September 16, 2026

Insource Co., Ltd.

Q&A session during “Dialogue between Outside Directors and Institutional Investors”

Date and time: Friday, September 11, 2026, 16:00-17:00 (JST)

[Speakers] Outside Directors: Takashi Yuri, Yoshiko Niwamoto, Kohei Habara

This is the question and answer session during the Dialogue between Outside Directors and Institutional Investors. We partially revised the expressions to make them easier for readers to understand. Question No. 5 received verbally during the presentation is not included in the video, but is included in this document for your reference.

Question 1: Please tell us what led you to accept the position of Outside Director.

Answer 1: (Mr. Yuri) I was directly nominated by CEO Funahashi. At the time, I was serving as an Outside Director for three listed companies and was carefully considering the offer due to time constraints, but I recognized that changes in the business environment brought about by the emergence of generative AI represented an important turning point for Insource. This led me to believe that my management experience and technical knowledge could be of use to Insource going forward, which is why I decided to accept the position of Outside Director.

(Ms. Niwamoto) I joined in December 2023 as the successor to Professor Kambayashi of Kobe University. Although I do not have practical business experience, I accepted this position because I believe I can understand Insource’s management from a theoretical perspective on corporate management and apply my academic expertise in the field of human resources and labor management to people management.

(Mr. Habara) I was directly nominated by CEO Funahashi. It started when I came to think that Insource's business model and organic growth were outstanding through our exchange of information about Insource.

Through repeated discussions with CEO Funahashi, I came to believe that I could put my knowledge and experience in management strategy to good use, and decided to accept the position.

Question 2: In the financial results presentation materials and other documents, a significant number of pages were devoted to AI strategy. What kind of discussions are taking place at the Board of Directors regarding AI strategy? Also, what are your thoughts as an Outside Director?

Answer 2: (Mr. Habara) Generative AI strategy is being discussed by the Board of Directors as an important management theme. As Outside Directors, we believe it is important to view generative AI not merely as an individual service, but as a major strategy that leads to transformation of business, operations, and human resources.

Question 3: How do you think the competitive environment and demand are changing with the widespread adoption of generative AI?

Answer 3: (Ms. Niwamoto) The widespread adoption of generative AI is significantly changing not only system development and business improvement methods, but also the content of human resource development required by companies. At our company, we view the efficiency gains from generative AI not merely as a threat, but as an opportunity to capture new demand through the combination of education and training, system development, and AI utilization platforms.

Question 4: Do Outside Directors participate in the formulation of the next Three-year Business Plan? Or do you provide input or express your views?

Answer 4: (Mr. Habara) In formulating the next Three-year Business Plan, Outside Directors also express their opinions through discussions at the Board of Directors. In particular, we believe it is important to provide advice from an external perspective on medium- to long-term management issues such as growth strategies including generative AI, human capital, capital policy, succession, and corporate value enhancement.

For specific numerical targets and measures, we would like you to wait until the full-year financial results announcement in November

Question 5: You mentioned that you speak with internal successor candidates once a month. Could you tell us how you evaluate them?

Answer 5: (Mr. Yuri) Succession planning is considered the most important mission of the Nomination and Compensation Committee. Of course, we look at the degree of contribution to business performance, but we also assess what candidates are thinking based on the content of their statements, as well as the level of trust they appear to have earned from their subordinates. We are looking for someone who can bring harmony to the organization and work cooperatively with others rather than a successor with strong leadership like CEO Funahashi. Therefore, we are evaluating whether candidates have earned the trust and respect of others.

While we do observe individuals who hold responsibility at the subsidiary level, we are looking for talent who can think from a broad perspective on company-wide issues.

(Ms. Niwamoto) Some things like values and personality become apparent through conversations. For successor development, we are advancing management personnel development programs targeting deputy general manager level and above, promoting young talent, and appointing individuals to responsible positions at Group companies.

The Nomination and Compensation Committee deliberates on the backgrounds, qualities, and expected roles of candidates for Executive Officers and Directors/Executive Officers of Group companies.

Going forward, we believe it is important to accumulate candidates’ track records while visualizing necessary skills and experience, and to strengthen the pool of next-generation management personnel.

(Mr. Habara) I share a similar perspective with the other two Directors, but from the standpoint that business expansion is important, I also place emphasis on whether candidates can generate top-line growth.
Additionally, following CEO Funahashi who demonstrates strong leadership, I am evaluating candidates from multiple perspectives, including their ability to build organizations and the level of trust they command from other members. We are also considering the utilization of external talent, not just internal candidates.

Question 6: What do you think are Insource's strengths and challenges?
Are there ways you can approach these challenges as an Outside Director?

Answer 6: (Mr. Yuri) One of our advantages is our speedy content development capability, which enables us to develop training programs in line with the demands of the times, such as generative AI training. Additionally, we consider our sales force, which achieves targets with KPIs at each frontline operation, to be one of Insource's strengths. While the agile strategic pivots driven by CEO Funahashi's leadership are strengths in the short to medium term, they could be a double-edged sword when considering succession. It would be difficult for a successor to take on CEO Funahashi's role alone, so it is important to transition to a collective leadership structure. We also have a culture of taking on challenges, and we consider it a strength that we are proactively tackling projects that might appear to cannibalize our training business, such as the development of AI products like AI-BOAT.

(Ms. Niwamoto) Management under CEO Funahashi's strong leadership is a strength, but I recognize that there are also frequent organizational changes and personnel transfers. I believe this may also be a burden for employees. I think I can contribute to deeper discussions on optimizing personnel allocation, including better matching employees' skills with job requirements and improving the evaluation system.

(Mr. Habara) We have a business model with high profitability and sustainable growth, and our content development capability is its foundation. Our ability to respond agilely to change, our culture of taking on challenges without being constrained by existing business models, and our agile organizational changes aligned with business needs are our strengths.
We believe that strong leadership is effective for business model and transformation agility, but how to institutionalize this and develop the next generation are considered challenges. We consider it an important role as an Outside Director to guide the Company in a better direction through internal dialogue.

Question 7: This is my first opportunity to speak directly with Insource's Outside Directors.
Do you plan to continue holding this event regularly going forward?

Answer 7: (CEO Office) We plan to continue holding this event once a year.

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