

"Outou" by Satoko Minamitani

## Insource Group Integrated Report 2024



【 Artist 】 Satoko Minamitani

【 Title 】 応答 "Outou"

Insource supports promising young artists and researchers from Tokyo University of the Arts. Each year, we select outstanding works of art and support them with school funds, etc. The winning works of the "Art Encouragement Award," "Sogyo Award," and "Asakaze Award" are exhibited in our company and seminar rooms to provide an opportunity for people to view the works of young artists.

【 Brief Biography 】

- |      |  |
|------|--|
| 2018 | Completed Master's program in Japanese Painting, Tokyo University of the Arts, Graduate School of Fine Arts<br>Received Insource Sogyo Award |
| 2019 | Accepted for the Spring Exhibition of the Japan Art Institute (also in 2020)   |



Insource Overview

- One-stop solution for various management issues faced by organizations

We provide trainings on practical work skills (HOW). School education provides various basic knowledge and literacy. However, it is not enough because work requires different skills. What is important in work is how to use the obtained knowledge. Working adults need to learn these practical skills in a short time through multiple training means.

We offer "the latest knowledge" such as IT skills and "work methods" for working adults. We also provide a wide range of learning infrastructure services. In addition, we are expanding our services to include web marketing support and recruiting, with the goal of providing one-stop solutions to the various management issues and concerns that organizations face.

Insource Group's Four Businesses

Concrete contents of "HOW"

Tailor to customers' needs

Simple and easy to learn

Multiple learning methods

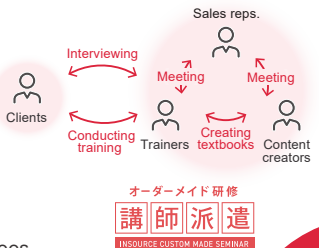
Sustainable price

Insource Group's Four Businesses

On-Site Training

Dispatch trainers to the organization to provide customized training

- Separation roles of trainers / contents-creators
- Digitalization of process



Annual total no. of trainings conducted / attendees  
**20,596 times / 629 thousand attendees**  
Of which, no. of online trainings conducted / attendees  
**4,358 times / 148 thousand attendees**

\*Oct., 2023 - Sep., 2024

Open Seminars

Open Seminars - It is possible even for one person to participate

- Seminars are held online and nationwide frequently
- More than 4,400 types of courses, including those offered by business partners, are available
- New courses introduced timely
- Up to 50% discount with "HRD Smart Pack"(our unique point service)
- Used by many enterprises including startups and large companies nationwide

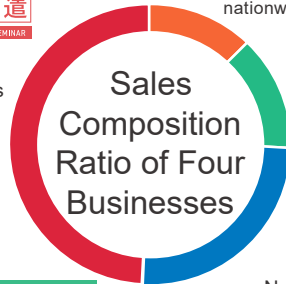
Sales ratio  
FY23 47.2%

Sales ratio  
FY23 24.5%

1名さまから参加できる  
公開講座  
INSOURCE OPEN SEMINAR

Annual total no. of trainings conducted / attendees  
**12,227 times / 137 thousand attendees**  
Of which, no. of online trainings / attendees  
**6,676 times / 91 thousand attendees**

\*Oct., 2023 - Sep., 2024



IT Services

Educational support system with unlimited video content uploads, unlimited viewing, and flexible customization

- Leaf Series (HR support system, LMS)
- No. of Leaf paid subscribers / active users  
**796 organizations / 4.44 million people**

- Stress Check Support Service
- Cumulative no. of organizations / examinees  
**Over 2,631 organizations / Over 2.8 million employees**

\*As of the end of Mar., 2025



Other Businesses

New businesses being developed and growing to address all management issues

- Rising Next (New Areas of Growth)
- e-Learning/Videos sales and production
- Consulting, Assessment Services
- Online Seminar Support Service
- Regional Revitalization Service
- Web Marketing Service
- Support Service for Training Management

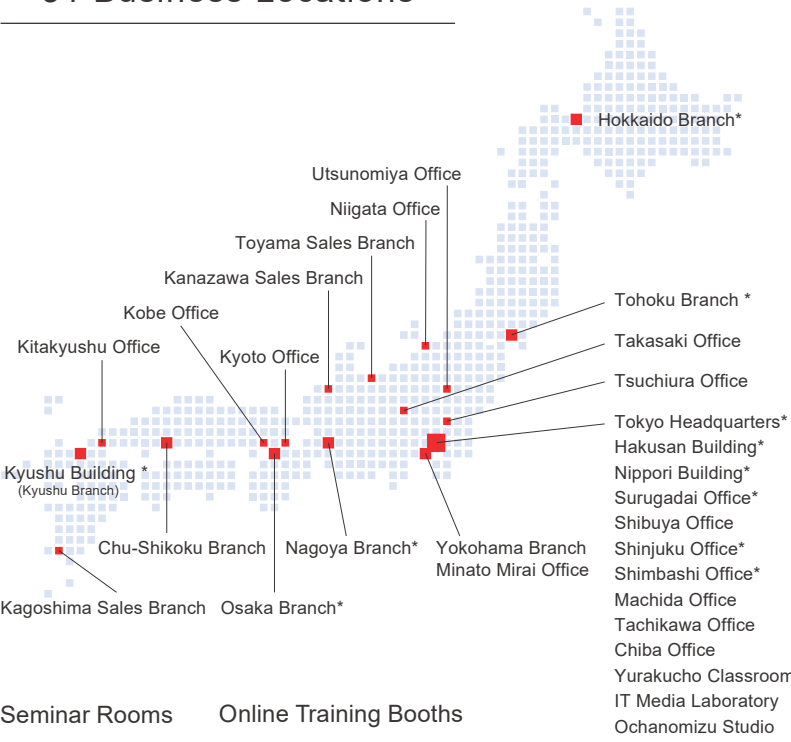


Indicators for Insource Groups

Total number of clients	Market share	Number of employees
<b>47,423</b> organizations	<b>3.4</b> %	<b>684</b> people
Market capitalization	P/E ratio	ROE
<b>85.7</b> billion yen	<b>25.57</b> times	<b>37.6</b> %
Equity Ratio	Dividend yield	Number of shareholders
<b>75.4</b> %	<b>1.96</b> %	<b>7,989</b> people

\*As of the end of Sep., 2024

31 Business Locations



Seminar Rooms  
**52** in **6** Cities

Online Training Booths  
**119**

\*As of the end of Mar., 2025

\*Branches with Seminar Classrooms

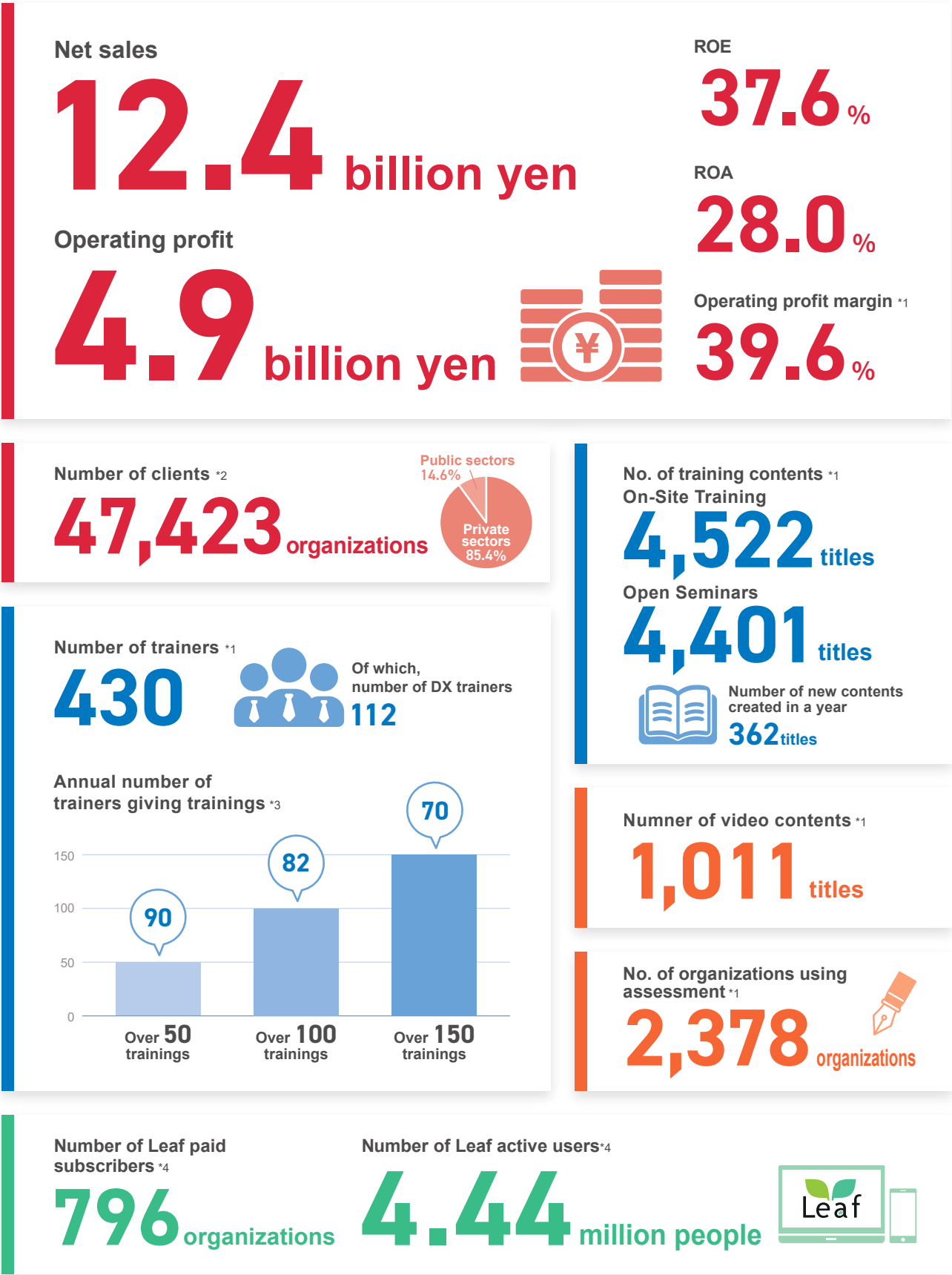
7 Affiliated Companies

Mitemo Co., Ltd	Regional Revitalization Business	Workshops	Consulting
Rashiku Corporation	Recruitment Support Business		
Insource Digital Academy Corporation	Training Business of HR with Digital Skills		
Insource Marketing Design Corporation	Website Promotion, Web page Creation, System Development		
Insource Business Rep Corporation	Support Service for Training Management, Help Desks and Call Centers		
Insource Consulting Corporation	HR strategy, Consulting, Professional development		
Insource Creative Solutions Corporation	Training content and video production, website production, consulting		



# Insource by Numbers

## Insource evolves with the times and changes



<sup>\*1</sup> As of the end of September, 2024 <sup>\*2</sup> Cumulative total from June, 2003 to the end of September, 2024 <sup>\*3</sup> The period from October, 2023 to September, 2024 <sup>\*4</sup> As of the end of March, 2025 <sup>\*5</sup> Number of employees aged over 60 <sup>\*6</sup> Number of employees who agreed to disclose externally as LGBTQ+ <sup>\*7</sup> "Foreign nationals" refers to employees with foreign nationalities. This includes foreign nationals who have acquired Japanese citizenship.

## Corporate philosophy

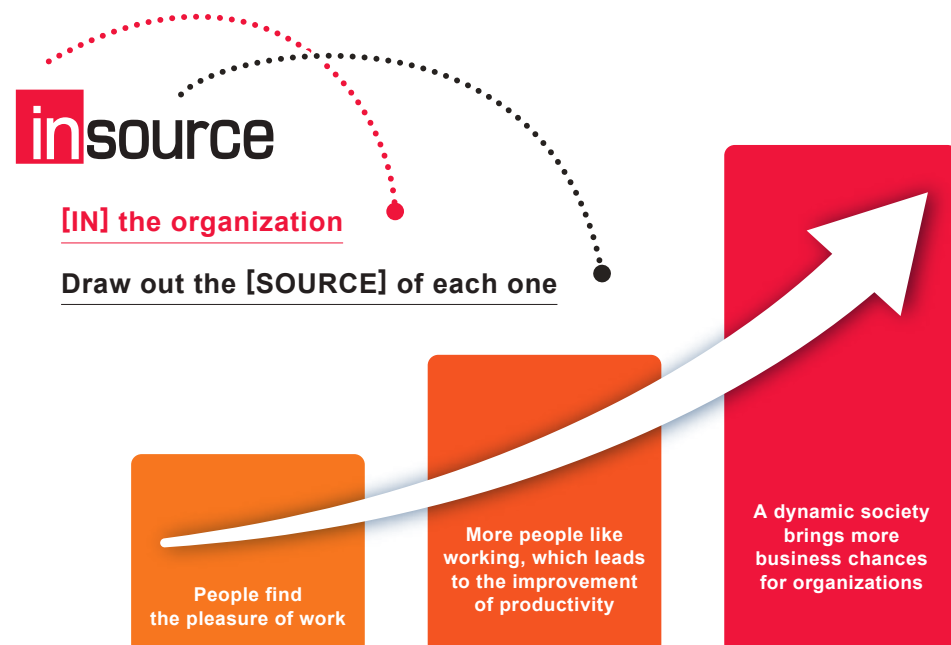
**Our mission is to make a society that all people can enjoy working and feel fulfilled**



## Management policy

- Develop the latest services that match social needs
- Provide best services tailored to each customer
- Pursue most efficiency of people and IT to be reasonable
- Realize a diverse society that everyone can give full play

## Origin of Company's Name - INSOURCE



## Insource's Management Goals - Never stop moving and keep creating

**Continuously changing ourselves to meet customer needs in a changing environment**

### Change on its own

- Provide the best services that meet **"all client needs"** "quickly", "with our expertise", **"at reasonable prices"**
- Develop our services **by ourselves**, and also make efforts **to improve quality and reduce costs**
- Never build services for **"our dreams"**

It is very simple and not fancy at all, but this is how Insource works. Since our founding, we have developed a great number of services as a result of our commitment to meeting the needs of our clients. The aggregation of these services has become our strength and has led to our business performance.

There are no limits to these methods. As the environment changes and client needs change, we quickly develop services and continue to provide new value to our clients. Even after the pandemic, we will continue to develop new services with speed and grow significantly.

## "We continue to act thoroughly and grow through destruction and creativity"

### Destruction & Creation

- What we must break down is **our own sense of limitation caused by being complacent**
- **Acting thoroughly** leads to the next **"creation"**

### We are not content with stable growth

We are not satisfied with stable growth. It is said that an artist can make a living as a professional painter as long as he or she establishes his or her style (a style or atmosphere that is recognizable to anyone who sees the artist's painting). However, even though the top painters have acquired their own style that is appreciated and praised by others, they do not hesitate to abandon old styles and still work hard every day to acquire new and better ones.

### We create new Insource as we act thoroughly

Picasso, the greatest artist of the 20th century, changed his style five times, changing even society's concept of beauty. Our company has finally established itself as a "company that provides training for working adults." However, we are not satisfied with our current style, even though it has been well received. We want to create a new style by making all-out efforts, just like a painter makes dozens of sketches every day instead of just dreaming about it.

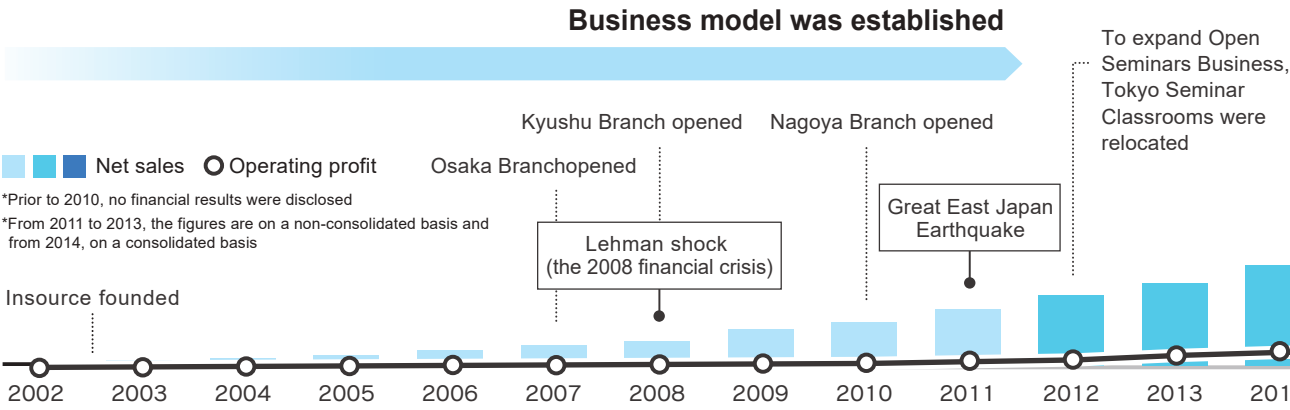


# Insource's History

We believe that our mission is "to realize a society that everyone can enjoy working and feel fulfilled." Under this mission, we have grown by constantly recognizing changes in society as opportunities. We will continue to challenge ourselves to create value for the Insource Group with "a sense of speed" and "flexibility."

▲ Establishment of offices ● New services ■ Subsidiary business started

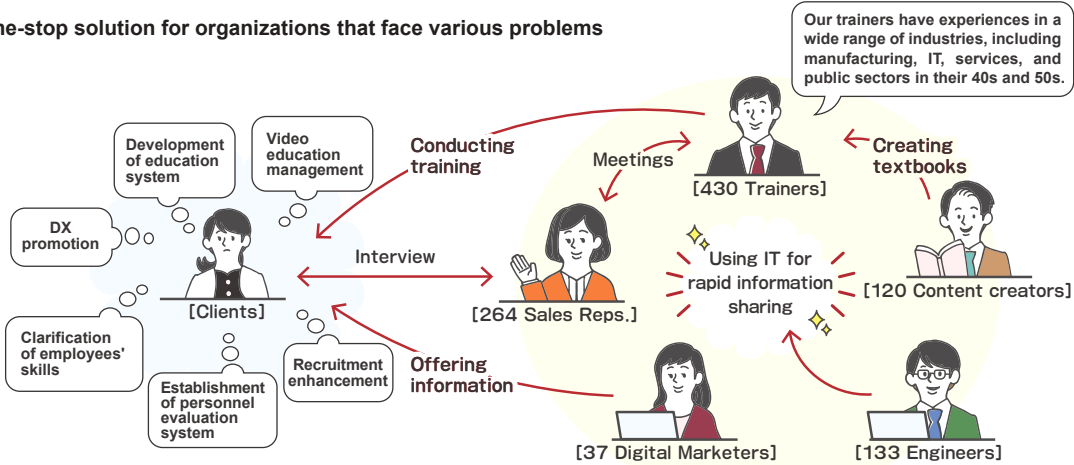
2002	▲ Established Insource Co., Ltd.
2007	▲ Opened Osaka Branch
2008	▲ Opened Kyushu Branch in Fukuoka City
2010	● Started special discount package for Open Seminars (which is now called HRD Smart Pack)
	▲ Opened Nagoya Branch
2011	■ Started video production and e-Learning business by wholly-owned "Mitemo Co., Ltd."
2012	▲ Increased more seminar classrooms in Tokyo in order to expand Open Seminars business
2014	● Launched sales of "Leaf" (HR support system, LMS)
2018	■ Started placement business by wholly-owned Rashiku Corporation / Acquired all the shares of "MIRAISOUZOU & COMPANY, Inc."
2019	■ Started IT training business by wholly-owned Insource Digital Academy Corporation
2020	● Opened a website "Video Department Store" run by Insource
2021	▲ Established Insource Dokanyama Building in Arakawa-ku, Tokyo and relocated the headquarters functions
2021	■ Established Insource Marketing Design Corporation through acquisition
2022	■ Established Insource Business Rep Corporation through acquisition
2023	■ Established wholly-owned subsidiaries Insource Consulting Corporation and Insource Creative Solutions Corporation
2025	■ Established wholly-owned Insource Research Institute Corporation
2025	▲ Achieved 31 business locations nationwide



## Division of work of trainers and content creators

- In-house creators develop contents while trainers do training
- Create contents rapidly based on the company's database

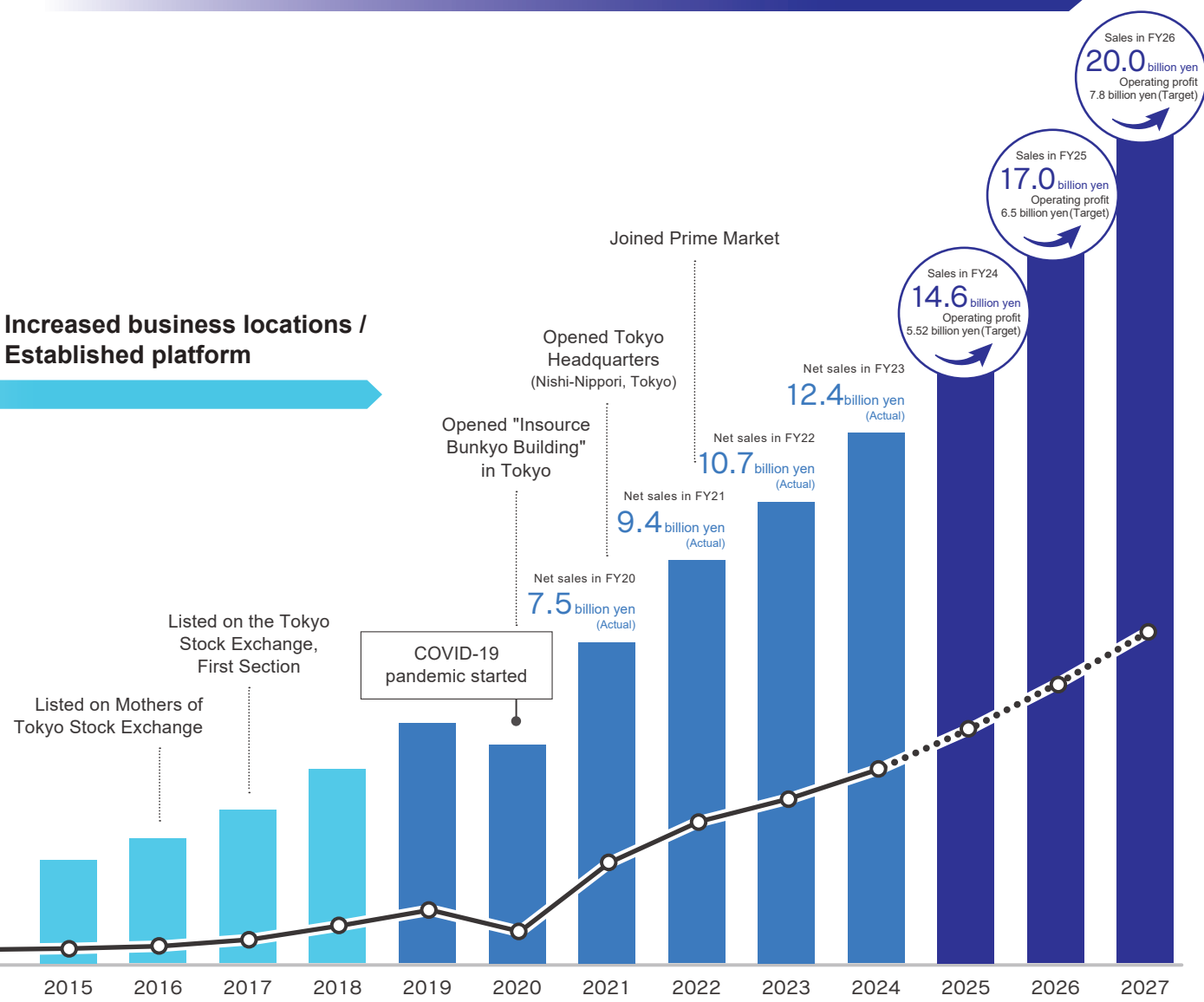
We offer one-stop solution for organizations that face various problems



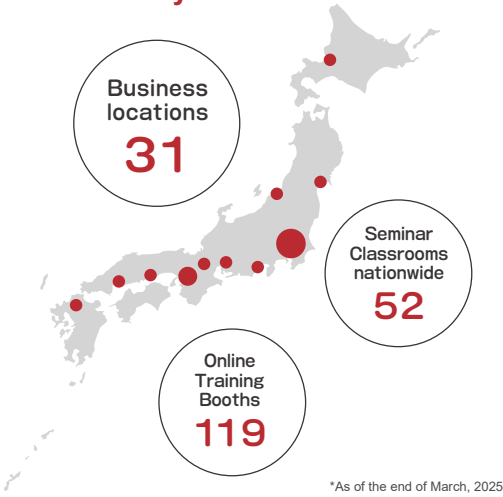
\*As of the end of Sep., 2024

## Rapidly developed contents and offered service by utilizing IT and database

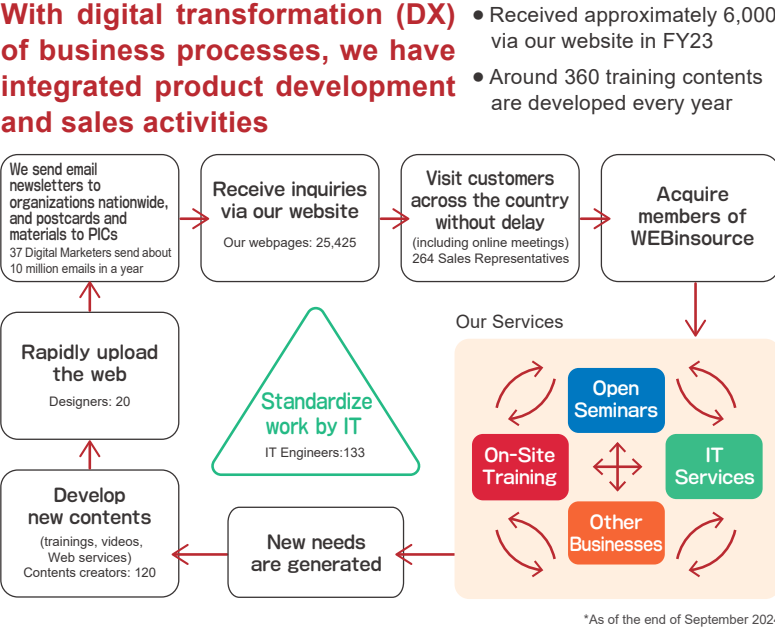
### Increased business locations / Established platform



## We provide good, reasonable services for companies and local governments across the country



## With digital transformation (DX) of business processes, we have integrated product development and sales activities



Performance Trends

Fiscal Year Ended September 30	FY15	FY16	FY17	FY18	FY19	FY20	FY21
	(Listed on Mothers of Tokyo Stock Exchange)	(Listed on the Tokyo Stock Exchange, First Section)			(COVID-19 pandemic)		
Financial Reports:							
Net sales	2,915	3,585	4,536	5,608	5,119	7,501	9,418
On-Site Training	2,070	2,372	2,827	3,279	2,724	3,797	4,665
Open Seminars	650	897	1,166	1,527	1,267	1,827	2,218
IT Services	—	—	—	—	655	1,022	1,197
Other Businesses	194	315	541	801	472	853	1,337
Gross profit	1,941	2,403	3,096	3,959	3,643	5,721	7,214
SG&A	1,481	1,811	2,158	2,655	2,859	3,317	3,846
Personal expenses	1,152	1,385	1,662	2,047	2,260	2,615	3,107
Office-related expenses	83	107	131	142	169	182	162
Office & communication expenses	81	102	119	164	139	156	181
Others	163	215	245	301	287	363	395
Operating profit	460	592	937	1,303	784	2,404	3,367
Ordinary profit	452	608	933	1,298	795	2,416	3,346
Profit attributable to owners of parent	298	412	635	835	445	1,571	2,233
Financial Position (end of fiscal year) :							
Total assets	1,334	1,436	2,889	3,082	2,883	4,500	6,125
Total liabilities	616	907	1,070	1,875	1,461	2,266	2,604
Net assets	1,950	2,343	3,959	4,957	4,344	6,766	8,729
Cash Flows:							
Cash flow from operating activities	363	578	751	1,345	191	2,356	2,544
Cash flow from investing activities	△139	△8	△147	△236	△624	△1,544	△687
Cash flow from financing activities	300	△314	804	△642	△639	△408	△655
Free cash flow	224	570	604	1,109	△433	812	1,857
Per Share Information (yen):							
Earnings per share	3.89	5.09	7.68	9.93	5.30	18.71	26.53
Dividends	1.1	1.8	2.4	4.0	4.6	7.7	10.7
Payout ratio (%)	28.3	35.3	31.2	40.3	87.2	41.4	40.5
Net assets per share	16.24	17.80	34.32	36.64	34.44	53.46	72.75
Major Indicators:							
Operating profit margin (%)	15.8	16.5	20.7	23.2	15.3	32.1	35.8
Equity ratio (%)	68.4	61.3	73.0	62.2	66.4	66.5	70.2
ROE (%)	28.8	29.8	29.4	28.0	14.9	42.6	42.0
Net profit margin (%)	10.2	11.5	14.0	14.9	8.7	20.9	23.7
Total assets turnover (times)	1.83	1.67	1.44	1.26	1.10	1.35	1.22
Financial leverage (times)	1.54	1.55	1.46	1.49	1.56	1.50	1.46
No. of employees	188	227	379	443	470	527	592
Operating profit per employee	—	—	4,122	4,956	2,628	7,113	8,645

\*\*"Personnel expenses", "Wages, recruitment, training, and benefit expenses", "Outsourcing Expenses", and "Restricted Transfer of Shares (Restricted Stock)" are collectively referred to as "Total personnel expenses"

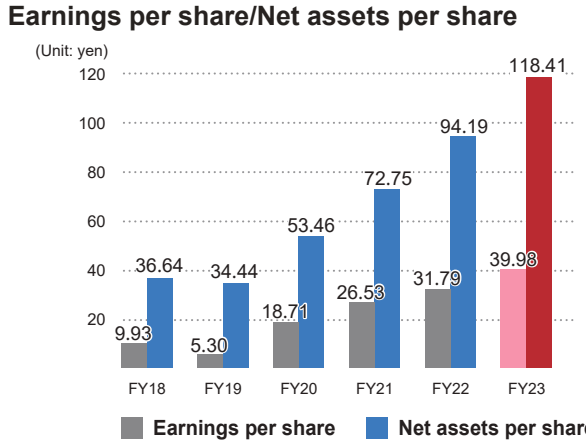
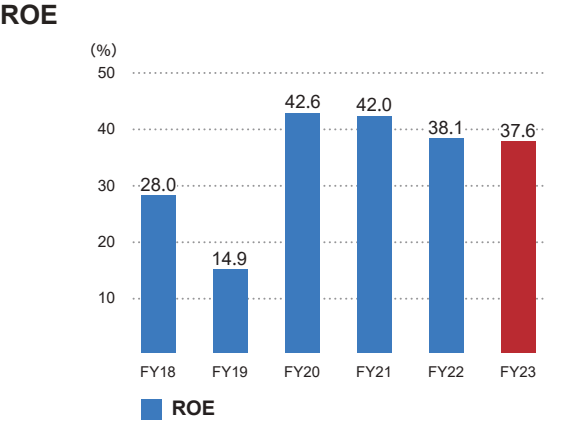
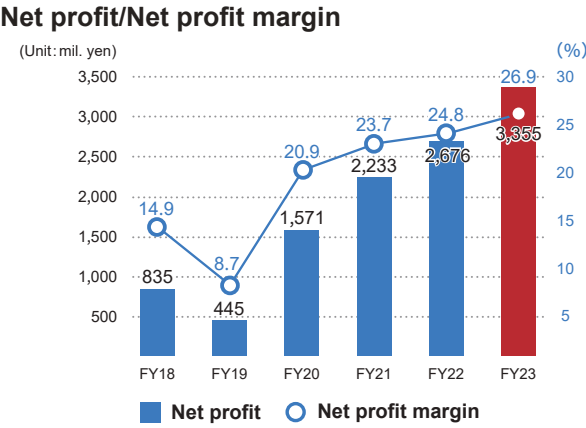
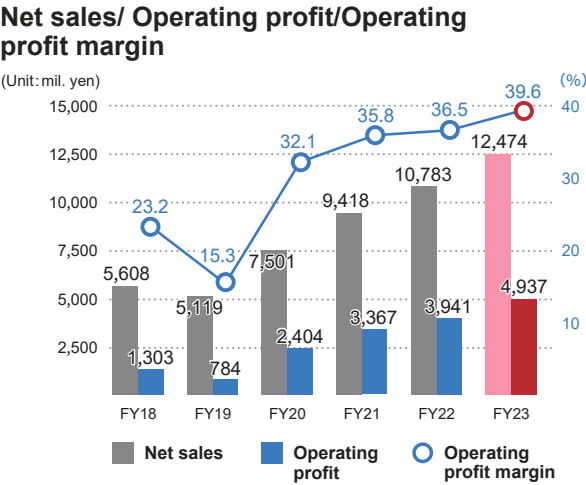
\*\*"Office-related expenses" includes "rent expenses," "fixed assets tax on company buildings," "real estate acquisition tax," and "depreciation related to tangible fixed assets."

\*Per share information reflects the stock split.

\*Number of employees does not include directors, corporate auditors, executive officers, and temporary employees such as part-timers and dispatched workers.

Temporary employees are not included in operating profit per employee.

(Unit: million yen)				
FY22	FY23	FY24 (Forecast)	FY25 (Target)	FY26 (Target)
10,783	12,474	14,600	17,000	20,000
5,275	5,884	6,850	7,900	9,100
2,617	3,060	3,600	4,330	5,210
1,304	1,822	1,950	2,420	2,900
1,586	1,707	2,200	2,350	2,790
8,242	9,613	11,210	13,500	15,900
4,300	4,676	5,210	6,900	8,100
3,445	3,746	4,150	—	—
170	153	160	—	—
194	214	270	—	—
491	562	630	—	—
3,941	4,937	6,000	6,600	7,800
3,937	4,940	6,000	6,600	7,800
2,676	3,355	4,050	4,500	5,300
7,929	9,935	—	—	—
2,865	3,242	—	—	—
10,795	13,177	—	—	—
2,902	4,032	—	—	—
△2,304	△447	—	—	—
△909	△1,394	—	—	—
598	3,584	—	—	—
31.79	39.98	48.25	—	—
13.0	20.0	—	—	—
40.9	50.0	—	—	—
94.19	118.41	—	—	—
36.5	39.6	41.1	38.8	39.0
73.5	75.4	—	—	—
38.1	37.6	—	—	—
24.8	26.9	27.7	26.5	26.5
1.10	1.04	—	—	—
1.39	1.34	—	—	—
647	684	740	—	—
9,220	10,661	—	—	—



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Point

Based on our initiatives for FY23 and current issues, we have outlined our strategy for achieving sustainable growth in the future.

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Point

This chapter introduces our approach to sustainability as well as specific initiatives that we are undertaking.

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Editorial policy

We have published this report to encourage dialogue with a wide range of our stakeholders. We are doing our best to provide information on our approach and efforts to "solve social issues," which is the purpose of our Group.

■ Organizations covered in this report

In principle, this report covers the seven Insource Group companies. In this report, "Insource", "the Company" and "We" refer to the Insource Group unless otherwise noted.

■ Period covered in this report

FY23 ending September 30, 2024 (October 1, 2023 to September 30, 2024)\*Some of the information is outside the period covered

■ Disclaimer Regarding Forward-Looking Statements

Statements in this report regarding current plans, forecasts, strategies, and outlooks are based on information currently available. Please note that actual results may differ due to various factors in the future.

\*This report has not been audited by an auditing firm.

Related Websites (English)

■ IR Information

<https://www.insource.co.jp/en/ir/index.html>



■ Monthly Key Performance Indicator (KPI)

<https://www.insource.co.jp/en/ir/insmthdata.html>



■ Sustainability

[https://www.insource.co.jp/en/ir/sustainable\\_index.html](https://www.insource.co.jp/en/ir/sustainable_index.html)



■ Q&A (answers to questions from investors)

<https://www.insource.co.jp/en/ir/faq/index.html>



"ENERGY" - A booklet that introduces "Solutions for Japan"

<https://www.insource.co.jp/energy/index.html>

"ENERGY" is a promotional booklet that Insource publishes three to four times a year, providing up-to-date information on human resource development and original insights. It is well received by our clients for its easy-to-understand explanations of issues facing Japanese companies, such as Reskilling, DX, and regional revitalization, as well as our approach to these issues and the services we provide. Please take a look! (Please be noted that "ENERGY" is available in Japanese)



ENERGY Vol.14  
Useful Assessments



ENERGY Vol.15  
Japan's largest LMS



# CEO Message



Representative Director,  
President and Chief Executive Officer  
**Takayuki Funahashi**

## Insource will solve social issues through rapid organizational change and service development, and aim to achieve sales of 20 billion yen in 2027

**Q** How did you find FY23?

**A** Total sales reached 12 billion yen, marking the fourth consecutive quarter of record sales. Both operating profit and gross profit reached record highs.

**All businesses grew, with IT Services growing 39.7% YoY**

All businesses increased revenue, with consolidated net sales increasing 15.7% YoY to about 12.4 billion yen, and gross profit increasing 16.6% YoY to about 9.6 billion yen. The training business had high demand for DX-related services, and sales of On-Site Training increased 11.6% YoY, of which DX-related training grew 35.1% YoY. Sales of Open Seminars increased 16.9%, and the number of attendees at DX-related training rose 27.6% YoY. IT Services Business recorded the highest growth rate across all businesses, increasing 39.7% YoY. In 2Q, we completed delivery of new large-scale projects to government ministries and agencies such as the Ministry of Education, Culture, Sports, Science and Technology and the Ministry of Health, Labour and Welfare. Throughout the fiscal year, the number of Leaf's active users increased by over 40% YoY, which can be considered a big achievement. In Other Businesses, sales increased in the video, e-Learning, consulting and assessment. Meanwhile, the SG&A ratio decreased by 2.4 pt YoY due to lower-than-expected growth in personnel expenses. We will actively recruit talented people in FY24.

**In 2H FY24, we will conduct sales activities tailored to client segments and strengthen digital content development**

In addition to product development and sales promotion strategies by each key client segment, we assigned General Managers with enough experiences to each sales department, and the results of their competitive activities are gradually seen in our figures. For example, the Fourth Sales Department, by leveraging its actual results and experience in introducing Leaf to government ministries and agencies, was selected as the contractor for a three- to four-year training project worth a total of 1 billion yen in Hokkaido, Chiba and Kanagawa Prefectures, by the end of March 2025. Each department established its own policies and is now able to respond quickly to client needs, which accelerated internal competition and created positive synergies. We designated the digital field as our top priority for content development, and developed a total of 115 training in FY23. We are expanding our lineup of market-in products and services, including the utilization of Generative AI and OA skills tailored to specific tasks. We will continue content development by bringing together the strengths of the Insource Group.

**Q** Please tell us about your three-year business plan "Road to Next 2027"

**A** With "content" and "digital" as our driving forces, we aim to achieve sales of 20 billion yen and operating profit of 7.8 billion yen

**Take advantage of our stable financial foundation and systems to grow aggressively**

We are targeting net sales of 20 billion yen and operating profit of 7.8 billion yen for FY26. We have grown steadily over the years, but we are well aware that our investors are looking for more aggressive growth. Reflecting on our current position, I believe that the company has grown into a well-structured organization with a stable financial foundation. By fully leveraging this structure, we will aim for further growth with a focus on "content" and "digital." In addition, we will launch services for BtoC clients and focus on raising our profile and strengthening our brand. Furthermore, we will consider M&A opportunities if we find organizations that can contribute to our group, after thorough consideration.

**Strategies 1. Growth through content - comprehensive development and procurement**

We have built a strong development system in the process of providing career training, which is our current main service, and continue to develop 360 training content titles annually. We also offer a wide variety of channels, such as On-Site Training, Open Seminars, face-to-face training, online training, and video and e-Learning. With this strong content and marketing capabilities, we have achieved sustainable growth for over 20 years.

**Q** How do you think the rise of Generative AI will affect your current core training business?

**A** I believe that training needs will not disappear even with the development and spread of Generative AI.

**Our training is required to raise overall standards and improve organizational capabilities, which are not influenced by individual motivation to learn or IT literacy**

By utilizing Generative AI, it is possible to acquire commoditized knowledge and technical skills such as programming. On the other hand, Generative AI can be utilized by individuals who are motivated to learn independently and have a high level of IT literacy. Training provided by trainers is essential for encouraging those who are less motivated and for providing insights based on interpersonal relationships. At this point, we do not believe that Generative AI will have a significant negative impact on our business.

In the future, we plan to respond to more detailed needs by industry, department, and practical DX training, while also expanding the targets for content development and provision to include essential workers. By comprehensively addressing the needs of people working in Japan, we aim to further increase our market share and achieve growth.

**Strategies 2. Growth in the digital field - aiming for over 8 billion yen**

Our digital services include "Leaf" (cloud services), video and e-Learning, and DX training, which account for approximately 30% of total sales, or more than 3.7 billion yen. With a strong team of engineers in this field, we will strengthen the development of new training and services, and aim to develop innovative new services that will account for 40% of total sales, or more than 8 billion yen.

**Strategies 3. Strengthening the BtoC field - Raising our profile and securing new revenue sources**

Insource has been providing services to corporations and government agencies, and we have become well known in the human resources field. However, we are still not well known among students and young workers in their 20s, and we are struggling with recruitment. As we develop and provide new BtoC services, we aim to secure new sources of revenue and raise our profile at the same time.



**Q** What is Insource's competitive advantage?

- A** 1. The division of work in the service, 2. The redefinition of the training business as contents business, 3. The improvement of productivity through IT, 4. Ability to take on new challenges and resilience to changes

**Established a division of work in training services to provide high-quality training services at affordable prices**

Our first advantage is the division of work in training services.

Traditionally, so-called "on-site training" services sent trainers to companies. In general, the onsite trainers would meet with the client and take the time to develop the training textbooks and conduct the training themselves.

We broke down the process of providing training services into "negotiation and coordination with clients," "textbook development," and "giving training," each of which is a collaborative effort based on the division of work among sales representatives, content creators, and trainers through the use of IT.

Specifically, our sales representatives interview clients about their needs and propose the most appropriate training programs from our database. After receiving an order, the content creators develop original textbooks based on the program in a short period of time, taking into account the individual needs of the clients.

The style is that trainers with high lecture skills can focus on delivering trainings using these textbooks.

As a result, many of our training programs are delivered by highly regarded trainers, and we are able to provide high-quality content at a reasonable price. This makes our training services highly competitive.

**Define training services as a "content business" and create a database of developed content for further use**

The second is that we have defined our training services as a "content business."

All training contents we developed are stored in the database. And the same content can be used for On-Site Training, Open Seminars, e-Learning and videos, which contributes to higher gross profit margin and operating profit margin.

Although training services are often categorized as a HR business, we consider them more like contents business. We develop more than 300 types of new content every year to maintain our competitive edge.

**Realize productivity improvement and sustainable growth by streamlining business processes through IT**

The third is the digitization of the entire business process. We have standardized every detail of our business processes so that even inexperienced young employees can do their jobs without mistakes.

In the past, training services were considered to require veteran sales representatives with a deep understanding of the business to carry out their duties without mistakes. However, under the self-developed system for our business operation, employees who joined the company three years ago can now perform as well as veterans. This has greatly contributed to the productivity improvement.

**Overcome the crisis with the ability to take on challenges and be resilient to change**

The fourth is the ability to take on challenges and be resilient to change. When growth slowed after the COVID-19 pandemic, we overcame difficulties by making aggressive changes in the way we used to approached work, including speedy organizational changes and the development of new services.

In times of crisis, career training services often face cost-cutting. If we do not take action, sales will decline.

Our strength lies in our ability to be resilient to change, enabling us to rapidly develop new services and acquire new clients while enduring the pain of changing our mission and organization.

**The reason for our sustained growth is that we continue to improve our four advantages in our daily operations**

We believe that increasing sales and profits every year is the most important aspect of business management. To achieve this, we have continued to improve our four advantages in our daily operations since our founding. As a result, we have continued to grow in response to the COVID-19 pandemic and subsequent changes in the environment. While this approach is not flamboyant, we believe it is the reason for our sustained growth.

**Q** How do you compare with your competitors?

- A** I believe our three key advantages are "our ability to offer a wide variety of products", "our ability to provide products that perfectly meet our clients' needs at reasonable prices", and "the speed with which we can develop new products."

There are more than 2,000 companies in the career training business, including individual consultants, each with a strong client base. It is difficult to survive in this industry simply by offering good prices and content.

Compared to other companies, we are proud of our advantages in three areas: "our ability to offer a wide variety of products", "our ability to provide products that perfectly meet our clients' needs at reasonable prices", and "the speed with which we can develop new products." In terms of products, we aim to solve all HR-related problems, especially by means of education. We continue to expand our service areas by developing 360 new training contents per year and partnering with other companies.

We are able to customize our products to meet the needs of our clients and accelerate the development of new products by systematizing all processes and creating content databases.

We also have in-house systems development and an advantage in supporting the digital transformation (DX) of human resources departments.

On the other hand, many of our employees are young, and we have not been able to communicate our potential to handle all kinds of personnel issues. Therefore, Insource Consulting Corporation, established in October 2023, has been providing support from the planning stage of employee training, including the development of training systems and assessment designs, with the aim of working closely with clients as their partner, mainly through its team of experienced sales representatives.

Furthermore, in April 2025, Insource Research Institute Corporation was established, and the group continues to grow as an "Insource that can handle all human resource issues" rather than just a "Insource that only provides training."

**Q** What kind of management is Insource aiming for?

- A** We will continue to grow by content development, delivery improvements, and spin-offs.

**Grow by content development - Respond to client needs in the most up-to-date and fastest way**

We have been committed to producing "everything our clients need" "quickly" and "in the best possible way" by "ourselves" and providing it at a reasonable price. As a result, we have been able to provide a vast number of services that have been born from client needs. The aggregate of these services has led to our services and sales. In addition, we have been thoroughly committed to developing services in-house, which is the source of our competitiveness in the content business, and we continue to seek ways to improve quality and cut costs on a daily basis. It is very simple, but it is our way of doing business.

**Grow by strengthening delivery - Leverage competitive contents**

We have one of the largest collections of contents in the field of career training in Japan. We believe that the key to growth is how quickly and widely we can deliver these contents. Our market share is about 3%, so there is still 97% of the market. Therefore, we would like to increase our current 31 (as of the end of March 2025) business locations to about 40 as soon as possible, and secure sales through a region-based delivery system.

In addition, the EC site "Video Department Store," launched in 2020 during COVID-19 pandemic, has continued to grow. We will further strengthen web-based sales of educational services following this with our DX capabilities. We will also promote alliances and expand sales through agents.

**Success through spin-offs - Grow through group management**

As organizations grow larger, they operate more slowly and their growth slows down. To break through this, we believe that the solution is for the motivated leaders and management-minded members of each spin-off organization to work independently and quickly.

Insource Digital Academy, which promotes DX training, was established in April 2019 through a spin-off. Unlike Insource, this company has a large number of senior members, but it has been growing steadily, catching the wave of the DX revolution. Since the members and culture of the company are different from us, we believe that if it had been one department of our company, we would not have been able to achieve rapid growth. We intend to continue to promote spin-offs by educational genre or function so that each becomes stronger, leading to growth of the group as a whole.

**Q** Please tell us about your sustainability initiatives.

**A** We are steadily implementing measures step by step, setting targets based on global standards in order to continuously enhance corporate value.

**[Environment]**

**Introducing renewable energy to achieve the long-term goal of reducing Scope 2 emissions by 50% compared to 2020 levels by 2030**

Although our group's CO<sub>2</sub> emissions are not high compared to other industries because we do not depend on natural capital or large-scale production facilities, energy consumption is increasing in line with the increase in the number of employees.

In response to future climate change risks and opportunities, and with a view to achieving carbon neutrality by 2050, we have set a long-term goal of "reducing Scope 2 (CO<sub>2</sub> emissions from electricity use) by 50% compared to 2020 levels by 2030."

To achieve this goal, we have promoted the introduction of renewable energy into our own buildings, starting with the Insource Kyushu Building in September 2023. In April 2024, we completed the introduction of renewable energy into the Insource Ochanomizu Studio, and in September 2024, we completed the introduction into the Insource Nippori Building, our sixth business location. With this, we have introduced renewable energy into all of our own buildings.

In addition, we have set a target of "reducing CO<sub>2</sub> emissions from internal paper use by 50% from 2020 levels by 2030", and we are continuing to provide electronic textbooks in our training business.

In FY23, we provided electronic textbooks to approximately 67,000 people, resulting in a reduction of approximately 10 tons of CO<sub>2</sub>.



Insource Nippori Building (Tokyo)



Insource Ochanomizu Studio (Tokyo)

**[Social]**

**Promote both mental and physical health management and improve labor productivity per employee**

The health of our employees not only affects our business performance, but also directly contributes to the happiness of our employees and their families. Therefore, in FY23, the Group positioned health and productivity management as an even more important issue than before and made it a priority.

For example, we have implemented new initiatives such as conducting radio calisthenics after the company-wide morning meeting, where all employees participated, organizing weekly walking events where teams competed based on the number of steps taken, and holding events where employees recorded and competed based on the amount of protein they consumed over a two-week period. In October 2024, we established nutrition consultation desks where employees can receive individual consultations from registered dietitians, and our investment in individual health management measures is increasing every year. Currently, we are certified as one of the Outstanding Organizations of KENKO Investment for Health, but we will continue to strengthen our initiatives in areas such as sleep, diet, and exercise in order to be included in the higher-ranked White 500 list.

**[Governance]**

**Measures to prevent corruption are strengthened, and training for selected personnel is implemented as part of the succession plan**

In FY23, we established and disclosed our basic policy on corruption prevention and conducted e-Learning training for all employees. As with other compliance training, the training participation rate was 100%.

We also established and disclosed the Insource Group Code of Conduct, which includes corruption prevention. As a company that provides compliance training services to its clients, we will continue to conduct our business in a transparent and fair manner.

Furthermore, as part of our succession planning, selected candidates have begun participating in a 12-session leadership development program for the next generation of managers. We will continue to strive to ensure the ongoing soundness, stability, and planned succession of leadership within the management team.



**Q** Please tell us about your human resource strategy. What do you focus on most to create a comfortable workplace?

**A** We hire people who share our values. We are working to create a workplace environment where individuals can utilize their abilities and strengths over the long term.

**We are hiring people who share our culture and work with high energy**

Increasing personnel is a very important factor for long-term business growth. However, simply hiring a large number of people with different values will not lead to positive results. Even if we rush to hire talented people, those who do not fit into our culture will be a negative influence on both sides. We carefully select people who share our culture and have the same goals and values.

In FY24, we will focus on hiring managers who can promote new initiatives in our business, particularly through mid-career recruitment.

In our recruitment of new graduates, we place great importance on the individuality of each applicant. We want them to make the most of their abilities and strengths, so we encourage them to learn as much as possible about our company before joining us and hire people who are highly motivated and willing to take on new challenges.

**Establishment of a system that allows employees to leverage their strengths for a long time**

We will expand our systems tailored to individual needs so that employees can work comfortably for a long time, regardless of their life events.

We will expand our systems tailored to individual needs so that employees can work comfortably for a long time, regardless of their life events.

Our female employee ratio is 57.0%, and that of female managers is 40.3%, significantly exceeding the industry average. While we are making progress in DE&I, we will continue to increase work options that make it easier for both men and women to balance work and family life.

Additionally, we will continue to increase salaries across the group and work to establish a flexible salary system tailored to work styles and job types.

Regarding human resource development, we will continue to provide training for senior management based on succession plans to prepare them for leadership roles. We will also aggressively promote younger employees to senior management positions.



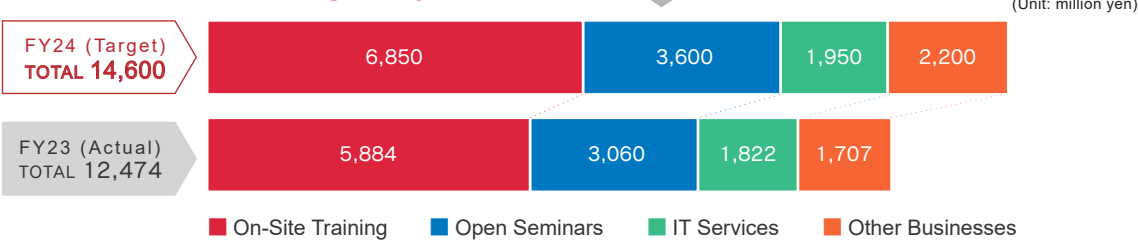
Three-year business plan    ROAD TO NEXT 2027

In FY26, we aim for net sales of 20 billion yen and operating profit of 7.8 billion yen

Numerical target

	FY24 (Forecast)	FY25 (Forecast)	FY26 (Forecast)	CAGR
Net sales	14,600	17,000	20,000	+17.0%
Operating profit	6,000	6,600	7,800	+16.8%
Operating profit margin	41.1%	38.8%	39.0%	—

FY24 Performance Targets by Business



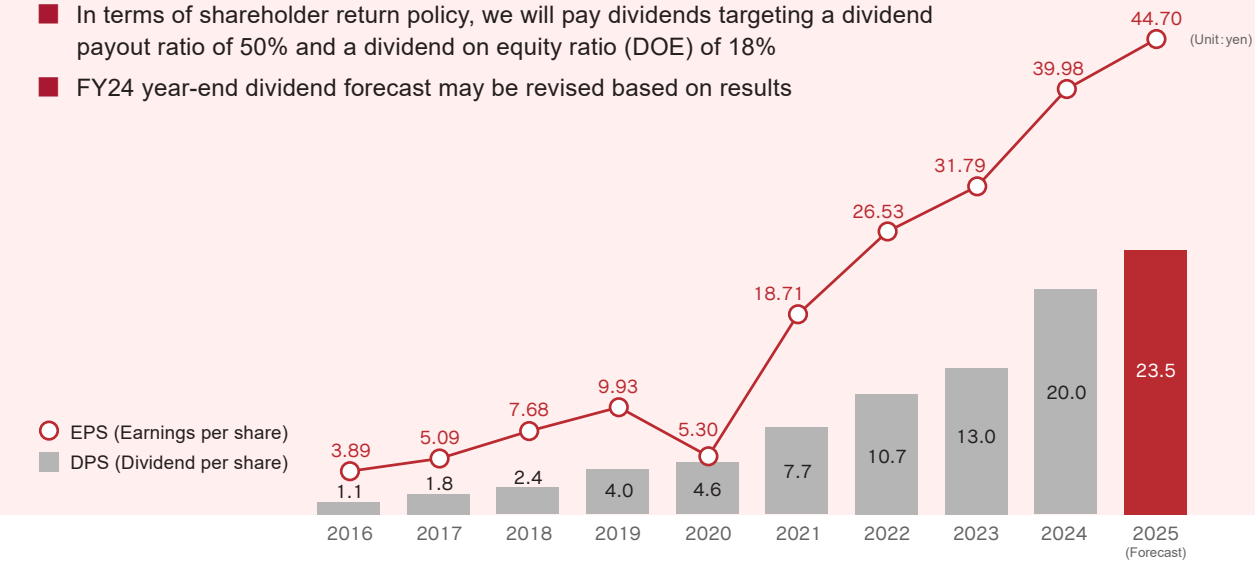
Key measures for FY24 to achieve three-year business goals (As of May 7, 2025)

- Accelerate growth by strengthening internal competition in the sales divisions and content development in the digital field
- Expand the market through product development and sales promotions targeting non-HR departments and cultivating the western Tokyo area
- Launched multiple new measures, such as “Insource ENERGY Partner” and “Intern Bus”

Theme	Measures
System reform and Market expansion	<b>1. Establishment of Western Tokyo Sales Department and acceleration of competition among 6 divisions</b> In addition to aiming to expand transactions in the Shinjuku and western areas, promote growth by thoroughly competing on sales, weekly proposal amounts and sales activities <b>2. Expand the approach to our clients from “human resources and training departments” to “all departments within the organization”</b> Improve sales per organization by expanding content for divisions and occupations and implementing sales promotions and conducting transactions with multiple divisions
Contents and Digital	<b>Focus on developing contents IP, which is the source of our growth, especially in the DX field, and branding</b> Accelerate competition in 3 divisions, including group companies, for development, and increase recognition and brand power in sales promotion through collaboration between the 3 divisions
New Measures	<b>1. Launch of our first client loyalty program , “Insource ENERGY Partner”</b> Strengthen relationships with customers to continuously support them and promote cross-selling, including new products <b>2. Publication of “Intern Bus”, an intern information magazine for recruitment support</b> Responding to mid-sized companies' needs for recruitment, developing an advertising business by integrating paper media and DX
Response to environmental changes	<b>Strengthen sales activities and sales promotions in industries that are less susceptible to economic fluctuations</b> Acquire domestic demand-oriented companies such as the service industry, as well as government, hospitals, and universities without missing their needs
Winning strategy	<b>Accumulate company-wide knowledge regarding large-scale competitive projects (bidding and proposal methods) for public sectors</b> By combining training with non-training products such as Leaf, we significantly improve our order rate

Shareholder Return Policy

- Targeting a 17% CAGR (Compound Annual Growth Rate) through proactive growth investments
- In the new Three-year Business Plan “Road to Next 2028” scheduled to be announced in November 2025, the performance targets for FY25 and FY26 will be reviewed based on the results for FY24
- In terms of shareholder return policy, we will pay dividends targeting a dividend payout ratio of 50% and a dividend on equity ratio (DOE) of 18%
- FY24 year-end dividend forecast may be revised based on results



FY24 Sales Structure: Transition to Five Profit Centers

- To accelerate business growth, establish a five-division system with experienced General Managers, each operating under independent strategies tailored to market needs
- Strengthen relationships to increase sales per client

Profit Center	Focus Segment	Key Initiatives	General Manager
1st Sales Department	LE	• Leverage Insource Group's strengths for comprehensive support • Strengthen human capital, DX, globalization, and ESG • Implement account management by corporate group	Shinichi Sugiyama, former CEO of Insource Digital Academy Corp., appointed to expand LE sales, focusing on DX and individual client support. He has abundant experience in deals with large companies and large-scale transactions
2nd Sales Department	MM	• Enhance talent acquisition and retention support • Support systems for personnel development and executive training • Promote DX and globalization initiatives	Tomoyuki Kaeriyama, Executive Officer for Consulting Strategy, appointed to strengthen MM consulting capabilities
3rd Sales Department	SMB	• Provide one-stop solutions for HR and management needs • Cover education from new employees to executives • Support evaluation systems, educational frameworks, and digitalization	With the aim of expanding business with SMB by speeding up proposals and decision-making in line with on-site needs, Yosuke Kobayashi, Executive Officer of Insource Consulting Corporation, was appointed on February 1, 2025.
4th Sales Department	Public Sector	• Strengthen multi-layered service offerings • Develop new content for emerging government needs including DX • Expand 'Leaf' series adoption among public agencies	Shun Tanaka, IT Services Executive Officer, appointed General Manager of the Department for public sectors after boosting government sales in FY23
Insource Digital Academy Corp.	All Segments (DX products) IT companies	• Expand year-round DX training for LE and MM • Promote level-based training and 'HRD Smart Pack' to DX-focused companies • Offer total solutions to IT companies	In order to strengthen DX education, which is a pillar of growth for FY24, Daisuke Kanai, Director of Insource, has been appointed Executive Officer and President of Insource Digital Academy Corporation and will also serve as Manager of the Group Sales Management Office.

# Market Environment and Sales Strategy



**Q** Please tell us about the market situation.

**A** We believe that the career training market, HR digitalization market, and DX training market are expanding and have significant room for growth.

The market is expected to expand. The key will be the challenge of achieving autonomous growth.

The career training market is expected to reach 350 billion yen in 2025 and 425 billion yen or more in 2030. Our current market share is 3.4%, and we believe there is significant room for further expansion. Additionally, we forecast the IT market for human resources departments to reach 16 billion yen by 2025 and 19 billion yen by 2027. Driven by increasing investment in human capital and labor shortages, the demand for HR Tech is growing, and we anticipate further growth in sales for “Leaf,” which currently stands at 1.8 billion yen as of FY23.

Furthermore, the market for DX training, which is one of our key initiatives for the future, is expected to reach 38 billion yen in 2025 and 78 billion yen in 2030. In other words, all of our existing businesses have room for growth. In order to achieve autonomous growth, we believe it is important to clearly differentiate ourselves from our competitors and improve our ability to make proposals to deepen relationships with existing clients and find new clients. In addition, we intend to gain momentum for growth through the development of new businesses.

Changes in the career training market and Insource's market share over the past five years

	Market related factors					Market size		
	Training fee per person (thou.yen) *1	Percentage of organizations conducting training *1	No. of employees *2 (in ten thou.)	No. of employees in the private sector *3 (in ten thou.)	No. of employees in the public sector *3 (in ten thou.)	Estimated market size *4 (in billion yen)	Insource's share	
2027 (Forecast) *5	17.0	50.2%	4,575	4,050	525	380	5.0%	*1 From "Basic Survey of Human Resources Development (2023)," Ministry of Health, Labour and Welfare *2 From the 2023 Labor Force Survey by the Ministry of Internal Affairs and Communications, Total number of companies and government agencies with 30 or more employees *3 Organizations with 30 or more employees *4 Calculated based on *1 and *2 *5 Estimated by Insource
2026 (Forecast) *5	16.5	50.2%	4,520	4,000	520	365	4.4%	
2025 (Forecast) *5	16.0	50.2%	4,470	3,950	520	350	3.9%	
2024 (Forecast) *5	15.5	49.2%	4,414	3,895	519	335	3.4%	
2023	15.0	49.2%	4,369	3,851	518	320	3.1%	
2022	13.0	46.3%	4,313	3,799	514	300	2.9%	
2021	12.0	45.9%	4,268	3,754	514	260	2.8%	

**Q** Please share your thoughts on the sales strategies for FY23.

**A** We opened new sales locations and implemented large-scale proposals to increase sales per company. We also strengthened sales activities tailored to different client segments. Furthermore, thanks to in-house digital literacy training, operating profit per representative increased by 10.2%.

Established sales locations in eight cities to strengthen face-to-face sales with a focus on local communities

In FY23, we opened eight new locations in Shinjuku, Chiba, Tachikawa, Minato Mirai, Kitakyushu, Toyama, Kanazawa, and Takasaki. At each location, we visit local clients regularly to understand their needs for human resources development, including information on local competitors, and provide support accordingly. In the future, we plan to actively expand our sales locations and open seminar classrooms to meet the growing demand for face-to-face training.

Set the number of client companies that achieved the sales target as a KPI and hold study sessions to strengthen consulting capabilities

We set annual sales targets per client for each segment as a new KPI starting in FY23 and shared progress at weekly company-wide morning meetings. Additionally, we conducted multiple in-house training to enhance consulting sales skills and documentation capabilities in order to achieve the targets. While the challenge remains that only the MM segment achieved a 20% or higher increase in the number of clients meeting our sales targets, we consider it a positive outcome that we were able to establish a

mindset focused on expanding the transaction amount per client and take concrete actions to achieve this.

DX Support Department composed of younger employees is promoting in-house DX

The DX Support Department under Group Content Development Division (as of the end of March 2025) not only develops content and provides consulting services for clients, but also promotes business efficiency within the company through digital transformation (DX). For example, we used Excel VBA to automate the process of creating training proposals based on a client's hierarchical requirements from more than 4,000 Open Seminars offered by the company. This reduced the amount of time sales representatives spent on office work and increased their contact with clients. As a result, operating profit per sales representative increased by 1.8 million yen (10.2%) in FY23. The DX Support Department collects and organizes information on the latest Generative AI and BI tools, and holds weekly internal study sessions along with content development. The DX Support Department is a team that has attracted attention within the company for its future potential, with most members in their 20s and early 30s, including the Manager.

**Q** We would like to hear your impressions of sales results by client segment. Also, how do you plan to develop this business strategy further?

**A** As we gained more understanding about our clients, we gained confidence in our sales activities and content development. From now on, we will compete under a five-division system while conducting even more attentive sales activities.

Segment-based approach shifts from “tacit knowledge” to “formal knowledge” and “collective knowledge.” With a five-division structure, we will implement even more unique measures.

We set annual sales targets per client by segment and changed the products we proposed and the advantages we emphasized in each segment. Of course, individual sales representatives have always made such efforts for each client, but we believe that building and sharing this knowledge across the entire company has led to positive results. From FY24, we will shift to a headquarters system for each target segment, and we plan to further strengthen this initiative.

Large Enterprise (LE) (2,000\* or more employees)

In the fiscal year ending September 2024, we made progress in identifying and proposing large-scale projects that leverage the comprehensive strengths of our group, with a focus on supporting DX promotion for clients such as Mitsubishi UFJ Financial Group, Inc. and Shimizu Corporation. In the First Sales Division, which mainly targets the LE segment, Shinichi Sugiyama, who has extensive experience in dealing with large companies, was appointed General Manager. He will provide support tailored to the management and human resource strategies of individual companies.

\* Starting from FY24, the definition of LE has been changed to companies with 2,000 or more employees.



3. Insource from now on - Business Growth and Corporate Brand Enhancement

Medium Market Business (MM)  
(300-1,999 employees)

In FY23, we strengthened our consulting proposals for top management, increasing the target number of client companies to achieve sales targets from 51 to 70. Tomoyuki Kaeriyama, who has experience in strategic planning at Insource Consulting Corporation, was appointed to the Second Sales Department, which mainly targets the MM segment. He has strengthened proposals that address important management issues faced by clients, including a program for developing the next generation of management through assessment and multiple training sessions.

Small Medium Business (SMB)  
(Less than 299 employees)

In FY23, we expanded sales mainly through Open Seminars and video rental plans. Yosuke Kobayashi, who has extensive knowledge and experience in content development and consulting, was appointed to the Third Sales Department, which mainly targets the SMB segment. In the future, he will provide proposals for core management issues faced by small businesses, such as the introduction and review of evaluation systems and support for the introduction of educational systems.

Public Sectors

In FY23, sales increased by 23.5% due to the acquiring of multiple large Leaf projects and the start of their utilization, showing significant growth compared to other segments. Shun Tanaka, who grew Leaf as a new business, has been appointed to the Fourth Sales Department, which mainly targets the public sectors, and will aim to expand business through combined proposals of Leaf and training.

DX products (All Segments)

DX training-related services, which are the mainstay of growth for FY24, need to be expanded as a priority theme in all segments. Daisuke Kanai took office as Executive Officer and President of Insource Digital Academy Corporation in December 2024, and currently has also worked as Manager of the Group Sales Management Office, to formulate strategies and expand business performance.

**Q** Please tell us about the current challenges and countermeasures in your sales activities.

**A** In order to divide segments into smaller ones and conduct sales activities in a detailed and speedy manner, we need to recruit next-generation leaders who can serve as area managers and group managers. We will steadily promote this initiative while strengthening direct marketing.

Improve proposal accuracy by breaking down not only company size, but also industry, job type, area, and other details

Currently, we operate based on segments determined by the size of our clients', but there are countless other ways to categorize clients, such as by industry or job type. By dividing these into detailed categories and combining them in a matrix, we can improve the accuracy of our hypotheses regarding the issues faced by our clients, which in turn improves the quality of our proposals and increases our order rate.

We lack personnel who can manage quickly and meticulously according to detailed client segments

The more segments are broken down, the more strategies tailored to each segment are required. We would like to increase the number of personnel who can plan such strategies and communicate them to team members, as well as those who can serve as area managers and group

leaders. Therefore, in FY24, we are focusing our mid-career recruitment efforts on management-level personnel. At the same time, we are promoting the selection and training of new managers.

Strengthen direct marketing tailored to detailed segments

Since FY23, we have set a monthly target of 500 inquiries from clients and strengthened our direct marketing efforts, resulting in a 19% YoY increase in the number of inquiries. This strategy will continue in FY24, with a focus on targeted direct mailing campaigns tailored to specific industries and job types, as well as the monthly distribution of over 100 sales emails. Additionally, we are strengthening collaboration between sales representatives and the marketing department through follow-up calls after sending materials.

In an era where many companies are facing recruitment difficulties, we will further deepen the use of digital tools in sales activities.

■ Average unit price per client, number of clients, sales by client segment

		FY22	FY23		1H FY24	
		Actual	Actual	YoY	Actual	YoY
<b>LE</b> Large Enterprise Businesses (2,000 employees or more) [Sales composition ratio 27.5%*]	Average sales per client (unit: thousand yen)	2,062	2,037	△ 26	1,065	+ 180
	Number of clients	1,431	1,554	+ 123	1,816	+ 85
	Net sales (unit: million yen)	2,951	3,165	+ 214	1,934	+ 401
<b>MM</b> Medium Market Businesses (300 - 1,999 employees ) [Sales composition ratio 31.2%*]	Average sales per client (unit: thousand yen)	965	1,038	+ 72	498	+ 22
	Number of clients	3,459	3,862	+ 403	4,395	+ 419
	Net sales (unit: million yen)	3,339	4,007	+ 668	2,190	+ 296
<b>SMB</b> Small Medium Businesses (299 employees or less) [Sales composition ratio 21.4%*]	Average sales per client (unit: thousand yen)	375	387	+ 12	228	+ 18
	Number of clients	6,755	7,429	+ 674	6,587	+ 453
	Net sales (unit: million yen)	2,531	2,873	+ 341	1,499	+ 216
<b>Public Sectors</b> [Sales composition ratio 19.9%*]	Average sales per client (unit: thousand yen)	857	996	+ 139	573	+ 22
	Number of clients	2,290	2,439	+ 149	2,437	+ 61
	Net sales (unit: million yen)	1,961	2,428	+ 466	1,395	+ 87
<b>All Segments</b>	Average sales per client (unit: thousand yen)	774	816	+ 42	461	+ 37
	Number of clients	13,935	15,284	+ 1,349	15,235	+ 1,018
	Net sales (unit: million yen)	10,783	12,474	+ 1,690	7,020	+ 1,001

\*As of 1H FY24

**Q** How do you ensure the number of trainers and the quality of training?

**A** Along with careful recruitment, our specialized department constantly holds study sessions and conducts monitoring

Maintain high recruitment rates without relaxing recruitment standards

The competition for positions as trainers at our company is fierce, and we carefully select candidates from among the many applications we receive each month. Increasing the number of trainers is essential for expanding sales, but we do not compromise on the recruitment process. We place importance on candidates who have extensive business experience and can see things from the perspective of the trainees.

Our training textbooks are created by our content development department, not by our trainers. Trainers deliver training based on these textbooks, while incorporating their own real-life experiences. For this reason, we hire people who have extensive work experience (particularly in management and in dealing with failure) rather than those with training experience or qualifications.

It is the attendees that are the focus of our training. An important requirement for our trainers is to work closely

with attendees, empathize with them, and encourage them to gain new insights.

Conducting study sessions and monitoring to expand areas of expertise

In recent years, we have been focusing on training trainers in the fields of IT, OA, and DX. Having knowledge and being a good trainer are two completely different things. Even if we hire someone with the latest knowledge, they will not necessarily be able to work as a trainer immediately.

Therefore, we hold study sessions for trainers who did not originally specialize in IT, OA, or DX, after interviewing them about their areas of interest and their current skills and knowledge. Most of them have excellent lecturing skills in other fields, so once they acquire the necessary knowledge and skills, they can immediately start giving training.

The specialized department regularly monitors the trainers' lectures and provides feedback.

# Future Content Development Strategy



Executive Officer  
General Manager of  
Group Content Development Division  
**Yoshio Ohata**

**Q** What is your strategy for future content development?

**A** In addition to developing new digital training and level-based training tailored to this era of change, we will expand the range of services we offer by leveraging our contents development capabilities to provide support for solving problems by working closely with clients and creating various internal documents, thereby contributing to the overall performance of the group.

### Training contents focuses on level-based and digitalization

With the advancement of digitalization, trends such as “constant change” and “labor mobility” are having a major impact on organizational management. There is a growing need for people and organizations that can adapt quickly to changes in the environment while incorporating new technologies and trends. In the short term, we are strengthening the development of digital tool training, for which demand is expected to continue to grow, and are also focusing on further expanding our level-based training, which contribute significantly to our ongoing revenue.

### Grasp needs through trend analysis covering 100 fields

We divide training themes into approximately 100 fields and assign contents creators responsible for development and sales promotion for each field. We analyze trends based on client attraction in each field and review training titles and adjust training settings by coordinating with the Open Seminars Department. In addition, we analyze issues by industry and job type based on a vast amount of preliminary assignment data and develop contents that are more suitable for attendees.

### Expansion of new services for videos and e-Learning

In addition to producing traditional educational video content, we are promoting services that redesign our clients' manuals and promotional materials, convert them into videos, and translate them into multiple languages. By leveraging our expertise in creating various types of materials, we are working to expand our services to solve the problems faced by our corporate clients.

### Problem solving that makes the most of group's resources

Established in October 2023, Insource Consulting Corporation leverages the resources of the entire Insource Group to provide comprehensive educational support, from training system development and in-house training to digital human resource development.

### Cross-departmental skill improvement

In addition to contents development, we hold weekly study sessions aimed at improving literacy and skills cross-departmentally, including not only contents development members but also sales and trainers, in order to provide accurate information to clients and continue to provide high-quality training.

**Q** What kind of products will you offer for each segment?

**A** We will work to expand practical educational programs tailored to the practical work of MM, SMB, and public sectors.

### Large Enterprise (LE) (2,000 or more employees)

In order to respond to the changing business environment, there is a growing movement to significantly shift human resource strategies and fundamentally review education programs, including training. It is necessary to clarify the human resource requirements for each level based on the human resource strategies of each client and provide customized training programs. As it becomes necessary to develop human capital strategies that are linked to management strategies, we will continue to develop programs that fit the human capital strategies of each client.

### Medium Market Business (MM) (300-1,999 employees)

In this market, there is a growing demand for more practical educational programs. We will expand our lineup of industry- and job-specific training and develop training tailored to the needs of each client's workplace. There is a high demand for business improvement through digital tools, and we see opportunities in job-specific digital tool utilization training and training for leaders who promote DX. In addition, more organizations are implementing training as part of their customer harassment prevention measures, and we are focusing on developing new training by creating case studies tailored to the specific circumstances of each industry, such as the medical and transportation industries.

### Small Medium Business (SMB) (Less than 299 employees)

Many clients in this growing market take advantage of our Open Seminars, and we are continuing to expand our lineup and review the dates of these training conducted to make them even more convenient. In addition, in response to high demand for short-time training, we will develop a series of programs that combine pre-viewing of videos and practical work, allowing attendees to complete a full day's training in half a day. We will continue to enhance our e-Learning and video content, including both our own content and content from our partners, in order to respond quickly to the needs of all our clients.

### Public Sectors

In the public sector market, improving policy-making capabilities based on data and reviewing business processes in line with the introduction of generative AI and business automation tools are urgent issues. Taking into account the Ministry of Internal Affairs and Communications' policy for fostering leaders in local government DX, we are expanding our range of business improvement training, including practical training on the use of generative AI, business scrap training, and BPR (business process reengineering) training.

### Promoting digital skills and content development for public sectors and local governments

Rank		1Q FY23		2Q FY23		3Q FY23		4Q FY23		Total
1	Digital Skills	24	Digital Skills	44	Digital Skills	30	Digital Skills	17		115
2	Business Skills	21	For Managers	24	Business Skills	22	Business Skills	17		72
3	Sales and Marketing	9	Business Skills	12	For Managers	13	For Managers	15		59
4	For New & Young Employees	8	Sales and Marketing	3	Sales and Marketing	5	For Mid-level Employees	9		17
5	For Managers	7	Risk management and compliance	3	For Mid-level Employees	5	For New & Young Employees	8		18
6	Health and productivity management	5	For regional co-creation projects	3	Communication	3	Risk management and compliance	6		15
-	For public sectors and local governments	1	For public sectors and local governments	0	For public sectors and local governments	14	For public sectors and local governments	41		56

### Key themes FY23 development status

Theme	Development Policy and Development Content
Digital Skills	Developed a practical training program for "ChatGPT & business skills," based on specific scenarios. Developed 115 training in the digital field, including 22 related to ChatGPT.
For public sectors and local governments	Content creators conducted direct interviews to identify organizational issues. They developed 56 contents for public sectors and local governments, including support for policy formation, employee retention, performance review calibration, and BPR.
For next-generation management and executive candidates	1. Started offering "Learning Management Strategy from Classics: Corporate Strategy" as Open Seminars in March 2024. Training in the form of a reading club based on Corporate Strategy by Jay B. Barney and William S. Hester. 2. In October 2024, we launched "Learning Practical Management Knowledge from Kobe University MBA Professors." This intensive program uses case studies to cover eight subjects that make up an MBA, including organizational theory, marketing, and finance.



## Future Growth Strategies for the Open Seminars Business



**Q** How do you analyze the results for FY23?

**A** We expanded the number of training conducted with an aggressive approach, resulting in a 16.9% increase in sales and an 18.5% increase in gross profit YoY. Although issues remain, we are satisfied with the outcome.

For FY23, revenue reached 3,060 million yen (+16.9% YoY) and gross profit reached 2,405 million yen (+18.5% YoY), marking the first time revenue exceeded 3,000 million yen. As the number of training conducted reduced in 1Q, the growth in the number of attendees slowed. However, we actively expanded the number of training offered in 2Q and beyond, resulting in a total of

137,517 attendees for the full year (+14.3% YoY), which contributed to sales growth. Gross profit increased due to growth in the number of attendees in training such as high-priced DX-related and new manager series. Overall, although 4Q slowed down slightly due to the impact of typhoons last August, we achieved our initial sales forecast, which we consider satisfactory.

**Q** You seem to have more competitors these days. What are the features of Insource's Open Seminars that set you apart from your competitors?

**A** Our three strengths are the number of training offered annually, the number of training available, and the locations where they are held (in six cities and online).

### We support systematic education with stable seminar schedules

We hold 12,227 Open Seminars annually, proving our overwhelming performance. Our seminars are held regularly without cancellation, which gives peace of mind to HR managers who want to implement training systematically.

### 30 types of Generative AI applications. Many trainings to meet detailed needs.

One reason for our high reputation is that we offer 4,401 training and add new ones monthly to our lineup. In response to social trends such as reskilling and career autonomy, an increasing number of companies are using "Open Direct," which allows employees to select and

apply for training themselves. Our strengths include a wide range of options for attendees and training that meets the latest needs, such as digital skills. For example, we offer 30 training on the use of generative AI, which are categorized by tools used, difficulty, industry, and purpose.

### Reduce client spending with locations in six cities and online

We have permanent seminar classrooms in six cities across Japan and also offer training online. Our clients, including local customers in each city and large corporations with offices nationwide, have expressed appreciation for the reduction in transportation and accommodation costs and travel time.

**Q** What is your growth strategy for the future?

**A** The number of seminar classrooms will continue to increase, and the number of face-to-face training will also increase, leading to further revenue growth. We will strengthen the promotion of new trainings and improve the accuracy of training settings, while also covering untapped areas through partnership courses.

### Seminar classroom opens in Shinjuku and Yurakucho, targeting new client base

In February 2025, we opened seminar classrooms in Shinjuku and Yurakucho (both in Tokyo). These two seminar classrooms are positioned as the flagship locations for our Open Seminars. Yurakucho Classroom, with its luxurious interior, will host seminars targeting the business executives in Chiyoda Ward. Shinjuku Classroom has a modern and cutting-edge image and will actively host new training developed in line with current trends. In addition, since our seminar classrooms in Tokyo were previously located in the eastern and northern parts of the Tokyo 23 wards, we have designated the areas in Shinjuku and western parts of Tokyo as priorities with the opening of the Shinjuku Classroom, and we hope to welcome new clients.

### With “diversification” as the keyword, we will monitor the attendance of existing training, launch new training, and establish new partnerships

We are strengthening cooperation with the Content Development Department to ensure the accuracy of training settings, which is key to the growth of our Open Seminars Business. The Open Seminars Division analyzes overall trends, and the Content Development Division confirms the number of attendees for each training on a case-by-case basis to identify areas for improvement. In addition, we are pursuing the development of seminars that are even more tailored to client needs by diversifying themes into categories such as industry and job type, with a focus on high-demand digital content. We will continue actively pursuing partnerships in areas such as medical field, where in-house development is difficult.

### ■ Comparison with competitors in Open Seminars services

	Insource	Company A	Company B	Company C	Company D
Permanent location	6 Prefectures Sapporo, Sendai, Tokyo, Nagoya, Osaka, Fukuoka + Online	3 Prefectures Tokyo, Yokohama, Osaka + Online	3 Prefectures Tokyo, Nagoya, Osaka + Online	3 Prefectures Tokyo, Nagoya, Osaka + Online	3 Prefectures Tokyo, Nagoya, Osaka + Online
No. of training (types)	4,401	191	35	300	14
No. of training conducted (times/a year)	12,227	1,083	130	4,000	約400
No. of attendees (people/a year)	137,517	25,747	About1,500	Not disclosed (inquiry required)	Not disclosed (inquiry required)
Training fee per day (tax included)	26,400 yen or more (Depending on the location, timing, and training content, the price may be reduced by approximately 10,000 yen)	45,000 yen or more	30,800 yen or more	Flat rate or ticket system only	154,000yen/subject (6 lectures in total) One-day training costs 40,000 yen or more
Free cancellation deadline	• Visit : 1 business day before 17:00 • Online : 6 business days before	• Usually 15 days in advance (some training with advance delivery is 1 month in advance)	61 to 8 days prior to the training (cancellation fees are charged in three stages: 30%, 50%, and 100%)	In the case of a ticket system, 7 days prior to the training date	14 days before the training starts (cancellation fee: 38,500 yen (tax included) from 13 days before to the day before; full amount on the day of the course)
Discount plans, etc. (tax included)	Up to 50% off with the HRD SmartPack (1-day training starts at 13,000 yen) Other options: 2,000 yen off with membership registration, direct application from attendees, and more.	N/A	N/A	Flat-rate plan ▼For 1 to 300 attendees Initial cost: 550,000 yen Monthly fee (Tokyo): 110,000 yen to 330,000 yen *Annually calculated: 1,870,000 yen to 4,510,000 yen	N/A



# Future Growth Strategy for “Leaf” Series



Executive Officer  
General Manager of IT Service Division

Shun Tanaka

**Q** How do you analyze the results for FY23?

**A** With over 4 million active users, revenue increased by 39.7% YoY and gross profit increased by 38.3% YoY. We believe that it was a year of significant growth.

For FY23, revenue reached 1,822 million yen (+39.7% YoY) and gross profit reached 1,424 million yen (+38.3% YoY).The number of organizations using our services reached 796 as of March 31, 2025, with the number of active users increasing to 4,442 people. Key achievements included securing new projects with government ministries and agencies such as the Ministry

of Education, Culture, Sports, Science and Technology and the Ministry of Health, Labour and Welfare, as well as securing large-scale customized projects with quasi-governmental organizations. We believe this was a year in which we successfully communicated the merits and strengths of “Leaf” both internally and externally.

**Q** What strengths enabled Leaf, despite being a latecomer, to become the largest LMS in Japan?

**A** With 176 initial features, three “unlimited” options, and a simple, easy-to-use design, we are proud to have been adopted by 796 organizations with a 98% retention rate.

## Multifunctional LMS for all types of education

Leaf Lightning, our flagship product, is an LMS with a vast number of features tailored to Japan’s detailed educational management system, with a total of 176 features. In particular, it includes basic features such as the ability to handle both assigned and volunteer-based tasks, which are essential for education in Japanese organizations, the implementation of workflows that require approval from superiors, and supervisor checks on assignment questionnaires.

**With three “unlimited” features- data storage capacity, number of simultaneous users, and support help desk - One can feel secure and work efficiently**

Leaf Lightning offers no initial costs or help desk fees, and usage fees remain unchanged, allowing you to

continue using the service at a stable running cost. It also features security that is trusted by government ministries/agencies and major financial institutions, and with unlimited simultaneous access and unlimited content storage capacity, Leaf Lightening is highly competitive in terms of security, availability, and redundancy.

**From dozens to over 10,000 users, a wide range of clients continue to use our services, with a cancellation rate of only 2%**

The Leaf series uses Microsoft’s cloud service, Microsoft Azure, enabling it to withstand large-scale access. In addition, our in-house engineers, who possess not only software development capabilities but also experience and knowledge of hardware such as servers and networks, have realized the system construction and stable operation of Leaf.

**Q** What are your future growth strategies?

**A** We will continue to move forward with three strategies: strategic development of large enterprises, increasing the number of public sectors and local governments utilizing our services, and integration with the Sales Department, with the goal of exceeding 3 billion yen in revenue by FY26

## Reinforcing LE markets that are a good match for Leaf

The growth of Leaf over the past two years is largely due to our careful handling of all orders from central government ministries and quasi-governmental organizations. On the other hand, the number of organizations in the LE (private large enterprise) segment, which has long been our main target and is a good match for Leaf, has not increased significantly over the past year. We believe there is room for growth here. “Leaf Lightning” is equipped with a robust set of features and security measures capable of supporting large-scale enterprise operations. New initial features such as contents recommendation and facial recognition are being added daily, and further customization is also possible. We will leverage these key selling points to target replacements from competitors’ LMS systems.

## The number of entries in competitions is the deciding factor for public sectors

In the public sector market, we surpass our competitors with the strength of our product “Leaf LGWAN Learning”, which offers unlimited posting and viewing of self-organized content within LGWAN, the only service of its

kind in Japan. Since participating in bids and proposals directly translates into business results, we check project information on a daily basis and apply for participation.

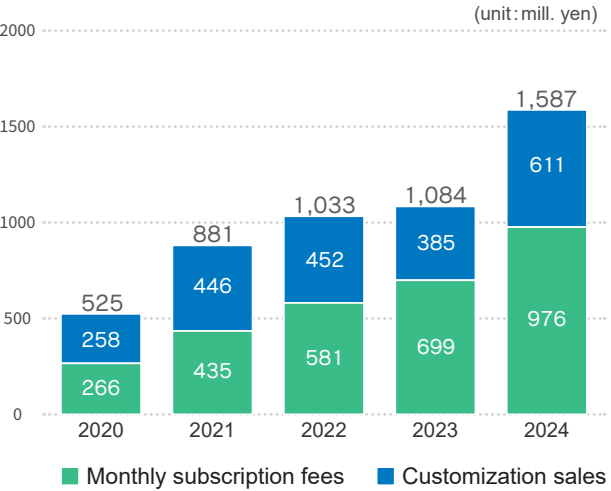
## Breaking down barriers between departments and spreading the ability to win large-scale projects, such as comprehensive training contracts, throughout the entire company

In October 2024, the sales structure was changed to a 5 Sales-Department structure, and I became General Manager of IT Services and the Fourth Sales Department. With this structure in place, sales representatives are rapidly developing the habit of proposing Leaf and stress checks without fail when proposing training programs. Since FY24, we have received orders for comprehensive training services from public sectors in Hokkaido, Chiba, Kanagawa, and other areas. We believe that this is due to the comprehensive evaluation of our training and e-Learning contents, our trainers, and the proven performance of Leaf in improving operational efficiency. Starting with the Fourth Sales Department, we will spread the significant results achieved by breaking down barriers between departments to the entire group.

Changes in the No. of organizations using Leaf and that of active users

Fiscal Year	FY20	FY21	FY22	FY23	1H FY24
No. of organizations using Leaf	412	522	638	741	796
No. of active users (in thousands)	1,756	2,112	2,895	4,070	4,442

Leaf Sales Changes



We can handle human capital management!

Lineups of Leaf Series	Target client
Leaf Basic (personnel evaluation/LMS)	MM/LE
Leaf Lightning (LMS for large organizations)	LE
Studio (LMS with educational contents)	MM
Leaf inorder (distribution of video contents)	SMB
Leaf Eva (personnel evaluation)	MM/SMB
Leaf Corporate University	MM/SMB
Leaf wellness	MM/SMB
Leaf Human Capital Management	MM/SMB
Leaf Management (human resources information management)	MM/SMB
Leaf My STORY (activating internal communication)	MM/SMB



\*Large Enterprise: 2,000 or more employees  
Medium Market Business :300-1,999 employees  
SMB (Small Medium Business): Less than 299 employees



New Areas of Growth  
"Rising Next" 1

DX Training Business



Provided by	
 insource	● OA training/video (such as Excel, PowerPoint)
 insource デジタルアカデミー	● IT training/videos (such as network, database)
	● Programming language training and videos (such as Python, PHP)
	● DX literacy assessment
	● RPA implementation support
	● DX realization consulting

In response to growing interest in generative AI and reskilling, DX-related businesses\* will account for more than 40% of our sales in FY26

Main services and features

1. Providing training contents

We develop and provide training contents related to DX promotion, digital tools, and system companies (SE). We also offer customization tailored to the specific circumstances of each company.

2. DX literacy assessment

This assessment service visualizes the DX knowledge and utilization levels of an organization's human resources. Based on the assessment results, we provide training and consulting to promote DX.

3. DX consulting

We offer solution plans to promote organizational DX. We provide support tailored to each stage, from organizations just starting DX and digitalization to those seeking to develop advanced DX and digital human resources.

Particularly needed services in FY23

DX support with guidance

The most common concern we hear from our clients is that they are unable to effectively utilize digital tools after implementation. To address this issue, we offer DX support services. After participating in training on programming languages such as Python and BI tools for data visualization, clients receive help desk support while working on business improvements for several months to a year. We then hold a presentation to showcase the results of these efforts, providing medium- to long-term support.

Review of FY23

In FY23, human capital management and employee reskilling became key issues, and with the spread of Generative AI that anyone can easily use, there was a rush to develop DX human resources within organizations and make effective use of digital tools. In response to this trend, we focused on developing digital skills training and developed 115 training programs (+83 YoY), which is approximately 3.6 times the number of programs developed in FY22. In addition, the number of attendees at DX-related Open Seminars increased to 17,606 (+3,811 YoY).

Current challenges and strategy for FY24

Until now, most of our DX support clients have been large enterprises, but with the spread of easy-to-use Generative AI and business tools, there is growing demand and need for DX support and digital human resources training in organizations of all sizes.

We assess the DX literacy of organizations to determine what stage they are at in their DX efforts, and then provide DX support tailored to each organization to address the issues that emerge.


Additionally, as organizations increasingly transition from legacy systems, we are developing content to help user organizations that outsource system development clearly communicate their system requirements. By providing practical, business-oriented expertise, we will strongly support our clients' operational efficiency improvements.

\*Including IT Services, Video, and e-Learning

New Areas of Growth  
"Rising Next" 2

e-Learning / Videos



Provided by	
 insource インソース	● Outright purchase plan
	● Rental plan
	● Custom video production, Easy Orders
	● Video monthly subscription (STUDIO)



New “video customization” service performed well. Next fiscal year will see challenges in unexplored areas and promotion in BtoC market

Main services and features

1. Outright Purchase Plan (198,000 yen or more / title)

Clients can purchase contents from 1,151 titles\* and receive MP4 data. They can use them permanently without any limits on the number of uses or number of users.

2. Rental Plan (990 yen or more / person)

This service allows specific individuals to view e-Learning contents for a limited period of time. It is inexpensive and can be viewed on the day of purchase.

3. Video monthly subscription (275 yen or more / ID)

This is a flat-rate subscription plan that allows customers to view unlimited Insource's video contents.

Particularly needed services in FY23

Easy Orders for simple customization of training materials

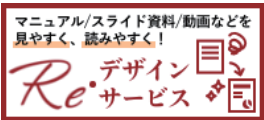
This service provides simple and inexpensive customization based on the materials in the Video Department Store.



New service launched in FY23

Re - Design Service

In response to requests such as “We are unable to utilize outdated manuals” and “We have slides and videos created several years ago, but the information is outdated and we would like to update them for internal distribution,” we will assist our clients with upgrading their materials according to their budget and deadline.



Review of FY23

Sales for FY23 was 95 million yen (+52.8% YoY) for the video production solutions business and 548 million yen (+16.2% YoY) for video sales. This fiscal year saw an increase in repeat clients, reflecting growing brand recognition, while client needs also diversified. In response to requests such as “We want short, fun, and entertaining videos instead of educational ones” and “We want to feature our own employees,” we tailored our services to meet the specific needs of each organization. As a result, the number of video productions increased to 227, approximately 2.9 times higher than the previous year.

Current challenges and strategy for FY24

First, we consider it a key priority to respond to the increasing quality demands of our clients for contents. We will continue to release more than 15 new titles every month, keeping up with trends and taking on new challenges.

In addition, since outright purchase makes repeat purchases difficult, we will adopt flexible sales promotion strategies such as annual leases and cross-selling with other services. Furthermore, to develop high-priced rental products and enhance awareness of rental services, we will conduct promotional activities targeting the BtoC market.

To maintain stable growth moving forward, securing and developing human resources is essential. We will continue to develop services that address our clients' needs by securing and optimizing resources both internally and externally.

\*As of the end of March, 2025



New Areas of Growth  
"Rising Next" 3

Regional  
Revitalization Business

Provided by



- Support people to live in two places
- Management support for small and medium-sized companies (innovation support/new business development/support for building a recruitment brand)
- Support for tourism development that can be self-sustained in the region
- Support for traditional crafts to expand overseas
- City promotion realized through co-creation with citizens
- Cross-boundary learning planning and implementation



Expanding human resource development and  
community building nationwide as a civic innovator

Review of FY23

In FY23, sales increased by 21.2% YoY to 183 million yen. We are producing regional revitalization projects nationwide, both public and private, to ensure that they can continue independently after project completion, working together with local businesses and external experts. In November 2024, the “Act on Development of Infrastructures for Wide-Area Revitalization,” which was enacted to revitalize movement of people and logistics between regions, was revised. In addition to support for conventional infrastructure development, the key points of the revision include the new pillars, such as strengthening public-private partnerships and promoting “living in two places,” which creates a flow of people to rural areas by establishing living bases in specific regions other than existing ones. Simultaneously, the efforts of “Civic Innovation Hub Sunaba” in Shiojiri City, Nagano Prefecture, which Mitemo Co., Ltd supported, were evaluated by the Ministry of Land, Infrastructure, Transport and Tourism as a leading example of “living in two places” and selected for a “pilot survey to promote relocation and other initiatives.” With Mitemo's expertise in “human resource development and community building,” we will expand our activities nationwide. One workshop we offered in FY23 was a training program for new employees at Asahi Kasei Corporation in 2024. We designed a fieldwork program utilizing Nobeoka City in Miyazaki Prefecture, the birthplace of the company, and dispatched facilitators. The program was designed to motivate new employees to think about how to deliver value to society and take action, based on learning theory, and provided unique learning experiences.

<Example> “Sunaba” in Shiojiri City, Nagano Prefecture

Mitemo sets up consultation desks for housing-related issues, establishes onboarding processes to join communities, and implements and commercializes initiatives in local areas. Mitemo coordinates activities and supports event and workshop to connect communities.



<Example> Support for promoting tourism  
in Tambasayama City, Hyogo Prefecture: “Tohaku”

Selected for the Japan Tourism Agency's “Second Hometown Project,” five companies have jointly launched a new travel program called “Tohaku” in the Tamba-ware pottery village of Tachikui, Sasayama City, Hyogo Prefecture. Mitemo provides support in the form of study sessions on private lodging, workshops for tour guides, and assistance with applying for lodging facility business licenses.



Current challenges and strategy for FY24

In FY24, we will develop solutions based on the knowhow we accumulated through our support for small and medium-sized enterprises, entrepreneurship education, and tourism development support for regional governments, and expand these solutions nationwide. We will also develop regional collaboration projects targeting private companies. With “autonomous and sustainable growth orientation” as our keyword, we will support sustainable growth through the discovery and utilization of resources within the region.

New Areas of Growth  
"Rising Next" 4

Online Seminar  
Support Business

Provided by



- Training management consulting
- Operation support for online/ face-to-face/ live streaming
- Video production
- Rental of seminar classrooms
- Rental of distribution equipment



We can also provide support in combination with seminar management  
services and video and poster production. Our goal is to hold seminars in  
a more effective way, whether they are face-to-face or hybrid.



Main services and features

1. Operation support for online streaming

This service handles everything from the complicated administrative tasks involved in running online seminars and training to system operation support on the day of the seminar.

2. Operation support for face-to-face seminars, lectures

In addition to operational support on the day of the event, we also produce posters, pamphlets, and highlight videos.

2. Rental of seminar classrooms

Streaming can be done from our private rooms or medium-sized studios where we conduct online training. Equipment is always available.

<Example> In addition to planning training and  
supporting the operation held in hybrid style, we also edit  
lecture videos and support the distribution of archives

● Project Overview:

This large-scale project involves comprehensive support for the implementation of “follow-up training” for approximately 4,500 public school teachers in Tokyo who were selected as mentors from April 2025 to the end of February 2026, as well as the operation of the training (venue selection, venue setup, contacting attendees, online implementation for those working in remote island areas, archive distribution, etc.).

● Support details:

1. Planning content that will make training effective
2. Preparing, implementing, and managing training
3. Collecting and managing contact information for those participating in training
4. Coordinating various communications with municipal boards of education and attendees, and responding to inquiries
5. Creating and distributing training materials
6. Compiling and analyzing questionnaire results

Review of FY23

Sales for FY23 were 182 million yen (-10.3% YoY). As clients' needs have diversified, there has been an increase of events held not only online but also in face-to-face and hybrid. In addition, we are receiving an increasing number of requests from training managers who wish to concentrate their internal resources on new projects and effectiveness measurement, and therefore want to leave the operation to Insource, which is inexpensive and reliable. As a result, we are seeing an increase in repeat business for large-scale academic conferences, award ceremonies, and international symposiums. Furthermore, clients are beginning to recognize our ability to handle not only the operation on the day of the event, but also the complicated administrative tasks before and after the event. In particular, our experience in supporting the medical and welfare industries has increased, and our areas of expertise and winning strategies are becoming more apparent.

Current challenges and strategy for FY24

Currently, in order to scale up our business in the future, we will focus on acquiring more advanced technologies and sharing knowledge, while also reallocating resources with an emphasis on cost awareness and focusing on new sales activities. Based on our extensive support experience, we will actively participate in upselling to existing clients and bidding on public sector projects, aiming for growth of 120% YoY. We will continue to provide detailed support by combining our wide range of unique services.



New Areas of Growth  
"Rising Next" 5

Consulting  
Business

Provided by



- Establishment and review of education and training systems
- Support for human resources system design
- Various assessments
- Development of next-generation management
- Prevention of employee turnover and improvement of engagement
- CS and customer service response surveys, establishment and dissemination of philosophy systems



Insource Group brings together its collective strengths to provide comprehensive and speedy support for all management issues

Main services and features

1. Establishment and review of education and training systems

Reflect employees' opinions in workshops and create deliverables based on the human resource and capability requirements of each workplace.

2. Support for human resources system design

In addition to establishing systems for grading, salaries, and evaluations, we can also provide support for implementing training and ensuring that these systems become firmly established.

3. Various assessments

We offer a diverse lineup of more than 15 types of assessments, such as "level-specific assessments" for all levels, "giraffe", which visualizes employees' characteristics, "engagement assessments," and "harassment risk assessments."

New service launched in FY23

Learning Management Strategy from Classics

This program was developed in response to the growing need for next-generation management development. Attendees will be asked to thoroughly read the assigned book in advance, and then engage in a series of discussions in the form of a reading group. In the training, attendees receive a lecture from the trainer on the content, terminology, and essence of strategy, and then deepen their knowledge and understanding of management strategy through discussion in group work. Unlike input-oriented lectures, the content of this training can be applied to actual on-site business strategies and company-wide

strategies, as it includes analysis and discussion based on the real situation of the attendees' own organizations and themselves.

Review of FY23

In October 2023, we established Insource Consulting Corporation, which enables us to provide more in-depth support for our clients' management issues. In FY23, net sales amounted to 203 million yen (+ 49.4% YoY), and the number of organizations using the service reached 381 (+42.2% YoY). The background to this growth is the increasing number of requests for the establishment of medium- to long-term training systems, such as level-specific training and skill-specific training, as well as corporate philosophies, personnel systems, and evaluation systems. In response to these requests, we conduct in-depth interviews, provide an education platform, and offer flexible solutions tailored to the workplace.

Current challenges and strategy for FY24

In FY23, both sales and the number of organizations we support grew by more than 40% YoY. On the other hand, as we are still considered a venture company, we will focus on public relations activities to increase awareness of our business and services in FY24 in order to improve brand recognition and increase the number of support achievements.

In addition, we will develop a new assessment service as our next source of revenue and strengthen sales promotion centered on direct mailing.

Finally, we will focus on mid-career hiring to expand our consulting personnel, as securing human resources is an urgent priority due to the increase in projects.

New Areas of Growth  
"Rising Next" - Others

Other  
Businesses

Provided by



- Web Marketing Business
- Recruitment Support Business
- Support for helpdesk and call center operations



1. Web Marketing Business Insource Marketing Design Corporation Insource MARKETING DESIGN

The Web Marketing Business provides a one-stop service for all web-related services, including website creation, web promotion, system development, and online store creation.

Specializes in Web-based integrated services such as system development, advertising

The Web Marketing Business is characterized by its ability to solve problems such as improving business performance and sales, preventing job turnover, and recruiting human resources through Web creation and digital marketing by combining the Web marketing know-how of Insource and the Web production capabilities of group company Insource Marketing Design Corporation (IMD). We are particularly strong in comprehensive projects involving system construction and advertising.

In FY23, we were commissioned by Tochigi Prefecture to build a system for automatic advertisement distribution at the time of weather warning announcements, and to create advertisement banners and web pages to raise awareness of evacuation behavior in the event of a disaster.

Current challenges and strategy for FY24

Sales for FY23 increased only 5.0% YoY to 232 million yen. We will strengthen our sales activities with the goal of a 20% increase in FY24. To achieve this, we will aggressively hire a large number of excellent local personnel to increase our strength, even if it temporarily puts pressure on profits. We will continue to identify and pursue projects that maximize IMD's strengths by combining our web production and system capabilities, such as the order we received from Tochigi Prefecture.

2. Recruitment Support Business Rashiku Corporation Rashiku

In the Recruitment Support Business, we assist candidates (job seekers) with unique abilities to change jobs so that they can work in their own way, and we provide recruitment support for corporate personnel who want to hire people with abilities that will help solve their company's problems and promote its growth. The two features of Rashiku's recruitment services are as follows.

We specialize in recruiting middle-class and highly capable candidates

In FY23, we conducted industry research focusing on middle-level and highly capable human resources, and as a result, we were able to deepen relationships of trust with several companies. Based on a deep understanding of the client company's future vision, specific duties, and required missions, we introduce executive personnel

who will achieve outstanding results in specific fields and become specialists and executives in key management positions based on the concept of "introducing only those who are in line with the company's growth strategy".

Recruitment focused on quality rather than quantity

Changing jobs is an important event for both the candidates (job seekers) and the hiring company. Rashiku focuses on "quality rather than quantity" in recruitment support service.

Strategy for FY24

In FY24, we will continue to review our resource allocation without changing our policy of "quality rather than quantity." We will continue to optimally match candidates (job seekers) with companies, with a focus on the IT industry, which saw an increase in our results in FY23.

Financial Policies



Director, Executive Officer, CFO  
Shigeo Fujimoto

Insource's thoughts and initiatives regarding growth strategies, improvement of capital profitability, and reduction of capital costs aimed at realizing “long-term corporate value enhancement,” which is our Code of Conduct

Q Please tell us about Insource's growth strategy.

- A 1. Maximize the value of contents IP, 2. Expand digital-related services, 3. Execute growth strategy investments using operating cash flow generated from profit growth

1. Maximize the value of contents IP

As a company whose core business is educational training services, we develop and own educational contents such as training textbooks and videos, and have set the maximization of the value of our educational contents intellectual property (hereinafter referred to as contents IP) as the direction of our growth strategy. We will maximize the value of our contents IP by expanding both the attributes of the target attendees and the themes covered. To achieve this, we will focus on strengthening our contents IP creation capabilities through the expansion and development of our in-house team. However, we also have a diverse workforce with expertise in various industries, enabling us to create contents IP across a wide range of fields. For example, members of the Corporate Planning Department support the development of corporate finance-related contents. In addition, we are continuously exploring M&A opportunities with companies that possess high-quality contents IP beyond the training industry.

2. Expand digital-related services

DX-related training and digital-related services such as Leaf, which are growth drivers for Insource, are services created by commercializing our in-house digital resources. In FY23, DX-related training saw a 35.1% YoY increase in the number of On-Site Training conducted and a 27.6% YoY increase in the number of attendees at Open Seminars. Additionally, “Leaf,” Japan’s largest LMS, has approximately 4.44 million active users (+38.1% YoY) as of the end of March 2025, and annual recurring revenue (ARR) of 1,129 million yen (+29.8% YoY) as of the same date. In the future, we will continue to monetize digital-related services based on our own resources.

3. Expansion of operating cash flow through profit growth

The primary sources of funds for growth investments will be cash on hand and operating cash flow. We will expand operating cash flow through profit growth and use it as a source of funds for growth strategy investments. However, if financing is necessary, we will select the most appropriate means at that time, taking into consideration capital costs, the amount of funds required, and our financial condition.

Q Please tell us about improving capital profitability

- A We will continue to implement measures that contribute to improving value-added productivity and capital turnover ratio

The trends in our return on invested capital (ROIC) are as follows.

	FY20	FY21	FY22	FY23
ROIC (%)	44.1	43.0	38.4	39.2
NOPAT (million yen)	1,629	2,284	2,700	3,505
capital turnover ratio (times)	2.03	1.77	1.53	1.39
NOPAT margin (%)	21.7	24.3	25.0	28.2

1. Improvement of value-added productivity

The source of cash flow, which is the source of funds for growth investment, is value-added productivity, and we place importance on gross profit margin, which is a measure of this, as a financial discipline. We are working to improve our gross profit margin by quickly providing contents optimized for clients' needs and issues at the project level, improving both of our service and client mix at the business level, and optimizing our business portfolio at the entire company level. For example, in the On-Site Training Business, we are allocating resources to the development and expansion of DX training contents in response to growing demand for digital human resources development at the project level, while increasing the ratio of sales to clients in the private

sectors which are high-value-added at the business level. As a result, the decline in gross profit margin due to the decrease in the ratio of online training after the COVID-19 pandemic has been offset by an increase in the ratio of sales to the private sectors and the ratio of DX training. From a business portfolio perspective, the increase in the ratio of recurring sales in the IT Services Business is contributing to the improvement of gross profit margin not only in that business but also at the entire company level. In this way, we will continue to strive to improve value-added productivity in all of our projects, businesses, and the entire company portfolio.

2. Capital turnover ratio

The capital turnover ratio is declining, and despite an improvement in the operating profit margin, this is contributing to the downward trend in ROIC. Shareholder returns were revised in the previous fiscal year (FY23) from “implementing dividends linked to performance with a target dividend payout ratio of 40%” to “implementing dividends with a target dividend payout ratio of 50% and a target dividend on equity (DOE) of 18%.” This change is intended to contribute to improving the capital turnover rate through balance sheet improvement.

Q Please tell us about reducing capital costs

- A We will continue to diversify our business portfolio and reduce information asymmetry through IR activities

We estimate that our capital cost (WACC) will be 13% as of the end of March 2025. The cost of equity capital is based on the capital asset pricing model (CAPM). Reducing capital costs is necessary to increase corporate value. We will explain our efforts to reduce  $\beta$ , a volatility indicator for our shares relative to the overall market, from the perspectives of our business portfolio and IR activities.

1. Diversification of business portfolio

We believe that appropriate diversification of our business portfolio enhances our ability to respond to environmental changes, reduces business risks, and lowers  $\beta$ . We are advancing the creation and acquisition of a wide range of contents IP tailored to diverse needs, without relying on specific clients or industries. Additionally, the annual recurring revenue (ARR) of our recurring service “Leaf” reached 1,129 million yen as of the end of March 2025, contributing to the stable and sustained expansion of our

company's performance, which is primarily driven by the training business focused on spot deals.

2. Reduction of information asymmetry through IR activities

As for IR activities, it is believed that information asymmetry between companies and capital markets increases capital costs. Therefore, our basic policy for IR activities is to reduce information asymmetry. Specifically, in addition to financial results materials, we actively disclose financial and non-financial information such as monthly KPIs (key performance indicators) on the first business day of each month, releases of new services and business alliances, and voluntary revisions to financial forecasts. We also place great importance on dialogue with the capital markets, holding financial results briefings twice a year—at the end of the second quarter and at the end of the fiscal year—and conducting individual meetings with institutional investors on a quarterly basis. In FY23, we held a total of 211 meetings.



# Sustainability and Growth Policy



Director,  
Managing Executive Officer  
**Kumiko Kawabata**

**Q** Please tell us about the latest external evaluation regarding sustainability

**A** We have focused on governance measures and received the highest rating of “AAA” in the MSCI ESG Rating in April 2025

Until now, our group has faced challenges in governance compared to industry averages. Therefore, we focused on governance measures in FY23. For example, we formulated and disclosed our “Anti-Corruption Basic Policy” in July, and its content and monitoring

system were evaluated in this rating, contributing to an improvement in our score. Although our overall score has improved, there are still issues that need to be addressed, and we will continue to make steady progress.

**Q** What is Insource’s approach to sustainability?

**A** We will expand our businesses and initiatives that provide social value under ESG + P Management, while achieving sustainable performance improvement

Based on our management philosophy of “creating a society in which all people can enjoy working and feel fulfilled,” the Group is working to solve social issues related to workers through its business activities. In addition, we aim to achieve sustainable growth and enhance our corporate value over the medium to long term while expanding our sustainability initiatives under ESG+P (Performance) Management.

We have established three guidelines for our actions.

“Contribute to society and the environment through our corporate activities”

“Aim for co-creation with all stakeholders”

“Conduct corporate activities under a sound and transparent governance system”

## Major Sustainability Initiatives

2021

February

● Endorsement of TCFD Recommendations

2022

April

● Launched an electronic textbook service in the Training Business

May

● Started publishing the Integrated Report

July

● Established Sustainability Committee

September

● Opened Insource Kyushu Building with reduced environmental impact

December

● Released Sustainability Page on the Web

2023

February

● Changed in-house paper to FSC-certified paper

May

● Signed the United Nations Global Compact

July

● Established basic policy on human rights

August

● Identified and assessed sustainability risks

September

● Introduced renewable energy at Insource Kyushu Building

October

● Established Health Management Promotion Committee

December

● Introduced renewable energy to three company-owned buildings in Tokyo (Yokoyama Building, Bunkyo Building, Hakusan Building)

2024

February

● Implemented e-Learning training on human rights for all employees, including prospective employees

April

● Introduced renewable energy at Insource Ochanomizu Studio (Tokyo)

July

● Established and disclosed “Anti-Corruption Basic Policy”

September

● Introduced renewable energy at Insource Nippori Building (Tokyo)

September

● Implemented e-Learning training on anti-corruption for all employees, including prospective employees

October

● Established and disclosed the Insource Group Compliance Code of Conduct

2025

March

● Implemented and disclosed human rights due diligence

April

● Received the highest rating of “AAA” in the MSCI ESG Rating

MSCI ESG RATINGS

AAA

CCC B BB BBB A AA AAA

**Q** Please tell us about the initiatives implemented in FY23

**A** We focused our efforts on Environmental (E) and Governance (G) issues

In terms of the Environment (E), we completed the introduction of renewable energy at all six of our company-owned buildings by switching the Insource Ochanomizu Studio to a 100% renewable energy plan in April and the Insource Nippori Building in September. As a result, renewable energy now accounts for approximately 40% of

our total electricity consumption. As for Governance (G), we established and disclosed our Anti-Corruption Policy and Compliance Code of Conduct. In September, we conducted e-Learning sessions and tests on anti-corruption, with a 100% participation rate.

**Q** Please tell us about the key initiatives for FY24

**A** We will promote initiatives with a focus on Governance (G) and Society (S)

We believe that strengthening our efforts in Governance (G) and Society (S) is important. In terms of governance, we will first ensure that our compliance policy is understood by our suppliers, including our partners. In addition, the Sustainability Committee will discuss the formulation of the Insource Group Code of Conduct, the supervision of ethical issues, and employee training.

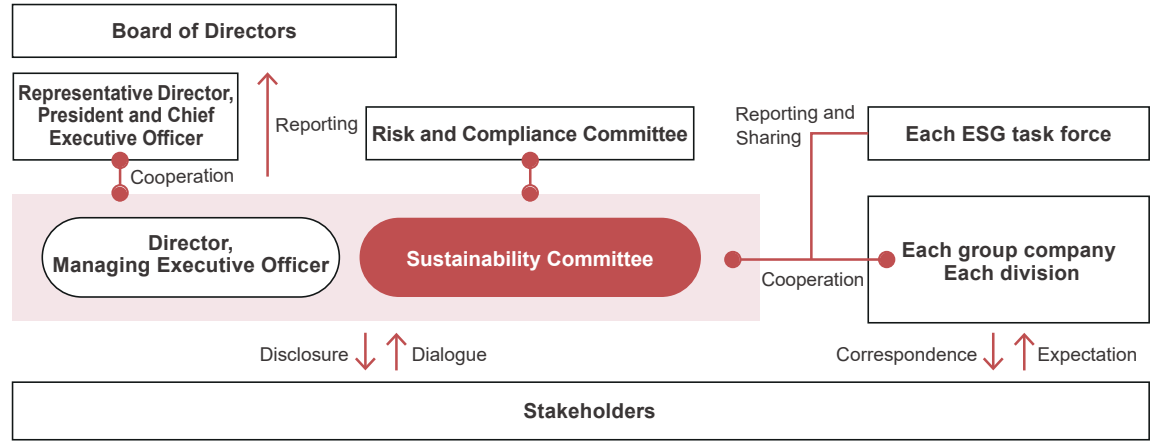
Regarding Society (S), we will continue to implement human rights due diligence, implement risk mitigation measures, and provide. As a company listed on the Prime Market, our group will continue to promote ESG+P Management not only to actively address social issues but also to enhance our corporate value over the medium to long term.

**Q** Please tell us about Insource's sustainability promotion system

**A** We have established the Sustainability Committee and are working with each group company and division to plan and implement various initiatives

The Sustainability Committee, chaired by the Director, Managing Executive Officer, plays a central role in driving ESG-focused management with speed and flexibility, and assumes responsibility for comprehensive sustainability risk management and strategic advancement.

Risks related to sustainability are evaluated at least annually in coordination with the Risk and Compliance Committee, chaired by the Representative Director, President and Chief Executive Office. These risk are integrated into the Group-wide risk management process and managed in a centralized manner, with the results regularly reported to the Board of Directors.



Governance	Risk management
<ul style="list-style-type: none"><li>Established the Sustainability Committee, chaired by the Director, Managing Executive Officer, to be responsible for overall risk management and strategic advancement related to sustainability</li><li>The activities of the Sustainability Committee are reported to the Board of Directors on a quarterly basis.</li></ul>	<ul style="list-style-type: none"><li>We coordinate with the Risk and Compliance Committee, which is chaired by the Representative Director, President and Chief Executive Officer.</li><li>At least once a year, we evaluate sustainability-related risks as part of the Group-wide risk management process, ensuring they are integrated and centrally managed, and report the findings to the Board of Directors.</li></ul>

**Participation in initiatives**

**United Nations Global Compact (UNGC)**

On May 22, 2023, Insource signed the UNGC as a participating company and will comply with the 10 principles in four areas.



**Task Force on Climate-Related Financial Disclosures (TCFD)**

Recognizing climate change as an issue that would have a significant impact on society and our group, Insource announced our support for the TCFD recommendations in February 2021.



**External evaluation**



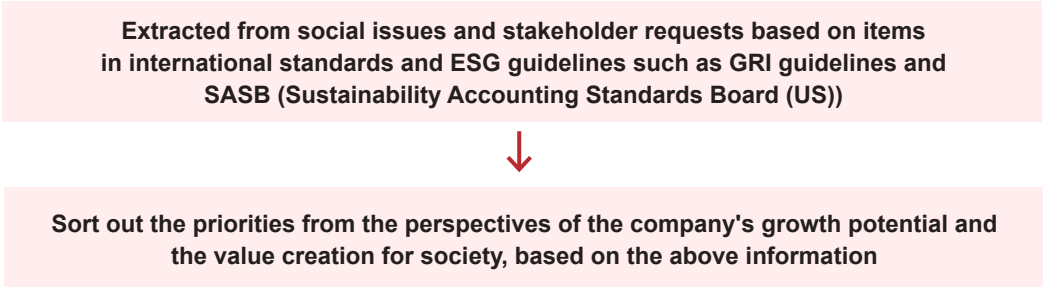
**Q** Please tell us your future goals and strategies

**A** In order to further promote the resolution of social issues and ESG+P management through our business activities, we have established eight materiality items based on international standards




Our group has defined eight material issues related to ESG and the resolution of social issues through our business, as specific indicators of ESG+P (Performance) management. These issues were identified with reference to international standards and ESG guidelines such as the GRI Guidelines and SASB (Sustainability Accounting

Standards Board), and extracted items based on social issues and stakeholder requests. They contribute to the achievement of the Sustainable Development Goals (SDGs) and establish long-term goals for the entire group toward 2030, which we will strive to achieve. Please see below for the eight materialities and long-term targets.

■ Process for formulating materiality



■ Materiality and Long-Term Targets for FY29

Materiality	Action	KPI	FY22	FY23	FY29	Related SDGs
Solving Social Issues through Business Activities	① Increase productivity through career development education (Strengthening the organization)	To acquire knowledge and skills, solve problems, and improve productivity of organizations and individuals through training Training Business Annual number of attendees	720,000	767,000	2,000,000	
	② Acquisition of basic skills to play an active role in diverse environments (Strengthening individuals)	Expand what individuals can do with IT by offering reskilling and DX training Number of OA/IT/DX training attendees (Open Seminars)	13,000	17,000	50,000	
	③ Development of learning content tailored to each individual and organization	Develop and accumulate content in accordance with social issues and needs Total number of contents	4,156	4,522	5,000	
	④ Provision of educational infrastructure	Increase productivity by providing IT systems and fair educational opportunities Total number of video contents No. of Open Seminars conducted annually Number of Leaf active users	754 10,000 2,895,000	1,011 12,000 4,070,000	1,500 15,000 7 million	
ESG	E Responding to climate change	Carbon neutral emissions from business Scope1 + 2	237.0t-CO <sub>2</sub>	158.6t-CO <sub>2</sub>	140.0t-CO <sub>2</sub>	
	S Excellent performances of diverse employees	Create a workplace where diverse human resources can thrive Ratio of Female Executive Officer Female Manager Ratio	0% 37.4%	10.5% 40.3%	50.0% 50.0%	
	S Community Relations	Solve community issues No. of Regional Revitalization projects No. of public sector supporting period poverty	36 62	54 15	100 100	
	G Strengthening governance	Ensuring diversity in management Ratio of female in the Board of Directors	25.0%	37.5%	50.0%	

\*The percentage of female executive officers excludes those who also serve as directors.





# Initiatives for Health Management

Insource Group aims to improve the vitality and productivity of employees by creating a safe and secure work environment for them.

## Certified as “Health and Productivity Management Outstanding Organization” for three consecutive years, and aim for further promotion

### Japanese companies are increasingly aware of the importance of their employees' health

The number of companies recognized as Certified Health & Productivity Management Outstanding Organizations in 2025 has grown to 3,400 large companies (+412 YoY) and 19,796 small and medium-sized companies (+3,063 YoY). Amidst calls for measures to address labor shortages and improve productivity, awareness of employees' health is increasing at all organizations.

### Embodying health management to support health promotion in each organization

We are expanding our health promotion services and strengthening support for each organization, with the aim of improving employee vitality and productivity.

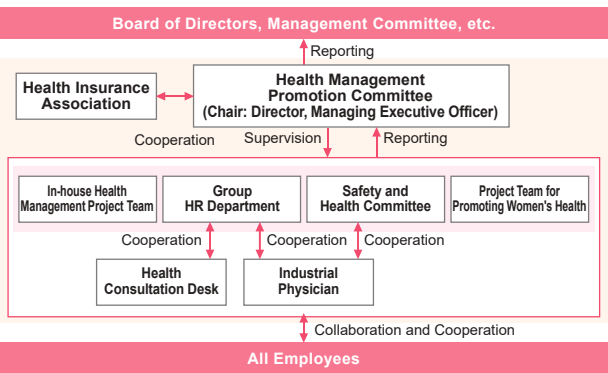
By actively working to gain real-world knowledge and feeding that knowledge back into our contents, we are able to develop new services and contents. We provide systems, environments, and human resource development measures that address five key issues related to health and productivity management in Japanese companies.

Important issue	Insource Services
① Management of periodic medical checkups, collection of employee data, analysis of company issues	Health checkup result management system “Leafwellness”
② Improvement of the secondary health checkup uptake rate	
③ Reduction of the smoking rate	Smoking Prevention Workshop
④ Improvement of the exercise rate	Various workshops and training for developing healthy habits
⑤ Improvement of productivity and prevention of industry accidents	Productivity improvement training, workers' accident prevention training

## Strengthening information dissemination and sharing, led by the Health Management Promotion Committee

### Report progress every other month at Board of Directors meetings and establish a system for steady progress

The Health Management Promotion Committee, chaired by the Director, Managing Executive Officer, has been reporting on the measures taken by the committee, progress, and the status of target achievement to the Board of Directors once every two months since FY23 in order to ensure steady progress and results. With management paying close attention to this initiative, we are building a framework to steadily advance our efforts.



## From now on, we will implement further improvements to be recognized as “White 500” enterprise

### We will continue the measures implemented in FY23 while implementing new ones

We have been certified as a Certified Health & Productivity Management Organization for three consecutive years, and as a company that provides health and productivity management services, we aim to be listed in the White 500 (a list of the top 500 enterprises in terms of health and productivity management). To this end, we are considering and implementing new initiatives while continuing the systems established in FY23, such as setting up health consultation desks, incentives for non-smokers, and smoking prevention workshops for smokers.

### Key Initiatives for FY24 - Prevention of Metabolic Syndrome

For FY24, we are planning to focus on measures to prevent metabolic syndrome. As a measure to promote exercise, we will continue the walking event that was well received in FY23. This event involves dividing the entire company into teams by department and competing to see which team can walk the most steps in a month, with the top teams receiving health promotion gifts. In addition, the Health Management Promotion Committee plans and operates events that employees can enjoy participating in, such as introducing recipes that are good for the body and sharing stories of employees who have successfully improved their eating habits.

### Initiatives to improve work styles (overtime, leave, and caregiving)

Insource has been composed of diverse human resources since before listing, and has always strived to create a flexible workplace where everyone can work comfortably. In order to further increase flexibility, we are preparing to swiftly introduce systems and structures for time-based paid leave and the provision of information related to nursing care (such as introduction of support services and roundtable discussions with people who are currently providing nursing care or have experience in nursing care).



#### <New initiatives for FY24 (excerpts)>

- Establish a nutrition consultation desk staffed by a registered dietitian
- Hold study sessions for individuals with metabolic syndrome and those at risk
- Distribute individual commitment sheets for those with metabolic syndrome and those at risk
- Campaign to improve eating habits (introducing healthy recipes and sharing stories of employees who have successfully improved their eating habits)

- Changing the items available in office vending machines (replacing sugary soft drinks with water and functional beverages)
- Subsidy for training fees for health management-related programs hosted by our partner, Euphoria Co., Ltd.
- Subsidize hepatitis virus screening costs for employees aged 35 and older who wish to be tested

Classification	Item	Unit	FY20	FY21	FY22	FY24 Target	
Medical checkups and examinations	Consultation rates for regular health checkups	%	100	100	100	100	*1 Percentage of employees who have submitted a leave of absence among all employees.
	Follow-up medical checkup rate	%	-	-	77.3	100	
	Percentage applicable to specific examinations	%	19.8	22.7	18.3	20.0	
Lifestyle habits	Smoking rate over 40 years old	%	16.0	14.8	13.4	5.0	*2 Deviations measured by original questionnaire using SPQ (Single-Item Presenteeism Question developed by the University of Tokyo Working Group).
	Percentage of people aged 40 or older with exercise habits	%	15.1	17.4	22.5	19.0	
	Ratio of people maintaining an appropriate weight(Persons Less Than BMI18.5-25)	%	66.4	63.8	64.2	67.0	
Mental health	Stress check acceptance rate	%	87.2	87.6	96.7	100	*3 Deviations measured by a Unique Questionnaire Using the Shortened Three Items of the Utrecht Work Engagement Scale.
	Percentage of employees with high stress checks	%	11.1	11.9	11.6	10.0	
Labor productivity	Absenteeism *1	Day	-	3.3	2.8	3.0	
	Presenteeism *2	%	-	81.6	82.1	85.0	
	Work Engagement *3	Point	-	3.3	3.5	3.5	





# Contributing to Society through Business




We help organizations solve problems through education and IT services. We aim to improve productivity and develop the Japanese economy by eliminating inequalities in educational opportunities and making all the people enjoy working and feel fulfilled.

## Contribution to SDGs through various services

"To help solve social issues related to working people" is at the core of our mission. In order to provide a wide range of high quality education, each of our services serves as a direct "how" to solving these issues, and we pursue affordable and diverse delivery methods.

### With Leaf, we offer support for skill development and reskilling opportunities

For the second consecutive year in 2024, we were selected by Nara Prefecture for "Project to Promote Online Training", a free e-Learning service for employees of companies in Nara, which we operate on the educational platform "Leaf".

SDGs and Insource services	
SDGs goal	Related topic
 	• "Construction of a training history recording system"
	• Compliance (personal information protection, labor management, Subcontract Law, Copyright Law, introduction to information security) • Risk management • Sustainability
 	• Promotion of women's activities • Senior workers • People with disabilities • Foreign nationals • Promote the success of a diverse range of people, including LGBT people
	• Mental Health • Stress Check • Promotion of Health and Productivity Management

### Provide entrepreneurship experience programs for elementary, junior high, and high school students

In 2024, as part of its Regional Revitalization Service, Mitemo Co., Ltd implemented an entrepreneurship experience program in Aichi and Fukuoka Prefectures, and Nagoya and Okayama City for elementary, junior high, and high school students who will be the next generation of entrepreneurs. The program aims to cultivate the ability to identify and solve familiar problems, feel closer to entrepreneurship through interactions with entrepreneurs, and learn what it takes to start a business. The program contributes to nurturing the next generation of talent ready to take on new challenges.

次世代の起業家を育てる  
中高生向け  
起業体験事業



[https://www.mitemo.co.jp/service/cue\\_sl17/](https://www.mitemo.co.jp/service/cue_sl17/)

起業体験プログラム



<https://sync.nagoya/>

## Expansion of diverse contents with partners in response to social changes

In order to develop content in areas where we are currently unable to develop alone, and to cultivate target clients that are difficult to reach, we are strengthening cooperation with our partners and responding to the demands of society.

### Expand IT-related, DX, legal, language and qualification-related contents

In recent years, we have expanded our contents to include a wide range of topics related to DX, law, and language and cultural knowledge essential to a global society, in collaboration with our partners.

### Expansion of technical education training, manual production, website creation

Previously contents were primarily for white-collar workers, but we are expanding to include contents for technical and essential workers.

In particular, through our partnership with the Japan Technology Education (JTEX), we offer training programs on manufacturing and technical skills, such as the Third-Class Chief Electricity Engineer's License and safety management at manufacturing sites. In addition, through the production of manuals and videos for manufacturing sites and the creation of a recruiting website, we also contribute to productivity improvement and enhancement of business other than education.



## Applying management knowledge through business to academia, and furthermore, challenging new businesses

We are applying the organizational management expertise we have gained through working with approximately 40,000 organizations since our founding to the field of academia, contributing to future research and the development of human talent.

In the fall of 2024, we launched new industry-academia initiatives, including the "Practical Knowledge of Business Administration" course taught by professors from the Kobe University MBA program, as well as the "Business Acceleration Training" and "Innovation Leadership Training" programs co-hosted with the Faculty of Fine Arts at Tokyo University of the Arts. Through these collaborations, we aim to cultivate more individuals who can actively contribute to society.

### Business school with Kobe University opened in fall 2024

An increasing number of Japanese companies are encouraging their management candidates to systematically obtain MBA degrees in order to develop management talent. On the other hand, many managers on the front line often find it burdensome to attend graduate school in terms of time and cost, and are often reluctant to do so. In the "Practical Knowledge of Business Administration" program taught by Kobe University MBA professors, attendees will study eight MBA subjects, including organization theory, marketing, and financial accounting, in intensive lectures. Attendees will gain knowledge of business administration from Kobe University professors with cutting-edge research achievements, and update their knowledge. The program

### "Practical Knowledge of Business Administration" by Kobe University MBA Professors



is also designed to help attendants solve problems and create new ideas in the actual workplace.

### Co-organized with the Faculty of Fine Arts, Tokyo University of the Arts and started offering the program

In recent years, large corporations and venture companies in Europe, the U.S., and Japan have been creating new value by incorporating "art" and "design" into their businesses. In collaboration with the Faculty of Fine Arts at Tokyo University of the Arts, we have started offering a program to learn how to incorporate the perspectives of art and design into business, and to develop the ability to drive business forward more powerfully.

### Co-organized with the Faculty of Fine Arts, Tokyo University of the Arts Power of Art and Business to Move People







## E Actions on Climate Change

In order to support sustainable development, we believe that activities to reduce environmental impacts based on a long-term perspective are essential, and we will continue to contribute to the entire business community not only through our own internal environmental impact reduction activities, but also through our business activities.

### Long-term environmental goals

- Achieve "net zero" CO<sub>2</sub> emissions (Scope 1+2) from business activities by 2050
- Reduce Scope 2 (CO<sub>2</sub> emissions from electricity) by 50% from the 2020 level by 2030
- Reduce CO<sub>2</sub> emissions from in-house paper use by 50% from 2020 levels by 2030

### Initiatives on Climate Change

#### Completed installation of renewable energy at all company buildings

Since September 2023, we have been introducing renewable energy to our group-owned buildings: in April 2024, we completed the introduction of renewable energy to the Insource Ochanomizu Studio, and in September of the same year, to the Insource Nippori Building, and after October 2024, all six locations have converted to electricity derived from renewable sources by utilizing tracked Non-Fossil Certificates. In FY23, the ratio of renewable electricity was approximately 40%, and CO<sub>2</sub> emissions decreased by 32.2% YoY to 158.6 t-CO<sub>2</sub>.

#### Offering an electronic textbook service in the training business

In our training business, we have been offering electronic textbooks since April 2022. Depending on the style of the training, clients can choose between traditional paper textbooks and electronic textbooks. In FY23, approximately 67,000 people used electronic textbooks (+10.0% YoY), resulting in a CO<sub>2</sub> reduction of 10.0 tons.

#### Company's buildings where renewable energy power is introduced

When to start using renewable electricity	Name of Company building (Location)	Electricity Consumption in FY23	Details on renewable electricity
Sep., 2023	Name of Company building (Location)	105,779	12.8%
	Insource Dokanyama Building	110,011	13.3%
Dec., 2023	Insource Bunkyo Building	107,023	12.9%
	Insource Hakusan Building (all in Tokyo)	90,130	10.9%
May, 2024	Insource Ochanomizu Studio (Tokyo)	53,363	6.5%
Sep., 2024	Insource Nippori Building (Tokyo)	154,890	18.7%

\*Details of renewable energy power: Insource Kyushu building is non-FIT power source, designated as renewable energy, and non-FIT non-fossil certificate; others are non-FIT power source, FIT power source, and FIT non-fossil certificate

#### CO<sub>2</sub> reductions achieved through the use of electronic textbooks

	1H FY22	2H FY22	1H FY23	2H FY23
Electronic textbooks used (People)	28,790	32,345	36,348	30,926
CO <sub>2</sub> reduction (t-CO <sub>2</sub> )*	4.08	4.39	5.38	4.63

\*CO<sub>2</sub> reductions when comparing electronic textbooks to paper ones

## Responses to TCFD Recommendations

In February 2021, Insource Group announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD\*) and is committed to disclosure. For more information on the Group's governance and risk management, including climate change, please refer to page 61 onwards.

\*Abbreviation for The Task Force on Climate-related Financial Disclosures. It was established in 2015 by the Financial Stability Board (FSB) at the request of the G20. It assesses the financial impact of climate change risks and opportunities on management and recommends disclosure of "Governance," "Strategy," "Risk Management," and "Indicators and Targets"

### Strategies Scenario analysis of risks and opportunities posed by climate change

Recognizing the importance of limiting the temperature increase below 1.5°C, the Group conducted a scenario analysis across all of its businesses, assuming global warming scenarios of 1.5–2°C and 4°C. The analysis revealed that in the 1.5°C scenario, transition risks such as market and reputational risks are significant while in the 4°C scenario, the impact of physical risks becomes more pronounced. To mitigate risks, we will work with the Risk and Compliance Committee to develop and consider their implementation of specific countermeasures.

In addition, we believe that the changing client needs in response to physical and transition risks, as well as increasing demands from society, present opportunities for our Group. By developing and providing knowledge-enhancing content related to the SDGs and ESG, as well as educational content focused on business transformation and behavioral change such as organizational reform and DX, we will support sustainability initiatives of both private and public sectors, and provide ongoing educational support to enhance their value.

#### Scenario Analysis

		Major risks	Impact when risks materialize	Financial impact	Countermeasures
4°C Scenario	Physical risks	Acute	■Decrease in sales / increase in volatility •Changes in the learning environment, and an increase in the postponement and cancellation of training due to damage to clients' businesses •Damage to business locations, servers and submersion due to large-scale natural disasters such as flooding	medium	Start monitoring for damage or submersion of business locations and server locations, consider relocation to areas that do not exceed a certain risk level
		Chronic	■Decreased sales and increased volatility •Increase in postponement and cancellation of training due to stagnation of industrial activities and spread of infectious diseases •Decreased priority and demand for education	medium	Develop content in response to client needs, provide multiple educational tools such as online training and e-Learning, and build a flexible conversion system
1.5 degrees C Scenario	Transition risks	Policy and Legal	■Rising costs Rising costs due to stricter regulations on CO <sub>2</sub> emissions reduction obligations and compliance with carbon pricing systems	minor	Strengthen in-house power-saving measures Switch to renewable energy sources
		Technology	■Decreased productivity Slower productivity growth due to delayed response to new technologies	minor	Regular monitoring of the external environment
		Market	■Decreased sales and increased volatility Decline in competitiveness and demand for training and education using the paper textbooks currently provided by the Company	medium	Provide electronic textbooks for training programs
		Reputation	■Decreased sales and increased volatility Risk that delays in addressing climate change will impact social reputation, reduce corporate value, and make clients less likely to choose the Company	medium	Improve stakeholder engagement through the promotion and disclosure of sustainability activities

#### Indicators and Targets

We have set the targets shown on the previous page in order to address climate change risks and opportunities and to promote activities to reduce our environmental impact based on a long-term perspective.

Thanks to the introduction of renewable energy, CO<sub>2</sub> emissions from our business activities (Scope 1 and 2) are progressing as planned toward one of our long-term targets of 140 t-CO<sub>2</sub> by 2030, a 50% reduction from the 2020 level.

#### CO<sub>2</sub> emissions from business operations

Data Category	Unit:t-CO <sub>2</sub>					
	FY19 (Base year)	FY20	FY21	FY22	FY23	FY29 (Target year)
Total: Scope1+Scope2	280.2	260.4	283.2	233.8	158.6	140.0
YoY	—	92.9%	108.8%	82.6%	67.8%	—
Ratio of renewable energy	0%	0%	0%	0.9%	41.7%	—

\*1 Scope 1 is set to 0 because we do not have our own production facilities and do not directly emit carbon dioxide or other GHGs due to fuel combustion or chemical reactions

\*2 Scope2 is calculated based on market-based figures





# S Human Capital

Our greatest asset is "our people," and "our people" are the greatest source of our corporate value. Our goal is to create a strong organization that responds quickly to social issues by maximizing the strengths of our diverse human resources.

## Organizational Development Guidelines

- We will achieve organizational growth by enabling all individuals to fully demonstrate their unique qualities and abilities, while fostering mutual respect and recognition
- We will build a highly trustworthy and transparent organization in which everyone has equal opportunities and is evaluated fairly
- We are committed to creating a workplace free from all forms of discrimination and prejudice based on race, nationality, religion, gender, sexual orientation or gender identity, disability, age, place of origin, values, lifestyle etc. and strive to achieve continuous growth

## Recruitment and Training - In-house training of multi-skilled personnel who are resilient to change

### Flexibility is important when hiring employees

The most important qualities we seek in our employees are a passion for contributing to the growth of "people" and a sense of fulfillment in improving the productivity of both our organization and our clients. As our organizational structure changes frequently, we also value flexibility and a strong interest in learning new things. In the hiring process, we use our own document tests and assessment tools to visualize candidates' career aspirations, motivational factors, and characteristics of their thinking and behavior.

### Respect for diversity and performance-based evaluation and compensation

We are an organization where women make up more than half of the workforce, and we have a large number of seniors, people with disabilities, and LGBTQ+ employees. Everyone is able to demonstrate their abilities in content development, system development, and other divisions where they can utilize their strengths. Since the company's foundation, we have introduced working styles that match life events and have promoted women to management positions by emphasizing their

respective achievements. Now women account for more than 40% of management positions.

### Develop "multi-skilled" employees

Our Group must continuously and flexibly adapt to changes in the external environment with speed. To achieve this, we are promoting the development of multi-skilled talents who possess DX capabilities along with strengths in sales, service development, and IT. We flexibly incorporate the necessary skills in response to environmental shifts.

### Raise awareness of management involvement

While respecting the diverse values of our employees, we have introduced three systems\* to create an organization in which all employees share the common values of "liking the company they work for" and "wanting to contribute to the company's performance". As a result, 80% of our employees hold shares in the company. By further sharing shareholder value with our shareholders, we believe that this will also contribute to improving the motivation of our employees.

\*(1) Restricted stock compensation plan, (2) Defined contribution pension plan, (3) Employee stock ownership plan

## Education that develops the individuality of a diverse range of employees

### Training tailored to the organization's challenges is implemented each fiscal year

#### The theme for FY23 is Digital and Project Management

In addition to basic education such as compliance and level-specific training, training tailored to the company's priority issues is also planned in each fiscal year. In FY23, several training and study sessions were held for all employees to strengthen their project management and digital skills.

### Company-wide IT/DX training, including for both prospective and new employees

In order to enable system development and improvement to be carried out quickly by having on-site employees themselves define requirements and communicate smoothly with the systems development department, we have been providing basic DX training to all employees since FY19. We also provide programming training to graduates and new employees, regardless of whether they are arts or science majors, offering them career options as DX professionals.

### "Leaf Corporate University" makes individual skills visible and builds a system of education that is directly linked to work

We are using our own "Leaf Corporate University" service in-house. The managers of each department draw up a list of necessary skills and questions, and then each department conducts an assessment. Based on the results of this assessment, employees themselves acquire the necessary skills by attending our Open Seminars. We also use the results to create opportunities for employees to discuss their expectations from their managers and their future careers.

### Part of the succession plan, next generation management development

In FY23, as part of the succession plan, our next-generation management team members also began taking the open lecture "Learning Management Strategy from Classics". They are systematically learning the perspectives and knowledge required of management executives, which they cannot gain from their daily work.

### Training System

	Company-wide training							Each department					
	Basic	Level-specific	Career	IT/DX	Priority	Selected	Practical Skills						
Officer	Compliance education (Labor management, Copyright law, Subcontracting law, Information Security, Harassment Prevention, Human Rights)	Assessor training	Attend MTG with Investors	Career training	System Understanding Training	OA/Python training	Project Management Training	Communication training and skill building	Basic Management Training	Concurrent service as a Group company director	Organizational Education Platform “Leaf Corporate University”	OJT Training	Study sessions held by each department and team
Manager													
Deputy Chief													
General manager		Training for those being assessed	New Manager Training		Assessment to understand the current state of individuals' minds and skills								
Mid-level leader			New Leader Training										
Younger chief			Chief Training I-IV										
New Employee			New employee training Follow-up training for new employees										
Prospective employee			Training for prospective employees		Prospective employee DX training				Graduate and part-timer				
Staff			Staff training						OJT training				

【Initiatives other than the above training】  
• Development of multiple skills through job rotation • Mentor system • Company-wide digital skills study sessions (PowerPoint, Excel, latest digital tools)

### Leaf Corporate University - Providing the right content to the right people

In addition to the training management, administration, and e-Learning viewing functions, "Leaf" includes an assessment function to identify individual employees issues (by understanding the gap between "As is" and "To be"), along with more than 200 pre-installed educational programs. Employees can also sign up for training or e-Learning that correspond to the results of their assessments.







## S Contributing to Society Beyond Business

We believe that our mission is to realize a "society where people can enjoy their work" by enabling a diverse range of people to make the most of their abilities. We are committed to helping people who are working hard to expand their abilities. Our aim is to create a society in which a diverse range of people, including women, seniors, people with disabilities, and single-parent families, can play active roles. We are committed to providing ongoing support through business and unique strengths. In recent years, in particular, we have strengthened our relationship with local communities

### Project to Eliminate Period Poverty

#### Establish a new model to support donations in 2022

The COVID-19 pandemic has accelerated "period poverty," and according to a survey by the Ministry of Health, Labour and Welfare, one out of every 12 women has experienced difficulties in purchasing sanitary products. Therefore, we have launched a new support project by leveraging our relationships with 40,885 private companies and 1,289 local governments (cities, wards, towns, and villages). This project aims to end period poverty by collecting donations from companies and providing sanitary products to local governments.

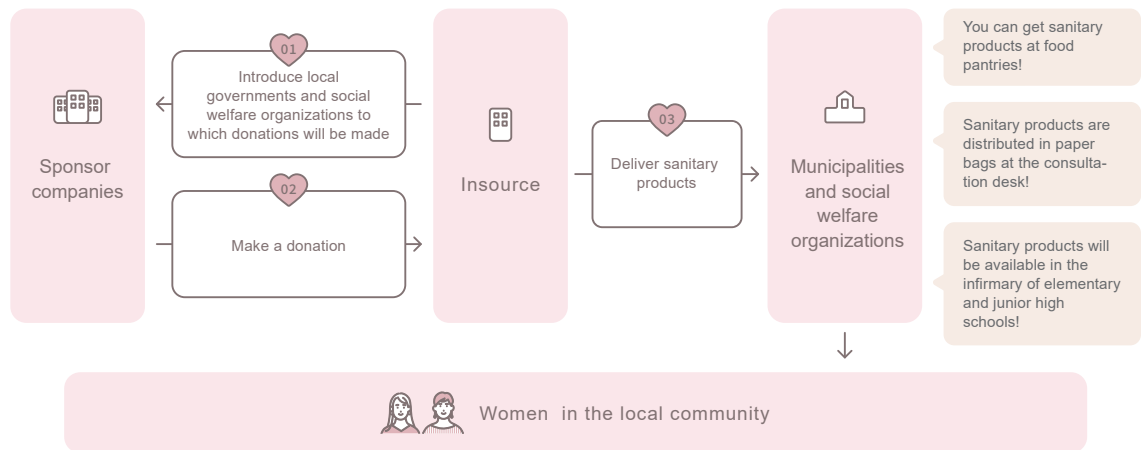
#### Helping those in need by building supportive relationships between companies and local governments

Through participation in this project, we will create opportunities for companies to engage in activities related to "S" (Society), which is one of the required ESG initiatives, and build a relationship of coexistence with the communities.

##### ■ Status of the use of donations

- Placement of sanitary napkins in restrooms at elementary and junior high schools
- Distribution at city and ward office counters
- Distribution through food pantries and "children's cafeterias" (community-based meal services for children, particularly those in need)

##### ■ Flow of the Project to Eliminate Period Poverty



### Achievements

(Unit: thousand yen, unit, pack, organization)

	Donations (Total)	Number of donation received	Number of donation packs	Number of recipient municipalities *
FY23	1,550	6	9,972	15
FY22	5,054	18	34,416	62
FY21	300	1	2,376	1

\*Cities, wards, social welfare councils, boards of education, etc.

#### ■ Participating companies (excerpt)

- Mizuho Bank, Ltd
- OHKURAYA FUDOSAN
- Mizuho Securities Co., Ltd.
- Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
- SBI MONEYPLAZA Co., Ltd.
- PAL Co.,Ltd.
- Toda Bldg. Partners Co.,Ltd.
- TAKARA & COMPANY LTD.

#### ■ Selected donation recipients (excerpt)

- Tokyo, Adachi Ward
- Tokyo, Toshima Ward
- Saitama, Saitama City
- Kanagawa, Zushi City
- Chiba, Matsudo City
- Ibaraki, Shimotsuma City
- Tochigi, Oyama City Board of Education
- Toyama, Himi City Council of Social Welfare
- Hiroshima City, Board of Education
- Fukuoka, Itoshima City



From left in the photo: Mr. AKUTSU Seiichiro, President and Representative Director of TAKARA & COMPANY LTD., Ms. TAKAGIWA Miyuki, Mayor of Toshima Ward

### Various partnerships for respecting diversity

#### Cooperation with Arakawa Ward

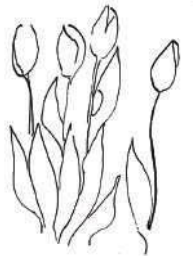
##### Support for single-parent families and women entering the workforce

- With the relocation of our Tokyo Headquarters to Arakawa Ward in March, 2021, we signed an agreement on comprehensive cooperation
- Total value of donated sanitary products : 5,201,168 yen

#### Launched e-commerce site "mon champ" in October, 2021

##### - A curated selection of high quality products from welfare organizations

- As of March 2025, a total of 19 products from 3 organizations are currently on sale
  - Profits are returned to the welfare organization that produced the goods
- We aim to increase recognition of welfare organizations and provide a sales channel through mon champ





Chief Outside Director **Hidenori Fujioka**

Outside Director **Yoshiko Niwamoto**  
【Significant concurrent positions】  
Associate Professor of Graduate School of  
Business Administration, Kobe University

Outside Director **Kohei Habara**  
【Significant concurrent positions】  
Chief Strategy Officer of GENDA Inc.,  
President and Representative Director of GENDA Capital Inc.

# G Governance that Supports Value Creation

## Interview with Outside Directors - To be a company that can continue to grow over the next 10 years

The Nomination and Compensation Committee met a total of eight times during FY23. Meetings were also held to exchange opinions with Outside Directors and 24 Directors, Executive Officers, and senior management level employees within the Group. Based on these meetings, we asked the three Outside Directors for their opinions on issues and necessary measures to ensure that Insource continues to grow in the future.

### 1. Current Issues - Accelerating Delegation of Authority

**Habara**

**Board of Directors is highly effective.  
Internal discussions need revitalization**

I have served as an Outside Director since last December, and I feel that there are many opportunities for Outside Directors to deepen our understanding of the Company and engage in somewhat in-depth discussions, as meetings are always held prior to Board of Directors meetings and opportunities are provided for us to talk to those at the front lines during opinion-exchange meetings. On the other hand, from the Board of Directors meetings and the exchange of opinions, I have the impression that all of our Internal Directors are highly competent but somewhat reserved.

**Fujioka**

**They are capable. I want them to show ownership**

I agree with you on that. Among the people I spoke with at the opinion exchange meeting, some of them have the ability so I would like them to have more ownership. They have an accurate grasp of the issues and know how to deal with them, but beyond that, I sometimes sense a bit of hesitation or consideration in whether or not they will actually carry out.

**Habara**

**Holding discussion from diverse perspectives  
leads to better performance**

There is no doubt that President Funabashi's decision-making has helped the Company grow over the past two decades, and that in itself is not a bad thing. On the other hand, in order for the Company to continue to grow, it is necessary to create an environment and corporate culture in which employees are not reserved about the current president's leadership, but rather actively communicate and discuss. Whenever a proposal arises, I feel that it is necessary to have a process to exchange opinions from various perspectives, such as sales, finance, and systems, as professionals in the respective fields. I believe that repeating such discussions will increase the number of people who have a perspective of the entire group and consolidated management, which will in turn lead to improved business performance.

**Niwamoto**

**Realizing more strongly the importance of the  
organization's life cycle**

We talked about the organizational life cycle at this roundtable a year ago, and over the past year I have become even more aware of its importance. In the monthly meeting with two people to exchange opinions, I feel that many people are drawing the line on their responsibilities and authority, saying, "This is as far as I can do," and I assume that the president has such a large influence on them. Looking 10 years into the future, I think it is necessary to first change the mindset of those close to the top to be more assertive without reservation over the next five years, and to support the transfer of authority that will encourage this change.

**Habara**

**Now is a good time to select and transfer  
authority to subsidiary executives**

I believe that the Company policy is to strengthen the establishment of subsidiaries after October 2023, and to select subsidiary executives one after another and entrust them with the management of the Company. In fact, many executive officers and subsidiary directors have been appointed since October 2023. While there is an aspect of gradual transfer of authority there, President Funabashi is currently the representative director of each company.

President Funabashi is acting as a supporting wheel, looking after the entire management while leaving the responsibility to the next generation, and I feel that it is necessary to gradually remove this supporting wheel. The next generation of President Funabashi, the founder of the Company, is gradually ascending, and I think now is a good time to do so.

**Fujioka**

**Let them experience company management,  
including cash flow**

That's right. When you manage everything, including cash flow, so-called company management, that's where you see things.

**Summary of the meeting for exchanging opinions between Outside Directors and the next generation of management members**

■ **Purpose**  
To strengthen the understanding and involvement of Outside Directors with the Company's business

■ **Target**  
• Two people per session (60 minutes x 2 people) once a month  
• Directors and Executive Officers responsible for each department (including group companies)

■ **Details**  
• Each session will be led by a selected member who will give a presentation on the current situation and future challenges and initiatives in their department or the Company  
• Question and answer session and discussion with Outside Directors

### 2. Looking to the future - optimal organizational structure, verbalization and transmission

**Fujioka**

**Simplify the organizational structure. Too many  
concurrent duties complicate things**

I expect that the organizational structure, specifically the issuance of concurrent positions, organizational arrangement, and division of duties, would be a little simpler. I understand that many of the current Directors and Executive Officers hold concurrent positions. It can be said that many of them are that competent and powerful in multiple fields, and this may be an effective aspect of having a broad perspective as a member of the management team. However, when there are many people holding concurrent positions, it becomes difficult to see who has authority and responsibility to what extent.

**Niwamoto**

**Authority and responsibility are one set.  
Refine the organizational structure**

That's right. When we think about how to implement the transfer of authority, we need to refine the organizational structure because authority and responsibility are a set. Currently, I feel that the organizational structure is somewhat complicated when compared to the size of the organization.

**Fujioka**

**Urgent need to improve personnel system  
with involvement of Nomination and  
Compensation Committee**

It is necessary to improve the personnel system so that responsibility and authority can be clearly defined. The Nomination and Compensation Committee would like to be involved and help in this process.



**Habara**  
**Shape the appropriate structure through our initiatives**

Both Ms. Niwamoto and Mr. Fujioka mentioned, I think that the organizational structure is something that we are going to work on one by one to make it appropriate in the process of succession.

**Fujioka**  
**Speed up the succession plan by considering number 2 as well**

Regarding the succession plan, it is necessary to speed up the process, not only for the president, but also for the number two and others who will support him or her. Along with this, the transfer of authority should proceed together.

It is doubtful that the next generation has the same sense of risk as the current management team.



**Habara**  
**To achieve 10% market share, it is essential to have a strong business model + inherit non-verbalized management know-how**

Although we have an excellent business model, it is not easy to continue to achieve double-digit annual growth as we have done in the past.

In order to take advantage of this business model and reach the 10% market share that the president has set as his goal, the most important task is to verbalize the know-how that has not yet been verbalized, and to pass it on to the next generation.



**Fujioka**  
**Moving on to the next stage of growth while maintaining the “ability to respond to change,” which is an asset of the organization**

We have people who are serious, solid, and capable, and we have the ability to move forward quickly in the direction we have decided to go, working as one across divisions.

When starting a new business or making innovative business improvements, other companies often have problems with resistance to change, but I do not hear such comments at Insource I believe this is a tremendous strength and asset of our organization.

The Nomination and Compensation Committee will do its utmost to ensure that the company will continue to grow over the next ten years by taking advantage of its "ability to respond to change."



<Notes> Please also see page 59 for succession planning

**G Corporate Governance**

We will also thoroughly implement corporate governance ahead of other companies in Japan.

Currently, overseas investors hold approximately 20% of our shares (as of the end of September, 2024), and we receive many opinions and suggestions regarding sustainability and ESG from overseas standards. We are also holding discussions within the Company and improving our internal situation.

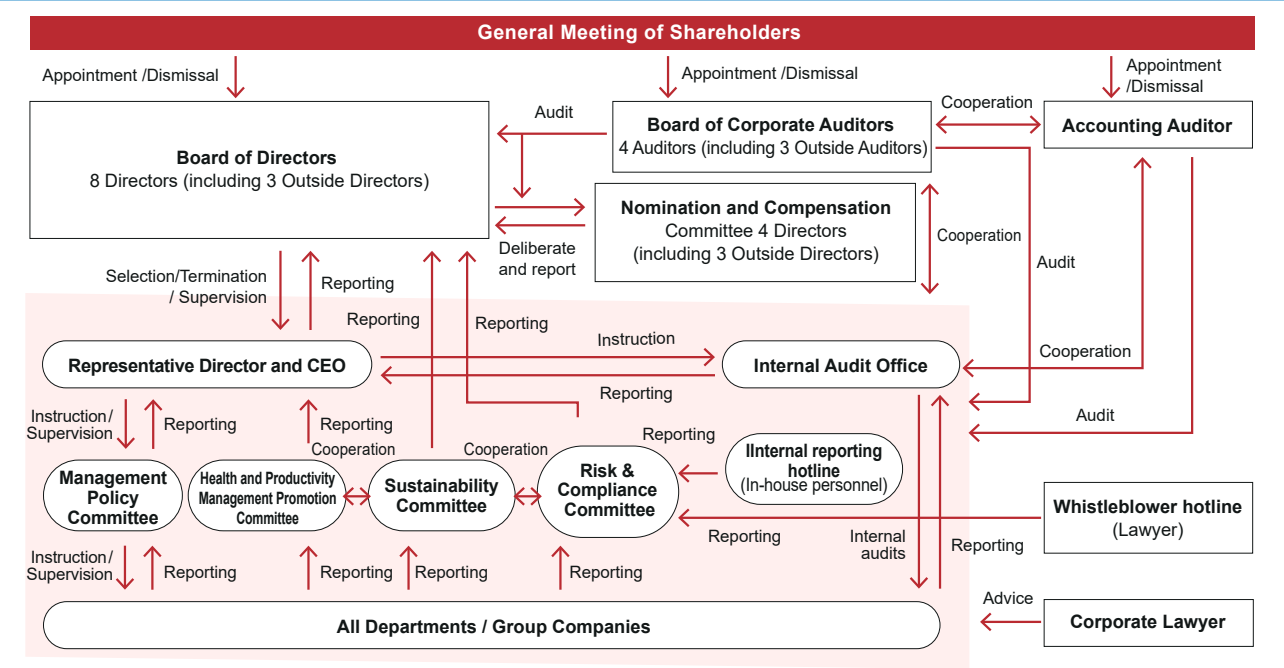
In addition, we believe that our ongoing process of strengthening governance will also contribute to solving the issues faced by domestic companies as a business,

and will lead to an increase in the strength of Japanese companies in the stock market.

Therefore, based on our basic approach to corporate governance, we will continue to work towards (1) streamlining our management structure to enable speedy decision-making and business execution, (2) establishing a corporate governance structure that aims to conduct corporate activities based on sound ethical values in harmony with society, and (3) the establishment of an optimal management control system that will revitalize the Board of Directors and provide highly effective supervision of Directors.

For details, please refer to the "Basic Policy on Corporate Governance".  
[https://www.insource.co.jp/en/ir/sustainable\\_governance.html](https://www.insource.co.jp/en/ir/sustainable_governance.html)

**Status of Corporate Governance** (As of the end of December, 2024)



**Status of Corporate Governance** (As of the end of December, 2024)

	Chair/Committee Chair	Structure					(Reference) As of 2017 Total no. of Directors (no. of women)
		No. of Directors	Internal Director	Independent Outside Director	Auditor	Female Director	
Board of Directors	Takayuki Funahashi Representative Director, President and CEO	8	5	3	4 *Not included in the total	2 *Excluding auditors	6 (1)
Management Policy Committee	Takayuki Funahashi Representative Director, President and CEO	66	5	—	—	13	28 (4)
Nomination and Compensation Committee	Hidenori Fujioka Independent Outside Director	4	1	3	—	2	—
Sustainability Committee	Kumiko Kawabata Director, Managing Executive Officer	10	1	—	1	3	—
Risk & Compliance Committee	Takayuki Funahashi Representative Director, President and CEO	24	5	3	4	4	13 (2)

Functions in the Governance Structure (Number of members as of the end of December, 2024)

Name	No. of members	Details	No. of meetings held in FY23
Board of Directors	• Chair: Takayuki Funahashi Representative Director, President and CEO • Members: Directors 8 including 3 Outside Directors/ 2 female Directors	As a management decision-making body, the Board of Directors makes resolutions on important matters in accordance with the Board of Directors Regulations and Rules on Administrative Authority, and outside directors provide advice and supervision to the Board of Directors from an outside third-party perspective. With regular monthly Board of Directors meetings, extraordinary meetings are held as necessary.	No. of meetings: 17 Attendance rate: Directors: 100% Auditors: 100%
Board of Corporate Auditors	• 4 Auditors including 3 Outside Auditors, including 1 full-time Auditor	With regular monthly meetings, the Board of Corporate Auditors holds extraordinary meetings to review the status of audits and audit results, and to share information among the corporate auditors. We conduct effective monitoring by exercising legal authority, such as attending important meetings and receiving reports from related parties at branch offices.	No. of meetings: 15 Attendance of auditors: 100%
Nomination and Compensation Committee	• Chair: Hidenori Fujioka, Outside Director • Members: 4 Directors including 3 Outside Directors/ 2 female Directors	The Committee, an advisory body to the Board of Directors, is responsible for deliberating the selection and dismissal of directors and executive officers of the Company and its group companies, as well as their compensation and succession plans, from an objective and fair perspective.	No. of meetings: 8 Member attendance rate : 96.9%
Risk and Compliance Committee	• Chair: Takayuki Funahashi Representative Director, President and CEO	For risk management and compliance promotion, the committee is chaired by the Representative Director and implemented by directors, corporate auditors and persons appointed by the Chair.	No. of meetings:4 Member attendance rate : 100%
Sustainability Committee	• Chair: Kumiko Kawabata Director, Managing Executive Officer	The Committee meets quarterly to promote sustainability, contribute to society and the global environment, and enhance corporate value over the medium to long term. We select themes and set targets for sustainability-related activities, confirm the progress of "task forces," which are cross-departmental teams under the Committee, to disclose information.	No. of meetings: 4 Member attendance rate : 100%
Health and Productivity Management Promotion Committee	• Committee Chair: Kumiko Kawabata Director, Managing Executive Officer	In order to maintain and improve the physical and mental health of our employees, personnel in charge of health promotion from the Group's HR and General Affairs Department will take the lead in working with the Safety and Health Committee, corporate physicians, and others to select themes for health promotion activities, set goals, check the progress of individual activities, and promote the disclosure of information related to Health and Productivity Management.	No. of meetings: 4 Member attendance rate : 100%
Internal Audit Office	• 1	The Internal Audit Office, under the jurisdiction of the Representative Director, prepares an audit plan for each fiscal year and conducts operational audits in accordance with that audit plan. Results are reported to the Representative Director promptly after the audit is conducted.	—

Evaluation of the Effectiveness of the Board of Directors

The Board of Directors is composed of individuals with a variety of knowledge, experience and abilities, and we strive to ensure an appropriate level of diversity and size while also considering the overall balance.

In addition, in order to improve the function of the Board of Directors, we conduct a questionnaire on the effectiveness of the Board of Directors once a year for all Directors and Auditors.

In FY23, in addition to “ timely and accurate disclosure of information with high added value for users, including not only financial statements but also non-financial

information (monthly KPI, etc.),” which has been highly rated in the past, the report received high marks for “Bord of Directors' fulfillment of its roles and responsibilities,” and for "development of frameworks and initiatives to promote dialogue with shareholders, including institutional investors." On the other hand, issues were found in “initiatives for individual shareholders,” “sufficient discussion of particularly important topics (management strategy, governance structure, risks, etc.) at the Board of Directors meetings,” and "composition of knowledge, experience, and abilities of Board of Directors members."

FY21	FY22	FY23
<Issue> • Active involvement and supervision in the formulation and operation of succession plans of the CEO and other executives	<Issue> • Enhancing communication between internal and external Director	<Issue> • Initiatives for individual shareholders • Insufficient discussion on important matters at the Board of Directors • Composition of knowledge, experience, and competence of the Board of Directors members
<Response to the above issues> • Further collaboration and enhanced discussions between the Board of Directors and the Nomination and Compensation Committee	<Response to the above issues> • Regular monthly meetings are held between Outside Directors and Outside Corporate Auditors and internal Executive Officers and those responsible for business operations to exchange opinions	<Response to the above issues> • Conduct sufficient discussion at Board of Directors meetings

Succession Plan

In October 2022, the Company decided on the terms of office for its directors. In line with this, the Company is deliberating and promoting the succession plan framework under the Nomination and Compensation Committee led by an Outside Director in order to ensure a smooth succession to the next Representative Director and management team.

Creation of management talent through proactive spin-offs

Our Company, which values “continuing to grow by constantly adapting to changes in society,” is considering the next generation of management from a variety of perspectives without being bound by stereotypes.

We will actively increase the number of group companies by clearly defining the terms of office of directors and increasing the number of executive officers throughout the Group, mainly in their late 30s to early 40s, and assigning them tough tasks. By spinning off companies, we aim to give our successor candidates and next-generation management candidates knowledge of management, hard experience, and determination.

Education that contributes to management decisions with the keyword “everyone is the president”

We provide education to the next generation of management candidates with the keyword “everyone should think like a president”.

In FY23, two new group companies were established. In addition, nine new Executive Officers of Insource itself and nine new Directors and Executive Officers of group companies were appointed. The newly appointed Executives have management experience at Insource and its group companies. They also have continued to attend our Open Seminars "Learning Management Strategy from Classics" series.

Along with internal human resource development, we are also continuing to search for suitable candidates outside the company for the next five years.

FY23: Main deliberation items and activities of the Nomination and Compensation Committee regarding succession plans

Deliberation on the election and dismissal of Directors and Executive Officers	Nine new Directors and Executive Officers of Insource and its group companies were elected. The candidates' backgrounds, qualifications and expected roles will be discussed.
Discussion on clarification of requirements for Executive Officers	Clarification of role requirements for executive officers and discussion/improvement of compensation tables
Discussion on the management of meetings for exchange of opinions with Outside Directors	Discussion on how to improve the effectiveness of meetings for exchanging opinions between Outside Directors and division managers, which have been held since FY22, in order to make them more effective from FY24 onward.

### Our next generation of management is also attending - Open Seminars “Learning Management Strategy from Classics” Series

**Learning from Famous Classics strengthens management skills and leads to the ability to create new businesses and systems**

Books that are considered classics are full of past examples and management theories that business owners and executives should know. By reading and understanding these examples and the thoughts of business owners, one can learn about the strong leadership and problem-solving abilities of their predecessors. Furthermore, by examining and contemplating these examples in the context of one's own organization, one can gain extremely valuable experience that is not usually possible to accumulate until one becomes a business owner.

**■ Target**

•Executive management and management candidates    •Core human resources and management candidates

•Managers and others who will play an increasingly active role in the organization

**■ The “Learning Management Strategy from Classics” series currently being held and the textbooks used**

Textbooks	Future-oriented Strategic thinking	Sense of mission Leadership	Vision-building skills Conceptual skills	Productivity improvement Problem solving
"New EditionStrategic Management and Competitive Advantage: Concept (Volume 1, 2, 3)" Jay B. Barney/William S. Hesterly (DIAMOND, INC.)	◎	○	○	△
"Toyota Production System: Beyond Large-Scale Production" Taiichi Ohno (DIAMOND, INC.)	△	◎	○	◎
Moments of Truth: New Strategies for Today's Customer-Driven Economy" Jan Carlzon (translated by Tsutsumi Yūji) (DIAMOND, INC.)	△	◎	◎	○

◎=most suitable ○=suitable △=good



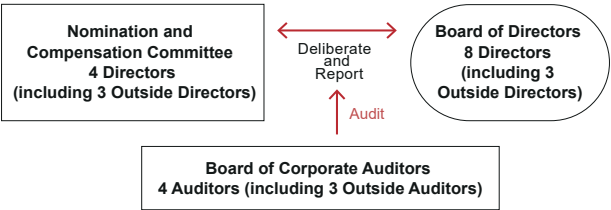
Compensation of Directors

In deciding the compensation of Directors of the Company, the Representative Director is delegated the authority to determine the specific details based on the resolution of the Board of Directors, and such authority includes the amount of base compensation and performance-linked compensation, etc. for each Director, as well as the amount of non-monetary compensation.

Basic Policy

- To link compensation to corporate performance in a manner that fully functions as an incentive to sustainably increase corporate value
- To set an appropriate level of compensation based on the roles and responsibilities of each Director

Structure of the Nomination and Compensation Committee



Compensation Structure Ratio

Titles	Base compensation	Bonus	Stock-based Compensation
Representative Director	30%	50%	20%
Directors (excluding Outside Directors)	60-70%	20-30%	10%
Outside Directors	100%	—	—
<Reference>Executive Officers Representative Director of Subsidiaries	60-80%	15-35%	5%

\*In case of 100% achievement of performance indicators (KPI) to raise awareness of the need to improve performance for each fiscal year

Maximum Amount of Compensation for Directors and Auditors

- The maximum amount of compensation for Directors is 200 million yen per year (including 20 million yen for Outside Directors)
  - The total amount of monetary compensation claims for transfer-restricted stock compensation for Directors (excluding Outside Directors) is 40 million yen per year, within the above limit
- The maximum amount of compensation for Auditors is 30 million yen per year.

FY23: Main deliberations and activities of the Nomination and Compensation Committee regarding Executives' compensation

Deliberations on the process for evaluating Executives and determining bonus amounts for 1H and 2H	Regarding bonuses, which are performance-linked compensation, we confirmed that transparency and fairness are ensured with respect to each executive's self-evaluation and evaluation by his/her supervisor, as well as the final evaluation and the process for determining the amount of bonus to be paid.
Deliberations on improving the executive evaluation process	Discussion and improvement of evaluation ranks in executive evaluations and how to evaluate activities to improve mid- to long-term performance

In order to ensure objectivity and transparency regarding the amount of remuneration for directors, the Nomination and Compensation Committee, which was established in FY21, receives advice from the Board of Directors and deliberates on the appropriateness of such compensation. The Nomination and Compensation Committee consists of the Chair and a majority of the members who are Independent Outside Directors.

Compensation and Eligibility

- The three parts of compensation are "base compensation," which is fixed compensation, "bonuses" as performance-linked compensation, and "stock-based compensation" as non-monetary compensation
- Directors receive base compensation, bonuses, and stock-based compensation
- Outside Directors, who have supervisory duties, are paid a base salary in consideration of their duties

G Risk Management

In recent years, risks of unprecedented scale have emerged, including infectious disease pandemics, cyber attacks, international conflicts, and natural disasters. Our group regularly reviews the identification, evaluation, and countermeasures for risks. We are not afraid of risks, but our stance is to consider them statistically and make calm decisions. Our risk countermeasures (preventive measures) are as follows. When a crisis occurs (when a risk materializes), we respond immediately to minimize the damage.

Common risks in all business areas

Category	Item	Possible risk and effect	Countermeasures
Risks to the Business Environment	COVID-19 and Other Infectious Diseases	The spread of the infection may result in restrictions on business activities and the postponement or cancellation of training.	In light of the possibility of outbreaks of infectious diseases, we take 8 countermeasures including reducing the number of participants to half and installing droplet-proof sheets in the On-Site Training venues, and continue to provide online training.
	System Failures	If communication networks or servers become unavailable due to unforeseen problems, the Group may not be able to provide its services.	The services we provide and the internal operations make advanced use of computers and Internet technologies, and are highly dependent on telecommunications network services operated by telecommunications carriers. We use a highly reliable cloud service infrastructure for our services to customers, and for the main locations where our online seminar rooms are installed, we make available communication networks provided by multiple carriers.
	Security	There is a risk of unauthorized access to or erasure of important data, such as customer personal information, due to criminal intrusion or employee error, which could lead to claims for damages.	The Group has security measures in order to guard against hackers, computer viruses, and other threats. No problems have arisen at this time. However, we will continue to enhance security measures to deter future occurrences.
	In-house System Development System	If progress in system development is delayed due to inability to secure human resources, efficient internal operations may be hindered.	The Group will continue to hire and train engineers and actively promote the systemization of internal operations. In addition, as we expand our businesses, we will promote internal DX training for non-engineers and continue to improve our operations. → See "Management Base: System Development Capability" on page 70.
Risks to Our Group's Business	Products and Services	If we are unable to maintain our competitive in developing diverse new content or in offering low-cost HR and administrative support services, our Group's financial performance could be affected. which is offered inexpensively, or create diverse new content, our group's business results could be affected.	In order to maintain our advantage over our competitors, we have divided our work between trainers and content creators, and we provide the latest and customized content at a high speed. In addition to content, we maintain our competitive advantage by providing comprehensive services related to the implementation and operation of education, including educational infrastructure and assessments. → See "Management Base: Content Development Capability" on page 66.
	Web-based Sales Activities	If the number of web page sessions were to decline due to unforeseen events, the effect of the Group's sales promotion could be reduced.	We will continue to expand and improve our web pages to enhance the sales promotion effect in our sales activities. → See "Management Base: Sales Force" on page 72.
	Intellectual Property Rights	If a malicious third party imitates our services for our original content, it may hinder our business development.  If a third party's intellectual property rights or portrait rights are infringed, the Group may lose social credibility and incur losses due to compensation, our group's business performance may be affected.	The Group's business is based on the development of original content for training, and we believe it is important to secure intellectual property such as copyrights and trademarks. Our group is committed to protecting and preserving our trademark rights and clearly stating our copyrights, as well as the technologies and know-how we have developed. We take the utmost care to avoid infringing on trademarks, copyrights, and other intellectual property rights belonging to third parties, as well as portrait rights, by investigating rights relationships in advance. Although no problems have arisen at this time, we will continue to conduct internal training to prevent future occurrences. → See "S Human Capital" on page 50.
	Trainers Securing	If we are unable to secure trainers who have the skills, knowledge, and experience required by the Group to provide training under appropriate contract terms and conditions, there will be a serious problem in the implementation of training.	One of the most important factors in determining the success or failure of a training program is the quality of the trainer. To ensure quality training, it is essential to have trainers with the right skills, knowledge, and experience. The Group will continue its efforts to secure such trainers.
	M&A	If, after the M&A, problems that the Group is not aware of become apparent, or if for some reason the business development does not proceed as planned, the value of the target company's shares or the transferred assets may need to be written down, or the Group's performance and financial position may be affected.	The Group believes that it is possible to supplement and strengthen the Group's business by conducting M&A (such as acquisition of subsidiaries, acquisition of businesses, and capital participation), and actively promotes M&A. In doing so, we strive to avoid as much risk as possible by conducting detailed due diligence on the target company and its business conditions as well as financial, tax, legal, labor, and other factors, gathering information considered necessary and sufficient for decision-making, and carefully examining and considering investment efficiency.
Risk from Competitors	Entry by competitors	If a company in a field different from the training business establishes a business model that causes a paradigm shift in training and enters the market, the Group's sales activities may be hindered and the Group's business performance may be affected.	In order to achieve sustainable growth, we will maintain and enhance our competitiveness by maintaining a diversity that can flexibly respond to change and by continuing to refine our IT capabilities to improve operational efficiency, which is the essential element of our business model. → See "Value Creation Process" on P.64.

Sustainability-related risks

Our group has selected five items that are events that will have an impact from a medium- to long-term perspective and risks that should be recognized even though they occur infrequently. Please see the list on the right. We will conduct regular monitoring of these risks and work to avoid their occurrence and respond to them if they should occur.

Sustainability-related risks
Human rights violations
Damage to offices and servers due to large-scale natural disasters
Occurrence of bribery and corruption
Loss of training opportunities due to the spread of Generative AI
Cost increases due to changes in the external environment.

Risk Management System

Our Group’s enterprise-wide risk management is conducted under internal regulations. Oversight is provided by the Risk and Compliance Committee—chaired by the President and CEO—and executed in collaboration with the Internal Audit Office under the Representative Director’s jurisdiction. The Risk and Compliance Committee defines and evaluates operational risks using a two-axis matrix of frequency and importance.

The risks expected to arise from new business or changes in the environment are regularly identified and added to the list or updated with the status of the response. The Internal Audit Office also conducts internal audits of the Group and serves as the administrative office of the Risk Compliance Committee.

Development of a Risk Culture

While our Group is committed to developing new services and changing business processes on a daily basis in response to changes in society's needs, we also believe that it is essential to develop a thorough risk management mindset and acquire skills as a foundation for this. For this reason, the personnel evaluation system includes items related to risk management.

In addition, we ensure that employees are well informed and instructed so that any risks that arise are promptly reported to the Internal Audit Office, and the events, causes and countermeasures are shared with managers throughout the Group. Furthermore, we have a system in place that allows employees who detect and report risks to be evaluated based on the number of reports they make. Through these measures, we are working to prevent recurrences and develop a risk management mindset.

Compliance education for all employees

The Group regards compliance as one of the most important management issues and ensures that each and every executive and employee is aware of the importance of compliance in his or her daily work. In July 2024, the Group established the Basic Anti-Corruption Policy, which applies to all employees, in order to minimize the risk of corrupt acts by executives and employees, including embezzlement and breach of trust, violation of laws and regulations such as insider trading, violation of human rights such as harassment, and bribery.

In addition, in October of the same year, we formulated the “ Insource Group Compliance Code of Conduct” based on the “Basic Compliance Policy” to provide all employees with guidelines and standards of conduct in the performance of their work duties. As for compliance education, we provide videos and review tests on our “Leaf” every year, and the participation rate is 100%.< Topics covered >

- Human rights
- Harassment prevention
- Insider trading prevention
- Information security
- Copyright law
- Subcontracting law
- Labor management
- Corruption prevention

Dialogue with Shareholders and Investors

We recognize that IR activities are one of the most important activities for sustainable growth and enhancement of corporate value over the medium to long term. In addition to appropriate information disclosure, we will promptly share evaluations and feedback from shareholders and investors within the company and reflect them in our management and IR activities.

We will promote thorough company-wide visualization to build firm trust

We are committed to proactive information disclosure. We believe that we can build trust with investors by continuing to thoroughly "visualize" our business activities. In the FY23, we published 202 news releases, including monthly performance indicators (KPIs). News releases are drafted not only by the PR and IR staff, but also by employees in various departments, such as the Content Development Department and Group

Sales Management Office, depending on the content of the release. Each and every employee is committed to pursuing accountability with a sense of ownership. We also disclose monthly performance indicators, frequently asked questions, and English translations. We will provide necessary information in a timely manner to enhance our information and dialogue with our shareholders and investors.

Activities

Holding Regular General Meeting of Shareholders

- Exercise of voting rights in writing and via the Internet
- Online shareholder meeting

Information Disclosure

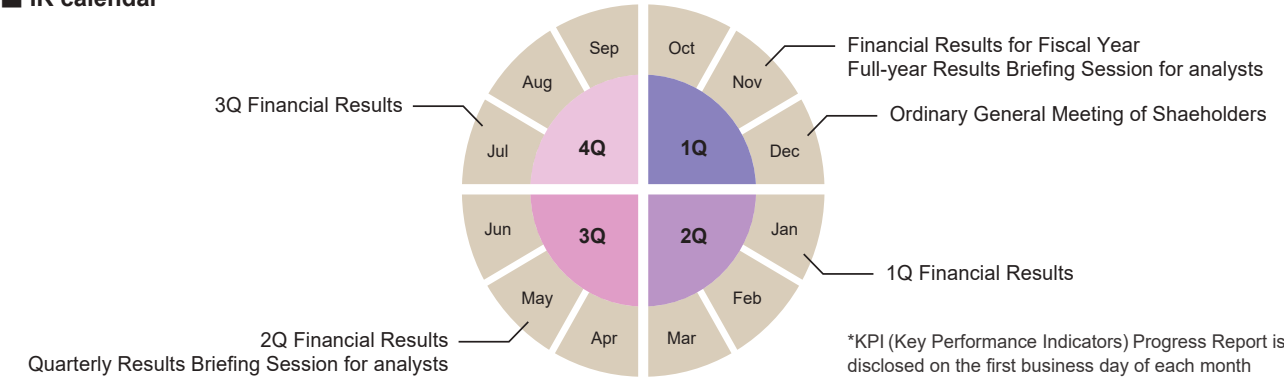
- Voluntary disclosure of monthly KPI (performance indicator) progress (first business day of each month)
- News releases of new content and services, etc.
- English disclosure (financial results and related materials, monthly KPI, and other timely disclosure information)
- Disclosure of Q&A (answers to questions from investors)

Dialogue with domestic and foreign institutional investors and analysts

- Financial results briefings (2Q, 4Q) and conference calls
- IR meetings: Dialogue mainly online
- Analyst Coverage by four companies

Company	Analyst
SBI Investment Co., Ltd.	Norimasa Morimoto
Tokai Tokyo Intelligence Laboratory Co., Ltd.	Tatsuo Majima
Pelham smithers associates Ltd.	Hiroyuki Terada
Morgan Stanley MUFG Securities Co., Ltd.	Katsumi Arai

IR calendar





Value Creation Process

Solving Social and Clients Issues Thoroughly

Purpose Solving Social Issues

Insource Group will contribute to solving issues faced by individuals, organizations, and society through its combined strengths. We will realize a society where all people are given equal opportunities and can maximize their individuality and abilities.

Philosophy

We will create a society in which everyone considers their work meaningful and feels fulfilled at work.

Management Resources for Creating Value

Business Model for Creating Value

Business Activities

Materiality

Diverse Human Resources

Enhancement of Human Capital  
P.50~

Insource Culture "Speed and Focus"

Broad Client Base

Stable Financial Resources

Database of Client Issues



Medium-term Management Policy

Business Portfolio Diversification

Financial Policies P.38~



Three-year Business Plan P.20~

Three-year Business Plan

ROAD TO NEXT 2027

Organizational Transformation & Market Expansion

1. Establish new West Tokyo Sales Headquarters and accelerate competition among six regional divisions.
2. Broaden our customer focus from HR and training departments to all organizational units.

Content & Digital

We will concentrate on the development and branding of our core content IP—particularly in the DX domain.

New Initiatives

1. Launch "Insource ENERGY Partner," our first customer loyalty program.
2. Publish "Intern Bus," an internship information magazine.

Adapting to Market Changes

We will strengthen sales and promotion efforts in recession-resistant sectors.

Winning Patterns

We will build company-wide expertise in large-scale public-sector procurement (bidding and proposal) processes.

ESG+Performance Management



# Management Base : Content Development Capability



- 1 Create best products based on the clients' needs
- 2 Deliver high-quality, affordable content to society as quickly as possible
- 3 Provide a wide range of contents with various delivery methods

## 1. Create best products based on the clients' needs

Q What are the features of Insource's contents?

A We create a customized content based on the clients' problems and the attendees' concerns.

### We provide practical, on-the-job frameworks

Since our foundation, "always responding to clients' needs" has been our priority. We also consider the concept of content development to be "useful from tomorrow". For this reason, our training programs are not designed to unilaterally present our ideas and theories to attendees. Based on the problems and concerns of our clients, we have carefully selected frameworks and know-how necessary for actual work, and designed mainly for exercises.

### Analyze real "problems" attendees have and create training content

When preparing training materials, we ask attendees to fill out a questionnaire in advance to find out what they are struggling with and what they are trying to do to solve their problems in the actual workplaces. All of this questionnaire information is stored in our database, which currently contains more than one million data records. Content creators use the questionnaire results to create training based on the theme needed by the attendees. This insights is truly our asset.

### On-Site Training can be flexibly customized to fit any industry, job category, and type of attendees

As mentioned before, we emphasize "conveying content that can be immediately put into practice in the workplace" so that attendees can experience the "joy of working" through the training. Therefore, we offer flexible customization of the On-Site Training. For example, even in the same complaint handling training, each industry and its companies have different complaint situations. Parts are created on a case-by-case basis to suit the job and type of the attendees, such as for sales representatives at an electric power company or for station staff at a railroad company.

## 2. Deliver high-quality, affordable content to society as quickly as possible

Q What are the strengths of Insource's content?

A Our content is affordably priced, up-to-date and precisely tailored

### Mass-producing content quickly using a "division of work method"

With regard to contents, we place the greatest emphasis on "always being the first to offer something new." Educational themes have fads, and in order to sell, we have to develop contents faster than our competitors. By adopting a "division of work method" between trainers and textbook development, we have achieved a system that allows us to mass produce contents at high speed. All of the contents we create are stored in a database, and content development creators can search for and use parts they created in the past. By "standardizing" the process of creating textbooks, which tends to rely on individual ability and can easily be personalized, we have achieved a mass production system.

### Spare no expense in R&D and adopt a long tail sales strategy

No matter how niche the need is, we spare no expense in developing content. If we receive an inquiry that says, "We have a problem related to XXX," and there is no corresponding content, we will create contents from scratch. As a result, the number of contents in the On-Site Training has led to a total of 4,522 titles. In addition, once the content is created, it is posted on a Web page so that it can be provided to other clients. Not only do we wait for clients' requests, but we are also constantly creating new contents.

### Existing contents are also updated daily based on questionnaire results

We believe the content business is entertainment, and it is important to keep our clients "never get bored". Therefore, we brush up the existing contents many times based on the results of feedback and questionnaires from the trainers and clients. The results of the questionnaires are shared with all employees on a daily basis via e-mail from the system, and a rule has been established that the person in charge must improve any low evaluations. In addition, we brush up our training to keep up with social trends. For example, our new employee training is revised every year to reflect the changing perspectives and work styles of the times. In 2025, we added a career plan to aim for in the second and third years and the benefits of continuing to work at the same company to prevent early job turnover.

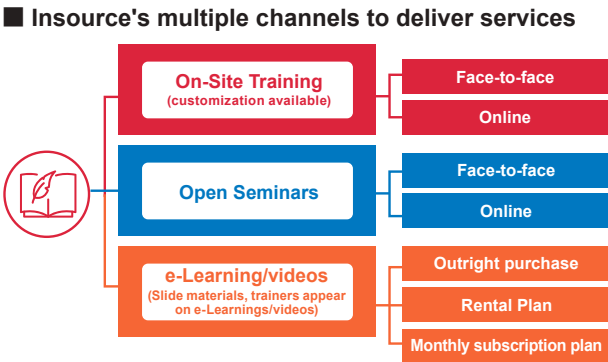
### Education should be an affordable commodity

We also emphasize "affordable price" in order to deliver our content to more clients. No matter how specialized or advanced, education should not be an expensive service. We believe that our services should be as accessible as daily necessities, so to speak. Therefore, by fully utilizing IT and keeping development and supply costs down, we are able to offer affordable pricing.

## Provide a wide range of content through multiple channels

### Deliver content through various delivery methods

Programs developed through On-Site Training are also used in our own Open Seminars, and are further developed into e-Learning and video materials. We use the same content in a variety of formats to keep development costs low. Also, amid the COVID-19 pandemic, we have launched new online training and e-Learning/video rental plans. We use our multi-channel approach to meet the budgets and needs of our clients.







# Management Base : Culture INSOURCE CULTURE

**Q** What defines Insource Group’s employees?

**A** We face social issues with sincerity and respond swiftly as one team.

**To solve social issues**

Insource has many members who have a strong desire to solve human-centered social issues. Regardless of each other's backgrounds and experience, we are a group of kind and friendly members who are "willing to talk to those in need" and "willing to teach".

**United with diversity, we act with speed**

Our members with diverse values share a common understanding that we can win if we all move quickly. We believe that this is a common understanding that has

arisen from the fact that the work of all departments is quantified as KPIs, making it easy to feel the relationship between one's own actions and business performance, company-wide events held regularly, and the experience of overcoming many crises with organizational strength.

- Inquiries are answered within half a day as a rule
- Even if a request for training to be ready in three days is received, we will do our best to respond to it through cross-departmental cooperation

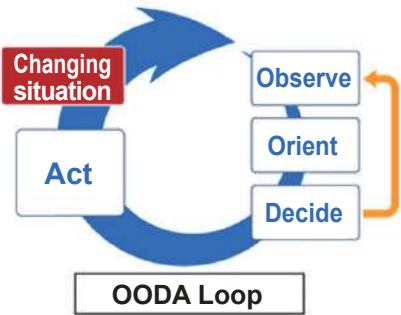
**Q** Which guiding principle does Insource follow?

**A** We follow the OODA model, the decision-making process of the U.S. Marine Corps.

We practice the "OODA model", which is an easy-to-understand theorization of the decision-making process of the U.S. Marine Corps. It is OK to fail, but we need to keep moving. If we do not get results, we change course immediately. By running the OODA loop rapidly — both across the organization and by each individual— on a daily basis, we strengthen our resilience and responsiveness to change.

**1. Observe - Accept without preconception**

We think from the client's perspective  
All content development and service offerings begin by identifying client challenges. To ensure we capture every need in real time, we record and analyze inquiry trends and negotiation details—storing these insights in our centralized database.



- Conduct weekly content development meetings to develop new contents
- If we do not have suitable services needed by the client, all departments will put heads together to develop it from scratch

**2. Orient - Oriented by "inspiration" from information**

Share the information with the entire company  
The source of inspiration is information. For example, information collected through questionnaires from attendees and interviews conducted by sales representatives is disseminated to the entire company on a daily basis, and social trends are also shared. At company-wide morning meetings held twice a week, each department presents KPI progress, good business cases, and kaizen (improvement) information.

- Younger employees introduce a useful tool to reduce time spent creating emails to the entire company
- At sales meetings, from first-year employees to Executive Officers fill in the "Information Sharing/Spread Information Horizontally (share information regardless of their job titles)" column and share it

**3. Decide - The key to judgment is whether the content, quality, and price meet clients' needs**

Pursuit of quality without compromise  
As client needs and social conditions continue to change, we brush up our services and content in response to these changes; therefore, we quantify all quality, and all feedback from clients and attendees is made public on the website as well. We have established a system that does not allow "compromise" or "cheating" of services and contents by allowing people outside the company to view our website.

- Sales representatives, trainers, and content creators work together daily to find the best solutions
- Training evaluations are posted daily on the website, and individual program evaluations are disclosed to the public

Consider cost-effectiveness  
We emphasize not only the content and quality of our services, but also the appropriate price and means to provide those services. To achieve this, the cost of providing services is reduced by automating simple, repetitive tasks and by immediately systematizing tasks that are found to be prone to error.

- Whenever a new project is launched, engineers are also involved to discuss "structuring," "standardization," and "automation"
- Mistakes and troubles are shared among managers as "seeds for improvement." Add or improve system functionsthat can be prevented by applying IT

**4. Act - Act immediately. Return to "observation" state if the situation changes**

Each employee acts proactively and promptly  
Each department has KPIs for the amount of action. All of us are committed to building our business performance through each and every one of these steady actions. We flexibly change the priorities of KPIs as situations change.

- Share daily sales KPIs and progress towards targets with the entire company
- KPIs for the amount of action are set in each department  
Example: 10 press release target per month  
Example: Monthly target to develop 30 training (On-Site Training) contents and 20 e-Learning courses

**Culture to bring out the best in our employees**

**Diversity & Inclusion**

We value inclusion as part of our culture. We see diversity as a source of competitiveness, and the proportion of female managers is 40.8%. It is said that 80% of people's problems are related to human relationships. We respect the existence of others, rather than clashing with their values, and provide an environment where people can work while having fun and feeling fulfilled.

**Opportunities to grow are provided**

Younger employees with enthusiasm and ability are given one opportunity after another and the opportunity to participate in management meetings. In addition, new graduates are required to take Python training, regardless of their scientific or liberal arts background. This allows employees to grow and

discover new talents and aptitudes, and ultimately leads to increased productivity in the organization.

**Energy and ability to act**

We have the energy and ability to be the first in our industry to release services that solve social problems, and we are keenly aware of changes in the environment and the needs of the world by practicing the OODA model in the actual workplace. Our employees have a mindset that sees these changes as opportunities. In our company, failure is not a bad thing. The most problematic thing is to "do nothing" for fear of failure. Our culture is such that even in difficult times, we do not stand still, but keep moving forward in some way.







Management Base : System Development Capability



- 1 Achieve high productivity by self-developed systems
- 2 Develop profitable systems
- 3 Operate large-scale systems with high reliability and security

1. Achieve high productivity by self-developed systems

Q Why do Insource strengthen its system development capabilities?

A To lower both manufacturing costs and SG&A expenses for its own services.

Preventing errors from occurring through "systematization"

We have been promoting the systemization of all our operations since our foundation. This is to enable inexperienced employees and members with limited working hours to perform their duties in a short period of time without making mistakes. The key to our growth has been the utilization and structuring of IT.

Training management systems that support Insource's business model

The business model of our training business, which is our competitive advantage, is based on the "Training Management System". In order to conduct training, sales representatives must coordinate detailed information (such as date, time, venue, attendees, training contents, and trainers) with clients, trainers, and content creators. With these automation of routine tasks, we have achieved thorough cost reductions. For example, before training , a reminder e-mail is automatically sent to both the clients and the trainer to prevent misunderstandings and lack of confirmation. With the use of IT, communication costs are reduced as

much as possible, and mistakes of "misunderstanding, lack of confirmation, and forgetting" are prevented to a minimum.

In-house developed system improves productivity by about 100 times

By using systems developed in-house and tailored to your company's operations, you can achieve productivity that is approximately 100 times greater than that of off-the-shelf packages. If there are multiple users and the same process is performed more than 10 times a day, we believe you should consider developing your own system. Based on this idea, we have not only increased sales, but also thoroughly promoted a cost-conscious approach that has helped keep manufacturing costs and SG&A expenses low, resulting in a high profit margin for the Company.

2. Develop a system with good profitability

Q Why do you sell the system as a training company?

A Requests from clients led to the launch of "Leaf" (HR support system/LMS) for the IT Services Business

"Leaf" was born from client requests



"Leaf"(HR support system/LMS) in IT Services used by 796 organizations (as of the end of March, 2025), was launched at the request of a client who wanted to "systemize training management". Large private companies conduct hundreds of training programs per year. The people in charge of education must communicate with trainees regarding training dates and times, venues, and trainee preparations, as well as receive applications, confirm attendance, and manage assignments. It is Leaf that makes these operations go smoothly. Subsequently, with the diversification of education, we added various functions such as "video viewing" and "online training functions". In addition to education, the system also includes functions to support HR operations such as "stress checks" and "personnel evaluations".

Insource's EC sites: WEBInsource and Video Department Store



WEBInsource, a membership platform used by a cumulative total of 25,701 organizations (as of the end of March, 2025), was initially developed as a system for signing up for Open Seminars. However, as the service expanded, it evolved into a platform for purchasing a variety of services, including assessment services, e-Learning, videos, textbooks, and other affiliated products. The "Video Department Store" was also launched in July, 2020 due to the growing demand for e-Learning education amid the COVID-19 pandemic. As a result, video content worth more than 200,000 yen is now being purchased on the Internet, without the assistance of a sales representative. We can expand sales while maintaining a high profit margin by selling video content on our website and WEBInsource.

3. Operate large scale systems with high reliability and security

Q What are the characteristics of Insource's systems?

A They are reliable, secure, and designed to support large-scale operations.

Leaf has 4.44 million users (as of the end of March, 2025)

Our systems are large but highly reliable and secure. Leaf's servers use Microsoft Azure, a cloud service provided by Microsoft Corporation, and are operated on servers in Japan. It is also possible to quickly develop the latest functionality in line with updates to cloud services. Leaf is used by 4.44 million users, and the system can withstand simultaneous access by a large number of people\*.

\*Microsoft Azure is a trademark or registered trademark of Microsoft Corporation.

Providing a safe environment for clients

Also, Leaf offers its systems in a single-tenant architecture. In addition to encryption of communications and stored data, we provide our clients with a secure environment by installing intrusion detection and prevention systems and conducting annual third-party vulnerability inspections. As a result, there have been zero security incidents in the ten years since the service was launched, and the service uptime has been maintained at 100%.





# Management Base : Sales Force

INSOURCE  
SALES



- 1 Realize "company-wide sales" with the power of people and IT
- 2 Provide products that match client issues quickly by using database strategy
- 3 Always focus on speedy action and value the process

## 1. Realize "company-wide sales" with the power of people and IT

**Q** What are the strengths of Insource's sales activities?

**A** We have a "company-wide sales" system that enables sustainable growth with the power of people and IT.

### "Company-wide sales" system that utilized the power of people and IT

With the exception of FY19, which was affected by the COVID-19 pandemic, we have continued to increase sales since our establishment. This is the result of our unique sales cycle that links the power of people and IT. This is achieved by linking sales activities by sales representatives, sales promotion activities via the Web and e-mail, and new product development. Specifically, information that arises in the business process, such as "details of negotiations between clients and sales representatives," "issues and problems of clients," and "inquiries from clients," is distributed throughout the company at high speed by utilizing IT. This allows the entire company to share client's issues at the same time, and to quickly coordinate product development, sales promotion and sales activities. It can be said that all employees, not just those who deal directly with clients, are involved in sales activities with a sales mindset.

### Plants: Self-developed SFA specializing in the collection and sharing of client information

The sales cycle is operated by Plants, a self-developed SFA\*. The system is designed so that necessary information is carefully selected and information can be registered in a minimum amount of time. Even busy sales representatives can use the system without missing any information. Plants records the history of negotiations and transactions between our company and clients since 2003, allowing for a smooth handover in the event of a sales representative change, maternity or paternity and child-care leave. Plants is also used outside of the sales department, where the sales promotion department analyzes negotiation history data to realize one-to-one marketing, selling the most appropriate product to each client. We are constantly improving the functionality of Plants, which contributes to increased sales productivity

\*SFA: Sales Force Automation, which means sales support system

## 2. Provide products that match client issues quickly using database strategy

### Direct marketing and Web marketing

We use the "Plants" database to promote direct marketing and web marketing. Our company has 25,425 web pages. When we were founded in 2003, it was rare for companies in the career training industry to publish detailed information about their training programs on the web. Therefore, we have been publishing a lot of information on our website, including detailed program contents and questionnaire results, so that our clients can more easily visualize the contents of our training programs.

### Achieve early acquisition from inquiries

As a result, we receive over 6,000 inquiries a year, which contributes to the expansion of our client base. Furthermore, our sales representatives are able to make proposals that are close to solving the client's issue in a short amount of time, as they visit the client based on the content of the inquiry and make hypotheses. If there is no appropriate product, we promptly develop one and propose it. At the same time, we upload it to the web and quickly connect it to marketing.

## 3. Always focus on speedy action and value the process

**Q** What is the difference of sales representatives between Insource and competitors?

**A** Our sales representatives are always proactive to approach clients and take speedy action

### Sales representatives act as directors to meet client needs

We have 264 sales representatives who are responsible for both developing new clients and strengthening relationships with existing ones. We offer a wide variety of content and educational methods to meet our clients' needs and budgets. Sales representatives propose optimal solutions to clients by combining them. In addition to making proposals, sales representatives also play the role of director in conducting training, connecting scriptwriters (content creators) and performers (trainers).

### Act independently and respond to requests promptly

Sales representatives practice the OODA model\* and work independently. They propose training contents and services based on their own judgment after thinking through the client's requests and problems. This enables us to respond to client's requests at a speed that is not possible with a style of training in which trainers decide on the contents and prepare the textbooks. It is also very common for our sales representatives themselves to plan and develop new training programs when the most appropriate contents are not available.

\*See p.68 for OODA model.

### Emphasis on action and process leads to stable sales growth

Sales representatives make it a habit to approach a large number of clients and to conduct thorough information gathering. Educational needs are difficult to identify and services are not sold quickly. Human resource development is an important management issue, and it can take considerable time, sometimes several years, for clients to make decisions. In other words, our sales are the result of our continuous approach and acquisition of information from the past. Although we have sales targets for each of our sales representatives, we do not impose so-called sales quotas. We do not set huge incentives, either. Sales and "action process" are used as KPIs in the evaluation of sales representatives. Specific KPI items include the amount of action such as the number of daily meetings with clients and proposals, the proposed amount, the number of WEBinsource acquisitions, and the number of times information on client and proposals is shared. We value a good sales process and a positive attitude, as it will lead to future results. Our sales representatives are not motivated by immediate profit, but are made up of dedicated people who can act aggressively for the future.

# Executives of the Company

## Directors of Insource Co., Ltd.



**Takayuki Funahashi**  
Representative Director, President and Chief Executive Officer  
Representative Director of Insource Marketing Design Corporation  
Representative Director of Insource Consulting Corporation  
Representative Director of Insource Creative Solutions Corporation



**Kumiko Kawabata**  
Director, Managing Executive Officer  
Director of Rashiku Corporation  
Director of Insource Digital Academy Corporation



**Shigeo Fujimoto**  
Director, Executive Officer  
Chief Financial Officer  
Director of Insource Consulting Corporation  
Visiting Professor, Graduate School of Business Administration, Kobe University (current position)



**Tetsuya Sawada**  
Director  
Representative Director of Mitemo Co., Ltd



**Daisuke Kanai**  
Director, Executive Officer  
Representative Director, Executive Officer and President of Insource Digital Academy Corporation



**Hidenori Fujioka**  
Outside Director



**Yoshiko Niwamoto**  
Outside Director  
【Significant concurrent positions】  
Associate Professor, Graduate School of Business Administration, Kobe University



**Kohei Habara**  
Outside Director  
【Significant concurrent positions】  
Managing Executive Officer, Chief Strategy Officer of GENDA Inc.  
President and Representative Director of GENDA Capital Inc.

## Auditors of Insource Co., Ltd.



**Akira Takahara**  
Full-time Auditor



**Kazuo Iizuka**  
Outside Auditor  
【Significant concurrent positions】  
President of Iizuka Law Office



**Kunihiro Nakahara**  
Outside Auditor  
【Significant concurrent positions】  
President of Nakahara Accounting Office  
Representative Director of Lexicom Inc.



**Masayuki Murata**  
Outside Auditor  
【Significant concurrent positions】  
Representative Partner of PUBLIC GATE LLC.  
Director of Ligua Inc.  
Outside Corporate Auditor of Smaregi, Inc.  
Director and Audit of kubell Co., Ltd.

## Executive Officers of Insource Co., Ltd.

**Yoshio Ohata**  
General Manager of Group Content Development Division  
Executive Officer of Insource Consulting Corporation  
Director of Insource Creative Solutions Corporation

**Shun Tanaka**  
General Manager of IT Service Division  
Chief of IT Support Office  
General Manager of 4th Sales Department

**Hideaki Fujita**  
General Manager of Open Seminars Division

**Hideki Hara**  
Chief of Internal Audit Department

**Takeshi Imanishi**  
Manager of Group Human Resources Department  
Manager of Group Trainers' Educational Department  
Director of Insource Business Rep.

**Aya Inoue**  
Manager of CEO Office  
Manager of Business Promotion Office  
Chief of Operation Department  
Chief of Marketing & Design Office

**Shin Kebukawa**  
Executive Officer  
Chief of Group Corporate Planning Department  
Director of Insource Business Rep Corporation

**Kohei Asai**  
Manager of Data Strategy Department, IT Service Division  
Assistant General Manager of 4th Sales Department

**Hiroaki Matsuki**  
Executive Officer  
Executive Officer of Insource Consulting Corporation

**Tomoyuki Kaeriyama**  
General Manager of 2nd Sales Department  
Executive Officer of Insource Consulting Corporation

**Yosuke Kobayashi**  
General Manager of 3rd Sales Department  
Executive Officer of Insource Consulting Corporation

## Directors and Executive Officers of Insource Group

### Insource Digital Academy Corporation

**Toru Ando**  
Director

**Masahiro Osawa**  
Executive Officer

**Ryohei Akimoto**  
Executive Officer

**Satoru Goto**  
Executive Officer

**Kazuhiko Soga**  
Executive Officer

### Mitemo Co., Ltd

**Toshiyuki Ejima**  
Director

### Insource Consulting Corporation

**Seiichi Tanimura**  
Executive Officer

**Yasutsune Momose**  
Executive Officer

### Insource Creative Solutions Corporation

**Yukari Yano**  
Executive Officer  
Director of Insource Digital Academy Corporation

### Insource Marketing Design Corporation

**Masaki Ito**  
Senior Managing Director

**Jun Nagasawa**  
Director

**Kenji Yamanaka**  
Director

**Takeshi Hijikuro**  
Director

**Hikaru Kobayashi**  
Director

### Rashiku Corporation

**Motokazu Hirayasu**  
Representative Director, President

**Daisuke Nishizawa**  
Executive Officer

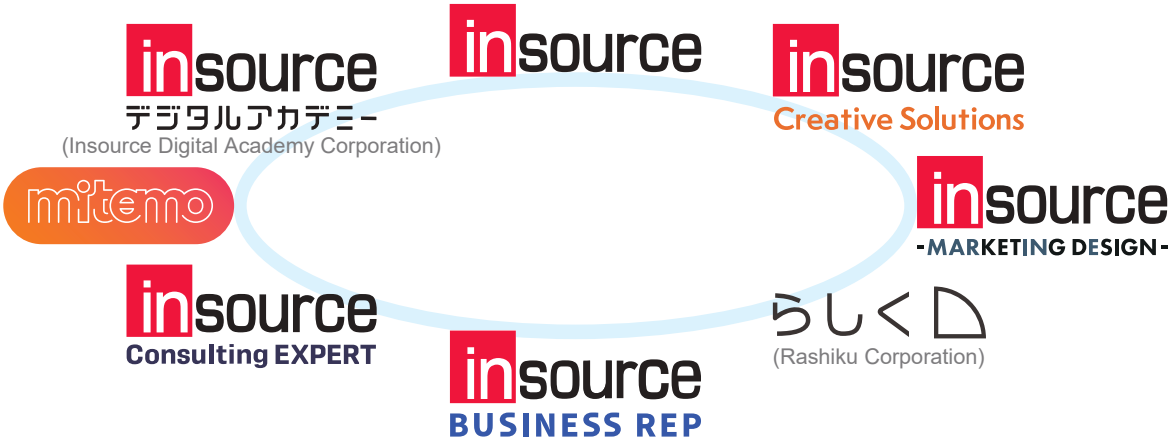
### Insource Business Rep Corporation

**Motokazu Hirayasu**  
Representative Director, President

**Go Uchiyama**  
Director

**Takuma Kataigi**  
Director

\*As of the end of April, 2025





■The expertise that the Group expects from its Executives \* The maximum 8 main skills possessed by each executive are marked with ●

Name	Takayuki Funahashi	Kumiko Kawabata	Shigeo Fujimoto	Tetsuya Sawada	Daisuke Kanai	Hideori Fujioka
Job Title	Representative Director, President and Chief Executive Officer	Director Managing Executive Officer	Director Executive Officer	Director	Director Executive Officer	Outside Director
Management decision-making	●	●	●	●		●
Speedy Decision Making	●	●	●		●	
Finance			●			●
Expansion of Business Performance	●	●		●	●	●
New Business	●	●		●		●
Cost Reduction		●			●	●
Risk Management		●	●		●	●
Organizational Management	●	●	●		●	●
Sales Expansion				●	●	
Content Development	●		●	●		
Trainers	●		●	●		
Consulting				●		
IT, Technology	●				●	
Overseas Business Experience						●

■ Reasons for selecting the expertise expected of Executives by the Group

Corporate Management	It is essential for the formulation of strategies for the entire company and for making appropriate decisions at various situations
Speedy Decision Making	In order to respond to environmental changes and continue to grow through prompt decision-making
Finance	Sound financial management and investment are essential for business continuity
Expansion of Business Performance	It is essential for medium- to long-term growth in the future
New Business	It is necessary for innovation and market expansion
Cost Reduction	In order to ensure efficient allocation of management resources and securing profits
Risk Management	In order to ensure organizational stability and sustainability
Organizational Management	It is necessary for effective team management and human resource development
Sales Expansion	It is essential for increasing market share and improving sales
Content Development	It is one of our Group's management bases
Trainers	They are important skills to deliver our content to clients
Consulting	It will be the key to winning large contracts and developing new services
IT, Technology	It is necessary to promote digitization and technological innovation
Overseas Business Experience	It is essential for development in the global market and multicultural understanding

Yoshiko Niwamoto	Kohei Habara	Akira Takahara	Kazuo Iizuka	Kunihiro Nakahara	Masayuki Murata
Outside Director	Outside Director	Full-time Auditor	Outside Auditor	Outside Auditor	Outside Auditor
	●				●
	●				
	●		●	●	
	●				
		●			
●		●	●	●	●
●		●			
					●
●		●		●	●
●	●		●	●	●
●	●	●	●	●	●
		●	●	●	
●					

■ Criteria for evaluating the expertise that the Group expects from its executives

Corporate Management	Experience and achievements in actual organizational management
Speedy Decision Making	Extensive knowledge and experience that enables one to make appropriate decisions quickly and disseminate them throughout the organization
Finance	Detailed financial knowledge and analytical skills, as well as practical experience in finance
Expansion of Business Performance	Achievements of a successful expansion strategy
New Business	Extensive experience in launching new businesses
Cost Reduction	Achievements in effective cost reduction
Risk Management	Specialized knowledge of risk management
Organizational Management	Management experience of diverse subordinates in multiple organizations
Sales Expansion	Experience in formulating sales strategies and actual sales results
Content Development	Ability to create high-quality content
Trainers	Abundant experience as trainer
Consulting	Consulting experience in a wide range of industries
IT, Technology	Advanced IT technologies and practical experience
Overseas Business Experience	Abundant business experience in the international market

Consolidated Financial Statements and Notes

Consolidated Balance Sheets

(Unit: thousand yen)					
	FY19 (As of Sep. 30, 2020)	FY20 (As of Sep. 30, 2021)	FY21 (As of Sep. 30, 2022)	FY22 (As of Sep. 30, 2023)	FY23 (As of Sep. 30, 2024)
Assets					
Current assets					
Cash and deposits	2,219,868	2,624,111	3,827,499	3,515,516	5,705,369
Other	805,368	1,135,576	1,433,317	1,620,206	1,700,273
Total current assets	3,025,236	3,759,687	5,260,816	5,135,722	7,405,642
Non-current assets					
Property, plant and equipment	725,171	1,879,678	2,427,011	3,409,970	3,604,822
Intangible assets	137,145	452,680	446,657	940,270	932,984
Total investments and other assets	457,011	674,658	595,304	1,309,271	1,234,398
Total non-current assets	1,319,328	3,007,017	3,468,974	5,659,513	5,772,205
Total assets	4,344,564	6,766,705	8,729,790	10,795,236	13,177,848
(Unit: thousand yen)					
	FY19 (As of Sep. 30, 2020)	FY20 (As of Sep. 30, 2021)	FY21 (As of Sep. 30, 2022)	FY22 (As of Sep. 30, 2023)	FY23 (As of Sep. 30, 2024)
Liabilities					
Current liabilities	1,379,775	2,202,311	2,559,407	2,822,337	3,199,330
Non-current liabilities	81,531	63,969	44,945	43,397	43,037
Total liabilities	1,461,307	2,266,280	2,604,353	2,865,735	3,242,368
Net assets					
Total net assets	2,883,257	4,500,424	6,125,437	7,929,500	9,935,479
Total liabilities and net assets	4,344,564	6,766,705	8,729,790	10,795,236	13,177,848

Consolidated Statements of Income

(Unit: thousand yen)					
	FY19 (Oct. 1, 2019 - Sep. 30, 2020)	FY20 (Oct. 1, 2020 - Sep. 30, 2021)	FY21 (Oct. 1, 2021 - Sep. 30, 2022)	FY22 (Oct. 1, 2022 - Sep. 30, 2023)	FY23 (As of Sep. 30, 2024)
Net sales	5,119,777	7,501,115	9,418,481	10,783,695	12,474,662
Cost of sales	1,475,896	1,779,586	2,204,368	2,541,472	2,860,722
Gross profit	3,643,880	5,721,528	7,214,112	8,242,223	9,613,939
Gross profit margin	71.2%	76.3%	76.6%	76.4%	77.1%
Selling, general and administrative expenses	2,859,521	3,317,264	3,846,729	4,300,848	4,676,848
SG&A ratio	55.9%	44.2%	40.8%	39.9%	37.5%
Operating profit	784,359	2,404,264	3,367,383	3,941,374	4,937,091
Operating profit margin	15.3%	32.1%	35.8%	36.5%	39.6%
Non-operating income	19,082	21,504	9,848	6,252	8,164
Non-operating expenses	7,901	9,130	30,891	10,314	4,325
Ordinary profit	795,540	2,416,638	3,346,340	3,937,312	4,940,930
Extraordinary income	—	1,222	—	—	—
Extraordinary losses	85,024	71,873	29,995	20,005	153,586
Profit before income taxes	710,515	2,345,987	3,316,344	3,917,306	4,787,343
Income taxes - current	270,180	855,077	1,166,523	1,320,472	1,366,970
Income taxes - deferred	△5,116	△80,290	△83,794	△79,570	64,495
Total income taxes	265,063	774,786	1,082,729	1,240,902	1,431,465
Profit	445,452	1,571,200	2,233,615	2,676,403	3,355,877
Net profit margin	8.7%	20.9%	23.7%	24.8%	26.9%
Profit attributable to owners of parent	445,452	1,571,200	2,233,615	2,676,403	3,355,877

Consolidated Statements of Comprehensive Income

(Unit: thousand yen)					
	FY19 (Oct. 1, 2019 - Sep. 30, 2020)	FY20 (Oct. 1, 2020 - Sep. 30, 2021)	FY21 (Oct. 1, 2021 - Sep. 30, 2022)	FY22 (Oct. 1, 2022 - Sep. 30, 2023)	FY23 (As of Sep. 30, 2024)
Profit	445,452	1,571,200	2,233,615	2,676,403	3,355,877
Other comprehensive income					
Total other comprehensive income	△4,525	2,685	1,263	7,004	△1,059
Comprehensive income	440,926	1,573,886	2,234,879	2,683,408	3,354,817
Comprehensive income attributable to					
Comprehensive income attributable to owners of parent	440,926	1,573,886	2,234,879	2,683,408	3,354,817
Comprehensive income attributable to non-controlling interests	—	—	—	—	—

Consolidated Statements of Cash Flows

(Unit: thousand yen)					
	FY19 (Oct. 1, 2019 - Sep. 30, 2020)	FY20 (Oct. 1, 2020 - Sep. 30, 2021)	FY21 (Oct. 1, 2021 - Sep. 30, 2022)	FY22 (Oct. 1, 2022 - Sep. 30, 2023)	FY23 (As of Sep. 30, 2024)
Cash flows from operating activities	191,906	2,356,950	2,544,151	2,902,577	4,032,447
Cash flows from investing activities	△624,254	△1,544,804	△687,153	△2,304,832	△447,594
Cash flows from financing activities	△639,930	△408,168	△655,065	△909,954	△1,394,974



# How to Read Insource KPIs (Key Performance Indicators)

**Q** What does each of Insource's KPIs (Key Performance Indicators) indicate?

**A** They are leading indicators of business performance for the immediate future and for the next several years. We disclose many figures so that stakeholders can evaluate our company from a variety of perspectives.

**Disclose the latest KPIs**

We believe that quarterly disclosure of financial information is not sufficient for making appropriate investment decisions. Since we want our stakeholders to be able to make appropriate judgments about our company's situation from a variety of perspectives, we disclose the latest 7 non-financial items and 21 details of KPIs in both Japanese and English in a timely manner.

**KPIs (Key Performance Indicators)**

<https://www.insource.co.jp/en/ir/insmthdata.html>



**Actively disclose news releases**

We also actively issue news releases. We do this actively to show the high energy of our activities and our commitment to growth. In particular, we release information about new services and the expansion of our business partners.

**Main topics of News Release**

- New contents
- New services
- Tie-ups
- Media coverage
- Campaign information
- Announcement of new business sites and relocation
- Sustainability activities
- External evaluation

**Number of news releases disclosed**

	Japanese	Monthly average	English
FY23	202	16.8	65
FY22	197	16.4	62
FY21	155	12.9	61
FY20	173	14.4	46
FY19	225	18.8	22

**Monthly Disclosure Non-financial Information**

- 1. On-Site Training**

  - Monthly number of Training conducted (including for both private and public sectors, online, DX-related training)
- 2. Open Seminars**

  - Monthly number of attendees (including DX-related training, online)
- 3. Client Base**

  - WEBinsource: Total number of subscribers (organizations)
- 4. IT Services Business**

  - “Leaf (HR support system)”: Total number of paid subscribers (active users)
  - Number of customization
  - Stress Check Support Service (Number of orders delivered and orders to be delivered)
- 5. e-Learning/video Business**

  - Number of video content sales
  - Number of video production/customization
  - Number of rental viewers
  - Number of monthly subscription (IDs) for STUDIO
- 6. Inquiries**

  - Number of inquiries
- 7. Contents development**

  - Number of new training (including digital skills areas)
  - Number of video/e-Learning developed

# How to Read Insource KPIs (Key Performance Indicators)

**Most recent performance**

- Number of On-Site Training conducted, number of attendees of Open Seminars, number of organizations that have adopted the "Leaf" (LMS, HR support system), and number of e-Learning/ videos sold (monthly disclosure)

Monthly performance can be inferred from the number of On-Site Trainings conducted (about 47% of sales), the number of attendees of Open Seminars (about 25% of sales), the number of organizations and users of the "Leaf" (about 15% of sales).

**Leading indicators of business performance from six months to two or three years ahead**

- Number of contents developed (monthly disclosure), news releases (as needed)

The number of content developed is a good indicator that shows the activities of contents creators. Content of training, videos or e-Learning do not immediately generate large sales. They do not contribute to business performance until six months or two to three years after they are developed. In addition, only about 3% of the content become bestsellers. Therefore, it is extremely important to ensure future performance by continuing to develop a large number of content on a monthly basis. News releases on alliances and other activities are a good indicator of the Company's ambitions and activities. These also contribute to our business performance only after six months to two or three years.

**Leading performance indicators for the current month to six months ahead**

- Number of inquiries, number of WEBinsource registrations (monthly disclosure)

Business negotiations, proposals, estimates, sending materials, and requests for system demonstrations are used as criteria for evaluating client service considerations and serve as leading indicators of performance for the current month and the following three months. In addition, the number of new registrations for WEBinsource, which enables clients to purchase our services, is used as a measure of how active our sales activities have been and serves as a leading indicator of performance for the next few months to six months.

**Leading indicators of sales in the next 1-2 years, and the most recent SG&A indicators**

- Number of employees (quarterly disclosure)

Selling training or IT services requires enough sales representatives to provide detailed explanations to meet the customer's needs. It takes workers to coordinate with customers on a variety of matters. In addition, personnel are also required for the development of new contents and new features of Leaf. Increasing the number of employees is essential for sales growth. However, an increase in the number of employees does not necessarily lead to an immediate increase in sales, because a reasonable amount of time is required for employees to become proficient in their work. This is a leading indicator for sales one to two years later. Naturally, labor costs are required immediately after hiring, which is a factor that raises SG&A expenses. Still, sales and profits per employee have been increasing every year as a result of continuous productivity improvement through the use of IT.

**Quarterly Disclosure of Non-Financial Information**

- Number of new contents (On-Site Training, Open Seminars, videos/ e-Learning)
- Number of web pages
- Number of employees and their breakdowns by job types
- Number of business sites, seminar classrooms
- Evaluations of training contents and trainers
- Number of trainers
- Number of shareholders
- Number of clients

Performance Trends by Business/KPI Summary

■ On-Site Training

● Yearly

		FY19	FY20	FY21	FY22	FY23	FY24(Forecast)
Sales	Net sales(million yen)	2,724	3,797	4,665	5,275	5,884	6,850
	YOY(million yen)	△555	+1,073	+867	+611	+609	—
	YOY(%)	△16.9%	+39.4%	+22.8%	+13.1%	+11.6%	—
	Gross profit(million yen)	2,045	2,963	3,691	4,148	4,672	5,320
	Gross profit ratio(%)	75.1%	78.0%	79.1%	78.6%	79.4%	77.7%
	YOY(pt)	+3.7	+2.9	+1.1	△0.5	+0.8	—
	Sales composition ratio(%)	53.2%	50.6%	49.5%	48.9%	47.2%	—
	YOY(pt)	△5.3	△2.6	△1.1	△0.6	△1.7	—
Clients	No.of clients(organization)	3,495	3,554	4,047	4,583	5,187	—
	YOY(organization)	△519	+59	+1,153	+536	+604	—
	Average net sales per organization(thousand yen)	747	1,030	1153	1,151	1,134	—
	YOY(thousand yen)	△38	+282	+123	△2	△16	—
KPI	No.of trainings conducted (times)	11,390	14,224	16,936	18,858	20,596	—
	YOY(%)	△23.4	+24.9%	+19.1%	+11.3%	+9.2%	—
	Of which,DX related trainings(times)	—	621	972	1,252	1,692	—
	YOY(%)	—	—	56.5%	28.8%	35.1%	—
	Of which,Conducted Online(times)	1,561	6,988	7,338	5,198	4,358	—
	Online ratio(%)	13.7%	49.1%	43.3%	27.6%	21.2%	—

● Quarterly

		1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	2Q FY24
Sales	Net sales(million yen)	1,571	1,149	1,612	1,551	1,831	1,284
	YOY(million yen)	+173	+140	+150	+144	+260	+134
	YOY(%)	+12.4%	+14.0%	+10.3%	+10.3%	+16.5%	+11.7%
	Gross profit(million yen)	1,262	915	1,246	1,249	1,454	1,021
	Gross profit ratio(%)	80.3%	79.7%	77.3%	80.5%	79.4%	79.6%
	YOY(pt)	+1.3	△0.5	△0.9	+2.8	△0.9	△0.1
KPI	No.of trainings conducted (times)	5,567	3,840	5,645	5,544	6,724	4,577
	Of which,private sectors (times)	3,582	2,664	3,836	3,444	4,290	3,177
	Online ratio(%)	26.2%	24.6%	13.1%	22.0%	19.6%	18.7%
	Of which,DX related trainings(times)	432	320	446	494	582	424
	Average unit price (thousand yen)	282.3	299.3	285.6	279.8	272.4	280.5

■ Open Seminars

● Yearly

		FY19	FY20	FY21	FY22	FY23	FY24(Forecast)
Sales	Net sales(million yen)	1,267	1,827	2,218	2,617	3,060	3,600
	YOY(million yen)	△260	+560	+391	+399	+442	—
	YOY(%)	△17.0%	+44.2%	+21.4%	+18.0%	+16.9%	—
	Gross profit(million yen)	785	1,372	1,709	2,029	2,405	2,740
	Gross profit ratio(%)	62.0%	75.1%	77.0%	77.5%	78.6%	76.1%
	YOY(pt)	△4.3	+13.1	+1.9	+0.5	+1.1	—
	Sales composition ratio(%)	24.8%	24.4%	23.6%	24.3%	24.5%	—
	YOY(pt)	△2.5	△0.4	△0.8	+0.7	+0.2	—
Clients	No.of clients(organization)	6,694	6,997	7,694	9,235	10,669	—
	YOY(organization)	△1,656	+303	+697	+1,541	+1,434	—
	Average net sales per organization(thousand yen)	192	272	288	283	286	—
	YOY(thousand yen)	+8	+80	+15	△5	+3	—
KPI	No.of attendees (thousand people)	58	84	288	120	137	—
	YOY(%)	△19.1%	+48.8%	+20.7%	+18.1%	+14.3%	—
	Of which, those attend dX related trainings (thousand people)	—	7	11	13	17	—
	YOY(%)	—	—	+60.8%	+15.3%	+27.6%	—
	Of which, those attend online (thousand people)	16	65	84	89	91	—
	Online ratio(%)	26.6%	77.0%	83.1%	74.8%	66.2%	—

● Quarterly

		1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	2Q FY24
Sales	Net sales(million yen)	696	642	859	862	862	713
	YOY(million yen)	+64	+89	+150	+137	+166	+71
	YOY(%)	+13.4%	+20.6%	+24.3%	+19.0%	+23.9%	+11.1%
	Gross profit(million yen)	557	484	682	681	661	516
	Gross profit ratio(%)	80.0%	75.4%	79.4%	79.0%	76.7%	72.3%
	YOY(pt)	+2.2	+2.7	+2.0	△2.2	△3.3	△3.0
KPI	No.of attendees(people)	32,907	29,366	35,928	39,316	40,277	31,979
	Online ratio	70.4%	74.4%	53.8%	67.8%	64.0%	68.9%
	Of which,DX related training(people)	4,148	3,985	4,800	4,673	4,690	4,993
	No.of trainings conducted (times)	2,709	3,016	2,928	3,574	4,036	3,991
	Average no.of attendees per training(people)	12.1	9.7	12.3	11.0	9.9	8.0
	Average unit price (thousand yen)	21.1	21.8	23.9	21.9	21.4	22.3



IT Services

Yearly

		FY19	FY20	FY21	FY22	FY23	FY24(Forecast)
Sales	Net sales(million yen)	655	1,022	1,197	1,304	1,822	1,950
	YOY(million yen)	+224	+367	+175	+106	+517	—
	YOY(%)	+51.9%	+56.0%	+17.1%	+8.9%	+39.7%	—
	Gross profit(million yen)	478	789	948	1,030	1,424	1,520
	Gross profit ratio (%)	73.0%	77.2%	79.2%	79.0%	78.2%	77.9%
	YOY(pt)	△3.0	+4.2	+1.9	△0.1	△0.8	—
	Sales composition ratio (%)	12.8%	13.6%	12.7%	12.1%	14.6%	—
	YOY(pt)	+5.1	+0.8	△0.9	△0.6	+2.5	—
	Leaf recurring (monthly rev.)(million yen)	266	435	581	699	976	—
	Leaf customization sales (million yen)	258	446	452	385	611	—
Clients	Stress check(million yen)	129	140	163	218	233	—
	Leaf paid subscribers (organization)	248	412	522	638	741	—
	YOY(organization)	+86	+164	+110	+116	+103	—
	Leaf Active Users (thousand people)	1,273	1,756	2,112	2,895	4,070	—
	YOY(%)	—	+37.9%	+20.3%	+37.1%	+40.6%	—
	Average net sales per organization(thousand yen)	2,120	2,140	1,981	1,701	2,144	—
	YOY(thousand yen)	+243	+20	△159	△280	+443	—

Quarterly

		1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	2Q FY24
Sales	Net sales(million yen)	286	757	338	440	400	692
	YOY(million yen)	+72	+234	+98	+112	+114	△64
	YOY(%)	+33.8%	+45.0%	+40.8%	+34.4%	+40.0%	△8.5%
	Gross profit(million yen)	207	611	245	359	304	557
	Gross profit ratio (%)	72.5%	80.8%	72.6%	81.7%	76.0%	80.4%
	YOY(pt)	+3.3	△1.1	△5.4	+0.2	+3.5	△0.4
	Leaf recurring (monthly rev.)(million yen)	211	218	264	282	300	290
	Leaf customization sales (million yen)	27	385	71	127	43	210
	Stress check(million yen)	46	154	2	29	57	192

Other Businesses (Rising Next)

Yearly

		FY19	FY20	FY21	FY22	FY23	FY24(Forecast)
Sales	Net sales(million yen)	472	853	1,337	1,586	1,707	2,200
	YOY(million yen)	+102	+381	+483	+249	+120	—
	YOY(%)	+27.7%	+80.7%	+56.7%	+18.7%	+7.6%	—
	Gross profit(million yen)	333	595	865	1,032	1,110	1,630
	Gross profit ratio (%)	70.6%	69.7%	64.7%	65.1%	65.1%	74.1%
	YOY(pt)	△4.3	△0.9	△5.0	+0.4	±0.0	—
	Sales composition ratio (%)	9.2%	11.4%	14.2%	14.7%	13.5%	—
	YOY(pt)	+2.6	+2.2	+2.8	+0.5	△1.2	—
Product Breakdown	Video sales (Outright Purchase)(million yen)	281	208	403	471	548	—
	Video production(million yen)	—	135	44	62	95	—
	Video rental(million yen)	—	8	27	39	41	—
	Video monthly subscription (STUDIO)(million yen)	—	149	155	153	172	—
	Consulting/ Assessment Service(million yen)	111	131	124	136	203	—
	Online Seminar Support Service(million yen)	—	109	135	203	182	—
	Regional Revitalization Service(million yen)	—	—	103	151	183	—
	Web Marketing(million yen)	—	—	203	221	232	—

※ Until FY19, video sales, rentals, and production were recorded as a single item.

Quarterly

		1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	2Q FY24
Sales	Net sales(million yen)	316	598	345	446	415	819
	YOY(million yen)	△27	+65	+62	+20	+98	+220
	YOY(%)	△8.0%	+12.3%	+22.0%	+4.8%	+31.2%	+36.9%
	Gross profit(million yen)	198	424	204	283	299	632
	Gross profit ratio (%)	62.6%	71.0%	59.2%	63.4%	72.2%	77.2%
	YOY(pt)	+0.1	△1.8	+9.0	△4.1	+9.6	+6.2
Product Breakdown	Video sales (Outright Purchase)(million yen)	96	248	111	91	123	281
	Video production(million yen)	19	33	18	23	40	78
	Video rental(million yen)	8	9	10	12	10	15
	Video monthly subscription (STUDIO)(million yen)	39	41	47	43	53	42
	Consulting/ Assessment Service(million yen)	35	50	60	63	51	71
	Online Seminar Support Service(million yen)	51	56	35	39	49	48
	Regional Revitalization Service(million yen)	13	68	0	101	1	101
	Web Marketing(million yen)	46	49	91	45	41	71

KPIs to focus on for content expansion

Yearly

	FY19	FY20	FY21	FY22	FY23	FY24(Forecast)
No. of content creators(people)	166	172	170	131	120	—
Questionnaire feedback for trainings (%)	95.4%	94.5%	95.9%	95.8%	96.1%	—
No. of contents for On-Site Training(total)(titles)	3,140	3,461	3,794	4,156	4,522	4,882
No. of contents for Open Seminars(total)(titles)	2,859	3,296	3,630	3,937	4,401	4,801
No. of contents for video/e-Learning (total) (title)	86	334	544	754	1,011	1,261

Quarterly

	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	2Q FY24
Questionnaire feedback for trainings (%)	95.9%	95.9%	95.9%	96.1%	96.0%	96.0%
No. of contents for On-Site Training(total)(titles)	4,274	4,343	4,432	4,522	4,612	4,703
No. of contents for Open Seminars(total)(titles)	4,204	4,271	4,328	4,401	4,487	4,706
No. of contents for video/e-Learning (total) (title)	813	877	943	1,011	1083	1,151

Sales composition ratio by training theme

Yearly

Training theme	FY19	FY20	FY21	FY22	FY23	1H FY24
For managers	20.2%	22.4%	21.6%	21.8%	21.5%	19.6%
Business skills	19.7%	20.3%	19.8%	18.7%	17.9%	14.2%
New/younger employees	14.4%	14.2%	13.5%	13.3%	13.3%	8.1%
DX/OA/IT	6.9%	7.4%	10.1%	11.6%	14.0%	14.4%
Communication/CS	10.5%	9.0%	8.9%	9.1%	8.8%	10.1%
Harassment/Compliance	8.6%	7.7%	7.3%	7.9%	7.7%	10.4%
Mid-career employees	5.0%	5.0%	5.0%	4.8%	4.9%	6.3%
Diversity	2.0%	1.6%	1.8%	1.7%	2.3%	2.7%
Others	12.7%	12.4%	12.0%	10.9%	9.7%	14.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

KPIs to focus on in system development capabilities

Yearly

	FY19	FY20	FY21	FY22	FY23
No. of engineers (people)	82	114	114	123	133
No. of Leaf paid subscribers(organization)	248	412	522	638	741
No. of videos sold through EC sites(content)	45	1,422	1,889	1,840	1,882

Quarterly

	2Q FY23	3Q FY23	4Q FY23	1Q FY24	2Q FY24
No. of Leaf paid subscribers(organization)	676	710	741	778	796
No. of videos sold through EC sites(content)	833	381	311	398	821

KPIs to focus on for sales activities

		FY19	FY20	FY21	FY22	FY23
Productivity	Net sales per employee (thousand yen)	17,152	22,193	24,181	25,225	27,148
	Operating profit per employee (thousand yen)	2,628	7,113	8,645	9,220	10,661
Client Base	No. of clients (annual) (organization)	10,786	11,108	12,760	14,420	15,285
	No. of clients (total) (organization)	32,938	36,221	39,699	43,468	47,423
	No. of WEBinsource subscribers (total)(organization)	13,492	15,798	18,669	21,644	24,434
	No. of inquiries	—	—	—	5,086	6,052
	No. of web pages	17,727	19,861	22,902	23,655	25,425
Number of people	No. of sales reps(people)	151	180	207	238	264
	No. of designers(people)	16	23	21	21	20
	No. of digital marketers(people)	26	31	32	33	37

Trends in Sales and Number of Clients by 4 segments

	FY19	FY20	FY21	FY22	FY23
Large Enterprise (1,000 employees or more)					
No. of clients(organization)	1,916	2,055	2,305	2,572	2,806
YOY(organization)	△75	+139	+250	+267	+234
Average net sales per organization(thousand yen)	941	1,454	1,616	1,634	1,651
YOY(thousand yen)	+11	+513	+162	+18	+62
Sales composition ratio	35.3%	39.8%	39.6%	38.2%	38.2%
Medium Market (300-999 employees)					
No. of clients(organization)	1,635	1,635	1,835	2,033	2,278
YOY(organization)	△190	±0	+200	+198	+245
Average net sales per organization(thousand yen)	504	673	821	886	915
YOY(thousand yen)	△5	+169	+148	+65	+29
Sales composition ratio	16.1%	14.7%	16.0%	16.7%	16.7%
Small Medium (Less than 299 employees)					
No. of clients(organization)	4,890	5,090	5,970	7,043	7,767
YOY(organization)	△755	+200	+880	+1,073	+724
Average net sales per organization(thousand yen)	275	376	383	400	413
YOY(thousand yen)	+30	+101	+7	+17	+13
Sales composition ratio	26.3%	25.5%	24.3%	25.7%	25.7%
Government agencies and public sectors					
No. of clients(organization)	2,345	2,328	2,650	2,289	2,434
YOY(organization)	△432	△17	+322	△361	+145
Average net sales per organization(thousand yen)	487	643	714	857	995
YOY(thousand yen)	△31	+156	+71	+143	+139
Sales composition ratio	22.3%	20.0%	20.1%	19.4%	19.4%

\* The number of clients in each segment and the average sales per organization are based on the number of employees in each organization in our client management system at the time of calculation. Also, starting in FY24, we will change the definition of the LE segment to organizations with 2,000 or more employees.



ESG Related Data

E — Environment —

Electricity consumption (Mwh)	Unit	FY20	FY21	FY22	FY23
Total power usage	thou.Kwh	590.6	642.2	754.3	827.8
Of which, percentage of renewable energy used	thou.Kwh	0	0	6.9	345.1
Renewable energy rate	%	0	0	0.9	41.7
Purchased non-fossil fuel certificates	thou.Kwh	0	0	230	0
Hot/cold water	GJ	0	0	0	0
CO <sub>2</sub> emission data (t-CO <sub>2</sub> )					
Total CO <sub>2</sub> emissions (Scope1+2)	t	260.4	283.2	233.8	158.6
Scope1 *1	t	0	0	0	0
Scope2 *2	t	260.4	283.2	233.8	158.6
Supply-chain emissions(Scope1+2+3)	t	2777.8	3812.7	5479.8	1623.6
Scope3 *3	t	2517.4	3529.5	5246	1465.0
Emissions from internal paper use *4	t	61.9	87.4	84.6	91.1
Resource Recycling (t)					
Amount of waste	t	16.6	14.5	20.97	17.34
Of which emissions recycled	t	8.3	5.8	8.87	8.72
Data coverage *5	%	14.4	14.7	13.8	13.0
Water resources ( m <sup>3</sup> ) *5					
Water consumption	m <sup>3</sup>	-	601	1,558	2,894
Data coverage *5	%	-	16.4	37.9	58.9

\*1 Since we do not have our own production facilities and do not emit carbon dioxide or other GHG resources through fuel combustion or chemical reactions, Scope 1 is set to 0.

\*2 Scope2 is calculated based on market-based figures.

\*3 Calculated by referring to the emissions intensity in the "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain" of the Ministry of Economy, Trade and Industry and the Ministry of the Environment of Japan.

\*4 Calculated with reference to "CO<sub>2</sub> emissions in the life cycle of paper and paperboard" by the LCA Subcommittee of the Japan Paper Association.

\*5 Data coverage is calculated based on the number of employees currently working in offices where amount of waste and water usage are known.

G — Governance —

Corporate Governance Structure	Unit	FY20	FY21	FY22	FY23
Number of Directors	people	7	8	8	8
Outside Directors(ratio)	people(%)	2 (28.6)	3 (37.5)	3 (37.5)	3 (37.5)
Female Directors(ratio)	people(%)	2 (28.6)	2 (25.0)	2 (25.0)	3 (37.5)
Number of Auditors	people	3	4	4	3
Outside Auditors(ratio)	people(%)	2 (66.7)	3 (75.0)	3 (75.0)	3 (100)
Board Meeting Attendance Rate	%	100	100	100	100
IR Activities					
Total no. of small meetings with investors	times	248	186	216	211
Of which,with overseas investors	times	87	67	53	38

S — Social —

Create with Society	Unit	FY20	FY21	FY22	FY23
Donations for the Project to Eliminate Period Poverty *1	thou. yen	-	300	5,054	1,550
Number of donation packs for the Project	pack	-	2,376	34,416	9,972
Municipalities*2 to which donations are made by the Project	organization	-	1	62	15
Number of clients on monchamp (e-commerce site selling products from welfare organizations)	organization	-	11	21	67
Donations for the community	thou. yen	-	5,138	5,173	6,201
Educational support for the community *3 (equivalent amount of money)	thou. yen	-	1,818	1,818	1,818

\*1 the Project to Eliminate Period Poverty has been underway since 2022.The donation amount is the sum contributed by supporting companies. Please refer to page 52-53 for details.

\*2 Cities, wards, social welfare councils, boards of education, etc.

\*3 We offer Insource's Open Seminars for free.

Human Capital

General Information	Unit	FY20	FY21	FY22	FY23
Number of personnel *1	people	527	592	647	684
Number of employees	people	382	430	443	476
Number of temporary employees(ratio)	people(%)	145 (27.5)	162 (27.4)	204 (31.5)	208 (30.4)
Average age of employees *2	year-old	31.4	36.5	31.8	31.9
Average working years of employees *2	year	4.1	4.4	4.9	5.1
Average annual salary *2	yen	4,726,398	4,797,650	5,539,505	6,050,400
New Employees					
New employees (number of employees hired within 1 year) *1	people	103	82	114	133
Percentage of total number of employees *1	%	19.5	13.9	17.6	19.4
Percentage of new female employees *1	%	49.5	61	55.3	54.9
Productivity					
Sales per Employee *1	thou. yen	22,193	24,181	25,225	27,148
Operating profit per employee *1	thou. yen	7,113	8,645	9,220	10,661
Management participation/Ability to Take on Challenges					
Ratio of employees who hold shares of Insource *3	%	66.6	69.6	72.0	80.0
Average point of "Energy" *4	point	3.23	3.24	3.24	3.26
HR Development					
Training cost per employee	yen	22,193	24,181	27,213	27,864
Training hours per employee	hours	15h44m	10h43m	22h30m	28h30m
Total number of employees s in DX training	people	201	681	248	1,064
Compliance training attendance rate	%	100	100	100	100
Diversity					
Ratio of female executives	%	25.0	25.0	27.3	36.4
Ratio of female managers	%	34.6	37.8	37.4	40.3
Percentage of women in management positions *5	%	44.2	52.6	48.3	56.0
Ratio of female employees	%	55.4	56.1	56.4	57.0
Gender Wage Gap(All employees) *6	%	-	71.3	80.4	79.8
Gender Wage Gap(Full-time employees) *6	%	-	84.3	90.1	90.0
Gender Wage Gap(Part-time employees) *6	%	-	87.5	93.1	79.5
Ratio of employees with disabilities	%	2.83	2.76	2.79	3.08
Number of seniors (over 60 years old)	people	21	26	49	55
Number of LGBTQ+ *7	people	6	4	5	5
Number of foreign-born people *8	people	3	3	4	9
Number of childcare leave takers(ratio)	people(%)	12 (63.0)	31 (97.0)	18 (90.0)	19 (70.4)
Number of childcare leave takers (female)(ratio)	people(%)	6 (100)	19 (100)	6 (100)	10 (100)
Number of childcare leave takers (male)(ratio)	people(%)	6 (46.0)	12 (92.0)	12 (86.0)	9 (52.9)
Health management *9					
Consultation rate for regular medical checkups	%	100	100	100	-
Percentage applicable to specific health guidance	%	19.8	22.7	18.3	-
Smoking rate over 40 years old	%	16	14.8	13.4	-
Percentage of people aged 40 or older with exercise habits	%	15.1	17.4	22.5	-
Ratio of people maintaining an appropriate weight *10	%	66.4	63.8	64.2	-
Stress check uptake rate	%	87.2	87.6	96.7	-
Percentage of employees with high stress levels	%	11.1	11.9	11.6	-
Absenteeism *11	day	-	3.3	2.8	-
Presenteeism *12	%	-	81.9	82.1	-
Work engagement *13	point	-	3.3	3.5	-

\*1 Number of employees is the number of full-time and part-time employees. \*2 Average age, average length of employment, and average annual salary are calculated based on the number of employees (non-consolidated). Salaries include bonuses and non-standard wages.

\*3 Ratio of employees who hold shares of Insource: calculated by aggregating the participants of the employee stock ownership plan and RS holders.

\*4 "Energy" is the ability to have a strong will and to find value in continuing to work despite difficulties. Maximum 5 points. Calculated using the "giraffe" characteristic assessment of our service. \*5 The ratio of women promoted to managerial positions: those promoted from non-managerial roles in FY23.

\*6 Wage differences are compared by converting the base salary to an hourly rate. Compensation for overtime and bonuses are not included.

\*7 Number of employees who have agreed to be externally identified as LGBTQ+.

\*8 Foreign-born means those who have foreign nationality. Foreign nationals include Japanese nationals from foreign countries.

\*9 The fiscal year ending September 2021 is referred to as FY20, the fiscal year ending September 2022 is referred to as FY21, and the fiscal year ending September 2023 is referred to as FY22.

\*10 Persons with a BMI of 18.5 to less than 25

\*11 Percentage of employees who have submitted a leave of absence report among all employees.

\*12 Deviation values measured by an original questionnaire using the SPQ (Single-Item Presenteeism Questionnaire, University of Tokyo, 1-item version).

\*13 Deviation measured by an original questionnaire using the shortened 3-item version of the Utrecht Work Engagement Scale3

Company's Profile/Stock information

Company's Profile (As of September 30, 2024)

Company Name	Insource Co., Ltd.
Date of Foundation	November 8, 2002
Date of Establishment	January, 2003
Head Office	3-20, Kanda Ogawamachi, Chiyoda-ku, Tokyo 101-0052
Tokyo Headquarters	Insource Doukanyama Bldg.,4-19-20,Nishi Nippori, Arakawa-ku , Tokyo 116-0013
Capital	800.62315 million yen
The end of fiscal year	September
Number of employees	684 (Consolidated)
Group Company	Mitemo Co., Ltd. Rashiku Corporation Insource Digital Academy Corporation Insource Marketing Design Corporation Insource Business Rep Corporation Insource Consulting Corporation Insource Creative Solutions Corporation

Stock information (As of September 30, 2024)

Total number of shares authorized to be issued	300,000,000 shares*
Total number of shares issued	85,243,000 shares*
Number of shares per unit	100 shares
Number of shareholders	7,989
Fiscal year	From October 1 to September 30 of the following year
Ordinary general meeting of shareholders	December
Record date for dividends	September 30
Date of IPO	July 21, 2016
Administrator of shareholder registry	Mitsubishi UFJ Trust and Banking Corporation

\*The Company conducted a stock split on January 1, 2023. The total number of shares authorized to be issued and the total number of shares issued and outstanding are those after the stock split.

Major Shareholders (As of September 30, 2024)

Name of shareholder	Number of stock (thousand shares)	Percentage (%)
Leplus Co.	25,359	30.22
Custody Bank of Japan, Ltd.	11,102	13.23
The Master Trust Bank of Japan (Trust Account)	9,126	10.88
Takayuki Funahashi	5,370	6.40
Kumiko Kawabata	3,004	3.58
Blake Corporation	1,600	1.91
GOVERNMENT OF NORWAY	1,093	1.30
JP JPMSE LUX RE BARCLAYS CAPITAL SEC LTD EQ CO	846	1.01
BBH FOR GRANDEUR PEAK GLOBAL OPPORTUNITIES FUND	706	0.84
Custody Bank of Japan, Ltd.	696	0.83

\*\*Shareholding percentages are calculated excluding treasury stock and rounded down to the nearest hundredth.

Shareholders description (As of September 30, 2024)

