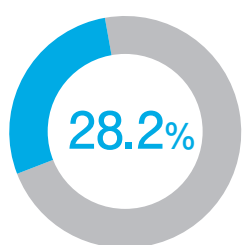
#### Promotions Fueled by a New Image Character

In this sales channel, we focused on selling our consumer products to electronic retail stores and also to other (non-SOURCENEXT) EC sites. The below are the activities carried out in this consolidated fiscal year and the net sales resulted in 1.979 billion yen (9.9% decrease from last year)

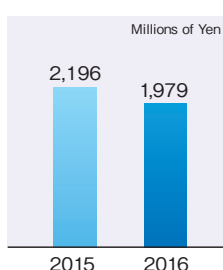
- Increased sales by focusing on promoting the Windows 10 supported version of the ZERO security products.
- Selected model and actress, Ayame Goriki to be the new image character for SOURCENEXT (March 2016). Revamped marketing materials in retail stores.
- Launched "FUDEOH Version 20"
- Actively released new products such as the Sony "Vegas" series, "Dropbox" and "Money Forward Cloud Accounting"

**Net Sales** 1.979 billion yen (9.9% decrease from last year)

#### Sales distribution ratio



#### Transition of sales



### SOURCENEXT eSHOP (EC site)

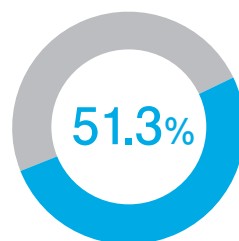
#### Strong Sales in Windows 10 Related Products and "Sony" Products

In this sales channel, we mainly focused on selling our software products and PC-related hardware products through our "SOURCENEXT eSHOP" (online store) and due to the strong sales of the below listed products, net sales resulted in 3.61 billion yen (28.8% increase from last year).

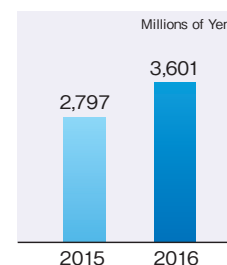
- Windows 10 upgrade services of our "ZERO" security products (service which allows users to use the security products on Windows 10)
- Special campaigns run for SONY "Vegas Pro 13" products
- New graphic-related software such as "PITARI SHIKAKU" and "Photo KESHIGOMU"

**Net Sales** 3.61 billion yen (28.8% increase from last year)

#### Sales distribution ratio



#### Transition of sales

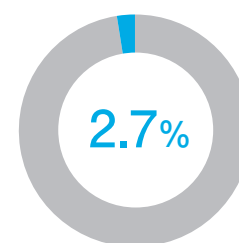


### Other Sales

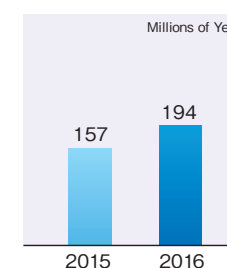
Actively promoted the PC software / App "all you can use" services to MVNO smartphone dealers and SIM related businesses, enterprise, educational / governmental sectors. Net Sales from these other sales channels resulted in 194 million yen (23.2% increase from last year).

**Net Sales** 194 million yen (23.2% increase from last year)

#### Sales distribution ratio



#### Transition of sales



## TOPICS

### Awarded the "BEST APPS 2015" on "au Smart Pass"



"FUDEOH - Select Edition" was awarded the "Special Recognition Award" in the "au Smart Pass BEST APPS 2015". The "BEST APPS 2015" is an annual award presented by KDDI to the best app from each category such as "Games", "Educational", "Kids", "Business", "Sports", etc.

### Ranked 17th in "Great Place to Work®"



The "Great Place to Work®" is one of the largest institutions in the world which runs surveys and awards companies that are determined to be great workplaces by their workers. In the "Great Place to Work Ranking (for companies with 100-999 workers) in the Japanese region, SOURCENEXT was ranked 17th in 2016.

### No.1 in the Number of Units Sold in 6 Categories



No.1 in number of units sold for 2015, based on software vendors. Extracted "PDF/OCR, translation" from "Business" category, "Mobile/Typing" extracted from "Practical Use", "Video Editing/DVD-Related" extracted from "Graphic", "PC Software Training" extracted from "Educational" category. According to GfK Japan research on sales data of major domestic electronics retailers in 2015.

### Product Enhancements based on Direct Customer Feedback



This year, we invited actual customers to our office and held a "FUDEOH" workshop - in which we not only gave lectures on how to use the software, but also had participants provide us with valuable feedback on the product. We continue to adopt various ways to gather feedbacks from users and improve / enhance user experiences.

### Office Relocation



#### New Address

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

#### Date of Relocation

July 19, 2016

# Frequently Asked Questions

**Q. What is your most popular product / service?**

**A. The "ZERO" security software series**

"ZERO Virus Security ZERO" has a cumulative total of 9.6 million users\*.

(\*) as of May 2016

**Q. Does SOURCENEXT have a regulatory compliance program which they abide by?**

**A. Our company as a whole has a strong sense of abiding by and upholding compliance regulations.**

At SOURCENEXT, our ultimate goal is "to become the most EXCITING company in the world" and we define this term "EXCITING" to mean "being genuinely good", "creating happiness", and "having fun". We take pride in our company's cultural values which emphasizes on being good and truthful. Regardless of our employees' employment status, everyone in the company is required to first take a training course to learn about the importance of upholding compliance, and a designated committee (formed by employees) lectures the entire staff upon compliance regulations and corporate policies. Corporate obligations set forth by law, are also strictly abided and we also have a "Corporate Ethics Hotline" (run by an independent third party that has no stakes in our company) set up where all employees are able to anonymously report any unethical acts they find within the company.

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

**A. We aim to have a stabilized dividend payout**

Our fundamental policies for profit-sharing are based on the overall business performance, dividend ratio, and investments which will be necessary for mid to long-term growth for the company. Our dividends paid out to shareholders on March 2015 was 10%, and for this fiscal year, we aim to increase this to 15%. For the future, we plan to continue taking these various business factors into consideration and aim to have a stabilized dividend payout.

**Q. What are your future business strategies?**

**A. We aim to utilize our assets (smartphone apps and PC software) to the fullest and continue to expand our sales to various channels.**

Our goal is to actively promote the current Windows 10 related titles as well as obtain new IP's (Intellectual Properties) for releasing to the market. In addition, we plan to carry out various activities such as develop multilingual versions in preparation for future global expansions as well as enhance product integrations with new devices such as smartwatches.



# Corporate Profile

## Overview of Corporation (as of March 31, 2016)

### Company Name

SOURCENEXT Corporation

### Founded

August 2, 1996

### Headquarter

Toranomon 33 Mori Building 6F, 3-8-21  
Toranomon Minato-ku, Tokyo 105-0001

### Capital

1,771 million yen

### Number of Employees

100 (temporary staffs/employees: 3)

### Description of Business

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

## Members of the Board (as of March 31, 2016)

President and CEO  
Noriyuki Matsuda

Executive Vice President  
Satomi Matsuda

Managing Director  
Tomoaki Kojima

Managing Director  
Fumihiko Aoyama

Outside Director  
Masaharu Ikuta

Outside Director  
Hiroshi Takasawa

Outside Director  
Hideaki Kubori

Standing Auditor  
Shozaburo Takano

Outside Auditor  
Tetsuya Kobayashi

Outside Auditor  
Kakuji Takano

## Present Shares (as of March 31, 2016)

Total Number of Authorized Shares  
90,280,000 shares

Total Number of Issued Shares  
31,732,000 shares

Number of Shareholders  
4,767

## Subsidiaries

SOURCENEXT INC. (wholly-owned subsidiary)

## 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.**

# 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

1-4-4 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Group

## Shareholder Registry Administrator Office

1-4-4 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Group Transfer Agent Dept.

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

Sumitomo Mitsui Trust Group Transfer Agent Dept.

(Telephone Number) 0120-782-031

(Internet Homepage URL) <http://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 Tokyo Sumitomo Mitsui Trust Group. 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://sourcenext.co.jp/>), 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

Toranomon 33 Mori Building 6F, 3-8-21 Toranomon Minato-ku, Tokyo 105-0001

TEL: 81-3-6430-6406

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