Insource Group
Integrated Report 2025

We will make a society that all people can
enjoy working and feel fulfilled

Insource Overview

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

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. Insource provides training in practical work skills (HOW). 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 (HOW)" 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 Service Policy

Always evolving to meet clients' needs	Tailor to customers' needs	Simple and easy to learn. Concrete "HOW"	Multiple learning methods	Sustainable price

Insource Group's Four Businesses

On-Site Training

Sales ratio FY24 47.7%

Dispatch trainers to the organization to provide customized training

Providing content tailored to attendees' needs

- Develop 360 new pieces of content per year in line with the times
- Can be customized to actual workplace needs based on pre-assignment tasks
- 60% activities and 40% lectures, centered on discussions and hands-on practice

Annual total no. of training sessions conducted / attendees
24,654 times / 713 thousand attendees
Of which, no. of online training conducted / attendees
4,174 times / 142 thousand attendees
*Oct., 2024-Sep., 2025

Open Seminars

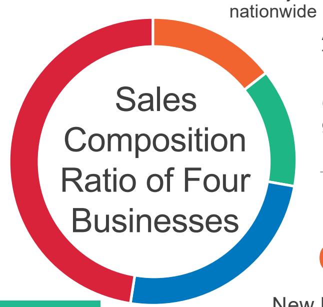
Sales ratio FY24 24.7%

Open Seminar Style - It is possible even for one person to participate

Seminars are held online and nationwide frequently

- More than 4,900 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

Annual total no. of training sessions conducted / attendees
15,874 times / 159 thousand attendees
Of which, no. of online training conducted / attendees
9,122 times / 98 thousand attendees
*Oct., 2024-Sep., 2025



IT Services

Sales ratio FY24 13.3%

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
887 organizations / 5.31 million people

Stress Check Support Service
Cumulative no. of organizations / examinees
More than 3,837 organizations / Over 4.54 million examinees
*As of the end of Mar., 2026

Other Businesses

Sales ratio FY24 14.4%

New business being developed and expanded to tackle a wide range of management challenges

Rising Next (New Areas of Growth)

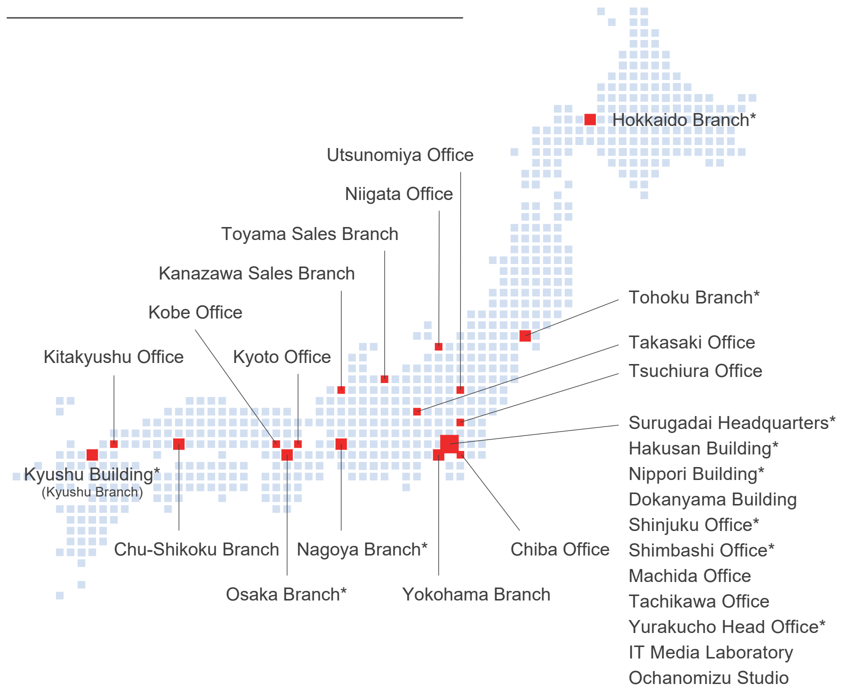
- e-Learning/Videos sales and production
- Consulting, Assessment Services
- Online Seminar Support Service
- Regional Revitalization Service
- Web Marketing Service
- Support Service for Training Management

Indicators for Insource Group

Total number of clients	Market share	Number of employees
49,561 organizations	4.0 %	755 people
Market capitalization	**PER**	**ROE**
80.7 billion yen	19.6 times	36.8 %
Equity Ratio	**Dividend yield**	**Number of shareholders**
77.3 %	2.59 %	9,192 people

*As of the end of Sep., 2025

28 Business Locations



Seminar classrooms in **6** cities

Online Training Booths **86** Booths

*As of the end of Apr., 2026 *Branches with Seminar Classrooms

Make Work Wonderful insource group (7 Affiliated Companies)

insource デジタルアカデミー	Insource Digital Academy Corporation	Development of DX talent
insource Consulting EXPERT	Insource Consulting Corporation	Consulting, HR strategy, Professional development
insource Creative Solutions	Insource Creative Solutions Corporation	AI Development, Content development, Consulting,
insource Research Institute	Insource Research Institute Corporation	Research and analysis, Consulting
mitemo	Mitemo Co., Ltd	Regional Revitalization Business, Workshops, Consulting
insource BUSINESS REP	Insource Business Rep Corporation	Support Service for Training Management, Help Desks and Call Centers
らしく	Rashiku Corporation	Recruitment Support Business

Contents

Point

This section outlines our growth strategy in the generative AI era, specific measures to promote AI utilization among 100 million people, and initiatives to expand our business.

Point

Based on our initiatives for FY24 and current issues, we have outlined our strategy for achieving sustainable growth in the future.

Point

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

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

Period covered in this report

FY24 ending September 30, 2025 (October 1, 2024 to September 30, 2025)

*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.

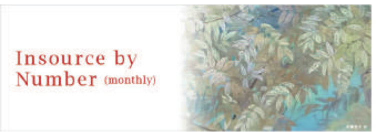
*This report has not been audited by an auditing firm.

Related Websites (English)

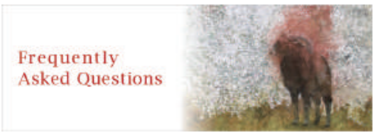
- **IR Information**
  https://www.insource.co.jp/en/ir/index.html

- **Sustainability**
  https://www.insource.co.jp/en/ir/ir_sustainable_index.html

- **Monthly Key Performance Indicator (KPI)**
  https://www.insource.co.jp/en/ir/insmthdata.html



- **Q&A (answers to questions from investors)**
  https://www.insource.co.jp/en/ir/ir_faq/index.html



"ENERGY" - A booklet that introduces our focus services as part of our "Solutions for Japan" initiative

"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 note that "ENERGY" is available in Japanese)

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

ENERGY Vol.16
Engaging with Gen Z and seniors

ENERGY Vol.17
Solve business challenges

Insource by Numbers

Insource continues to grow regardless of changes in the times or environment by constantly evolving itself.

Net sales
14.5 billion yen

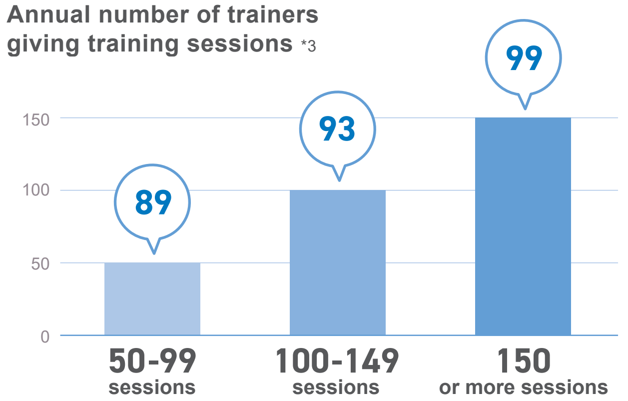
Operating profit
5.9 billion yen

ROE 36.8%
ROA 28.1%
Operating profit margin *1 41.2%

Number of clients *2
49,561 organizations
Private sectors 42,956 companies
Public sectors 6,605 organizations

Number of trainers *1
500
Of which, number of DX trainers 135

Annual number of trainers giving training sessions *3



Number of content items *1
On-SiteTraining 4,883 titles
Open Seminars 4,932 titles
Number of new content items created in a year 361 titles

Number of video content titles *1
1,287 titles

Number of organizations using assessment *1
3,329 organizations

Number of Leaf paid subscribers *4
887 organizations

Number of Leaf active users *4
Over 5.30 million people

Annual Number of training sessions conducted *3
40,528 times
On-Site Training 24,654 times
Open Seminars 15,874 times

Record number of training sessions conducted in a day *3
336 times

Annual number of attendees *3
Over 870 thousand

Training content evaluation *3
96.1%

Trainer evaluation *3
94.1%

Ratio of women in managerial positions *1
39.9%

Ratio of female executives *1
16.7%

Seniors *5
64

Employees of foreign origin *6
5

LGBTQ+ *7
4

Employment rate of persons with disabilities
2.89%

CO_2 emissions from electricity use *1
Reduction 47.2%YoY

*1 As of the end of September, 2025
*2 Cumulative total from June, 2003 to the end of September, 2025
*3 The period from October, 2024 to September, 2025
*4 As of the end of March, 2026
*5 Number of employees aged 60 or older
*6 "Employees of foreign origin" refers to employees with foreign nationalities. This includes foreign nationals who have acquired Japanese citizenship.
*7 Number of employees who agreed to disclose externally as LGBTQ+

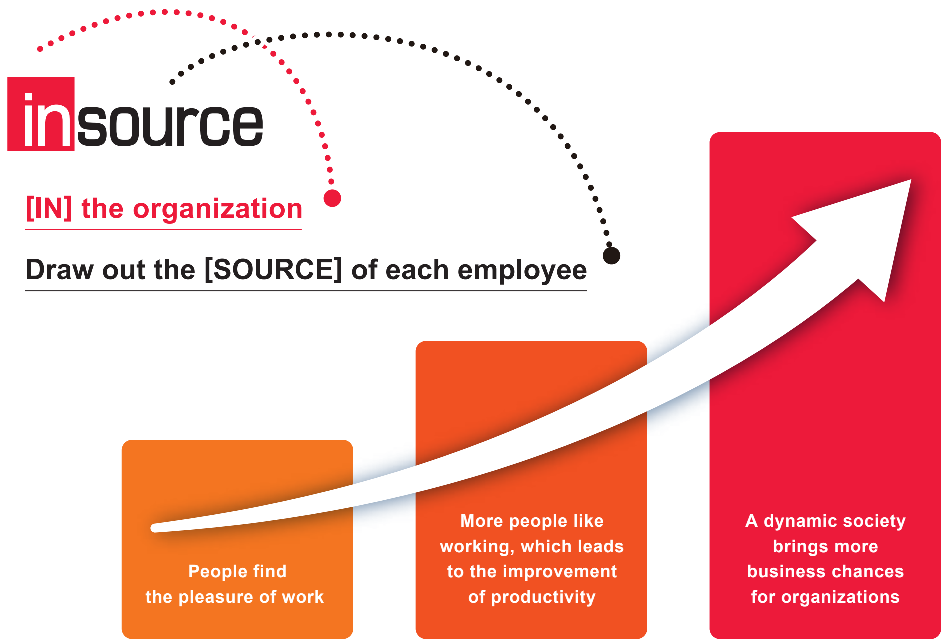
Corporate philosophy

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
- Make effective use of people and IT to provide services at reasonable prices
- Realize a diverse society in which everyone can thrive

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"

Continue changing ourselves

- **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 in the generative AI era, we will continue to develop new services with speed and grow significantly.

"We continue to act thoroughly and grow through destruction and creation"

Destruction & Creation

- **What we must break is complacency**
- **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.

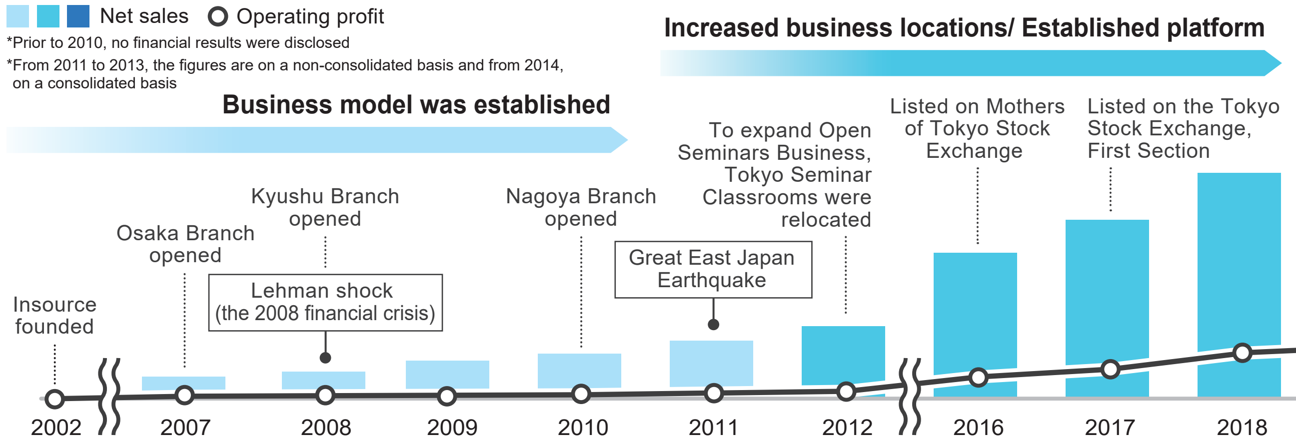
We create new Insource as we act thoroughly

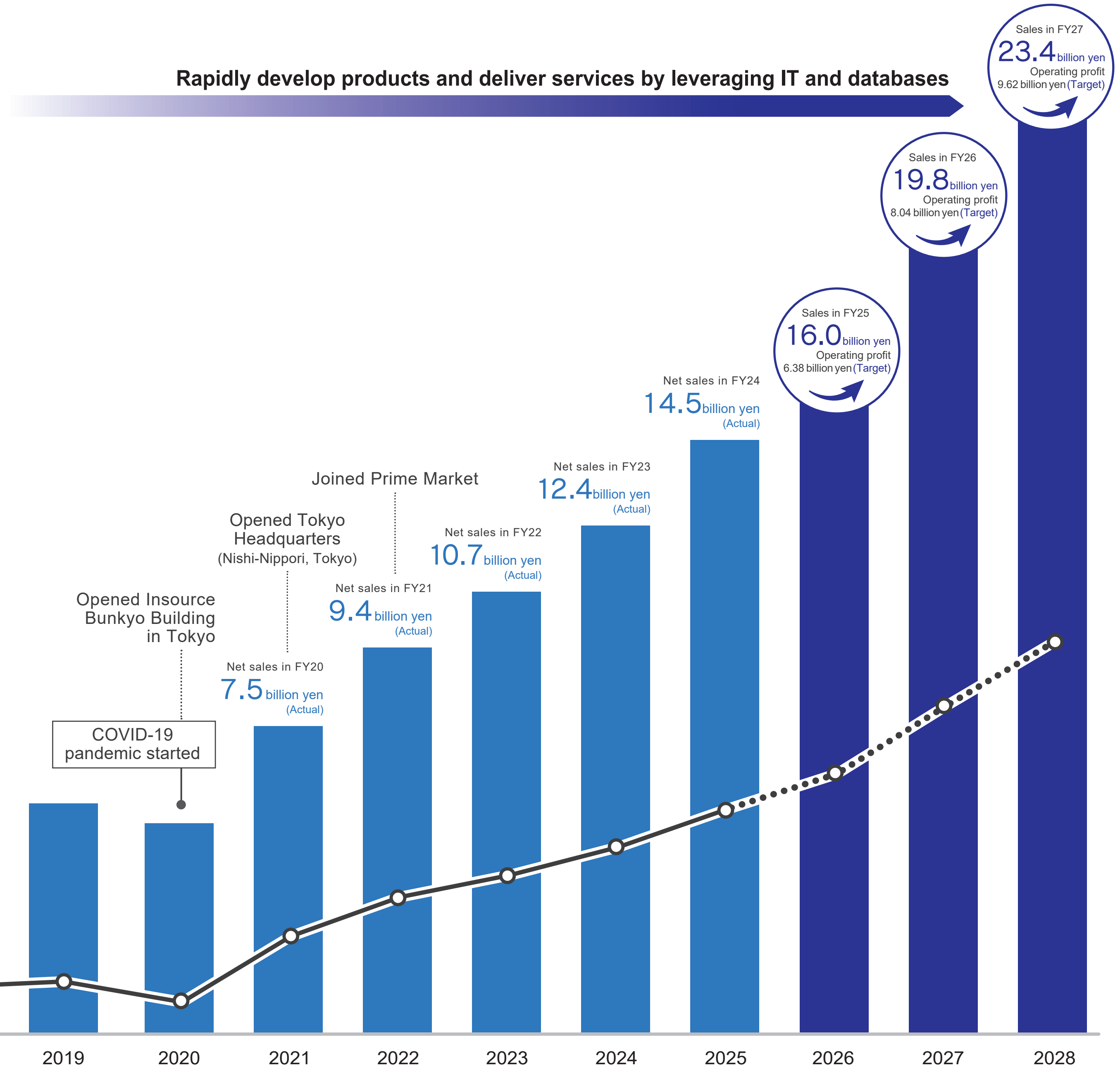
Picasso, the greatest artist of the 20th century, changed his style five times, changing even society's concept of beauty.
Our company has finally established itself as a "company that provides training for working adults." However, we are not satisfied with our current style, even though it has been 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

Insource Group celebrated the 10th anniversary of its stock market listing on July 21, 2026.
We have grown to this day with the mission of realizing "a society where diverse people can work happily by maximizing their individual characteristics and abilities." Although society is undergoing rapid changes these days, we view this as an opportunity and will continue to pursue further value creation without stopping, with "speed" and "flexibility."

2002	Established Insource Co., Ltd.
2003	Partnered with UFJ Institute Ltd. (now Mitsubishi UFJ Research and Consulting Co., Ltd.) to launch Open Seminars
2011	Started educational video production and e-Learning business by wholly-owned "Mitemo Co., Ltd."
2014	Launched sales of "Leaf" (HR support system, LMS)
2016	Listed on Mothers of Tokyo Stock Exchange
2017	Changed listing market to the First Section of the Tokyo Stock Exchange
2018	Established wholly owned subsidiary Rashiku Corporation and started the recruiting support business/ Acquired all the shares of "MIRAISOUZOU & COMPANY, Inc."
2019	Started IT/DX training business by wholly-owned Insource Digital Academy Corporation
2020	Opened a video and e-Learning EC site "Video Department Store" run by Insource
2021	Established Insource Marketing Design Corporation through acquisition
2022	Established Insource Business Rep Corporation through acquisition
	Obtained "Eruboshi" certification (2 stars) as a company promoting women's advancement
	Joined the Prime Market of the Tokyo Stock Exchange
2023	Signed the "United Nations Global Compact"
	Established wholly-owned subsidiaries Insource Consulting Corporation and Insource Creative Solutions Corporation
2024	Completed introduction of renewable energy at all 6 company-owned buildings
2025	Established wholly-owned Insource Research Institute Corporation
	Absorbed and merged with its wholly owned subsidiary "Insource Marketing Design Corporation"



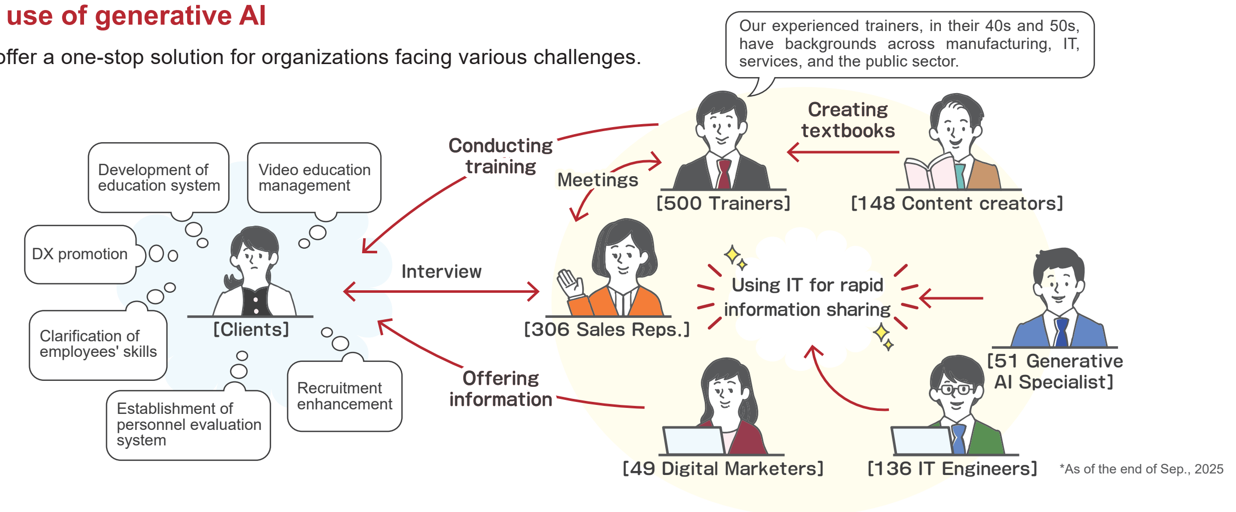


We built a "division of labor" system for trainer's work and textbook creation through the power of IT

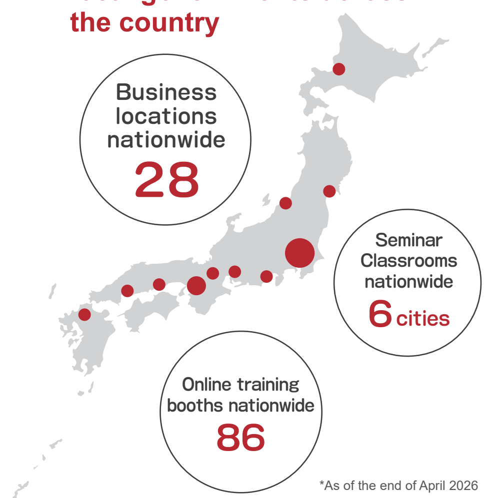
We aim to further accelerate our operations through the use of generative AI

We offer a one-stop solution for organizations facing various challenges.

- We established a division-of-labor system for training delivery and text production through the use of IT
- Rapid content development through extensive systemization

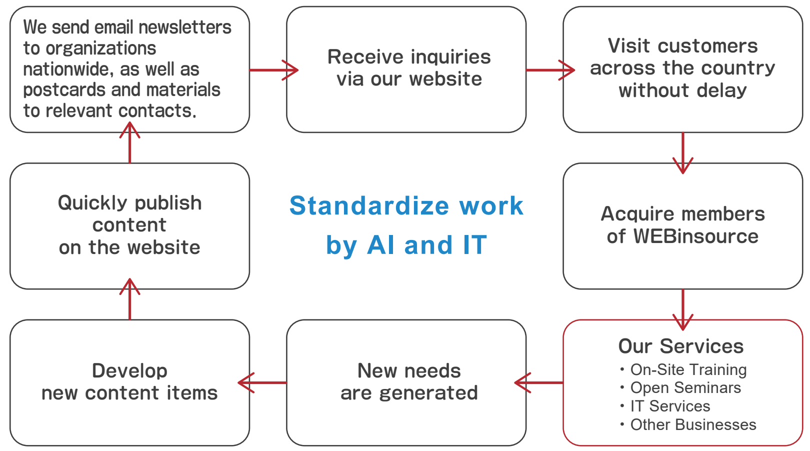


We provide good, reasonable services for companies and local governments across the country



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

- Received approximately 6,000 inquiries via our website in FY24
- Around 360 new content items are developed every year



Understanding Insource Training: How It Differs from Generative AI

Insource's training is designed to achieve behavioral change. Unlike knowledge-based education that can be replaced by generative AI, we emphasize practical application in the workplace. Our training business will coexist with generative AI and continue to grow.

Expected outcomes	Insource's services		Generative AI	
Behavioral change	○	• Centered on group work and repetitive exercises	×	• Same level of effect as books, no impact or thoroughness
Fostering motivation to learn and promoting learning	○	• Training places physical, time, and psychological demands on attendees • Instruction is provided by trainers	×	• Depends on learners' self-motivation • Trainer intervention required to enforce participation
Improving human skills and practical skills	○	• Improvement through role-playing, workplace practice, fieldwork	×	• Limited to knowledge acquisition with no practical opportunities
How to use generative AI	○	• Able to educate diverse learners	△	• Limited ability to accommodate learners who do not use PCs or generative AI

Feature 1

The ratio of lectures to activities is "4:6" - An experience of gaining "insights" through interactive communication

Our group's training programs emphasize the process where attendees confront their own work challenges and deepen their thinking through dialogue. The programs are designed so that attendees share experiences and perspectives through group work and presentations, and gain multifaceted insights through feedback from trainers and fellow attendees. By deepening dialogue, attendees accept opinions from trainers and other attendees, and take home concrete hints for action with a sense of conviction.

Feature 2

The goal is behavioral change - From "knowing" to "being able to do" through role-playing

Knowledge and information can be acquired through various means, but that alone does not lead to a state where one can execute in actual work.
Our group's training programs aim to strengthen practical skills by repeatedly experiencing actions that simulate actual work through role-playing and repetitive activities. The ultimate goal is for attendees to bring what they learned in training back to the workplace and try it out as actual behavior, emphasizing behavioral change that goes beyond mere understanding of knowledge.

Feature 3

Trainers with a wealth of real experiences – Creating empathy through real experiences and connecting to action

Our trainers comprise individuals with practical experience across a wide range of industries and fields, from finance, IT, manufacturing, distribution, services, and the public sector. Additionally, they have experienced diverse roles such as sales, human resources, management, and executive positions, enabling them to provide highly specific guidance aligned with actual work. In training sessions, rather than focusing solely on lectures, trainers actively share their own failure experiences to reduce the psychological distance with attendees. Furthermore, before training sessions, trainers carefully review the attendees' situations and pre-assignments, and on the day, provide explanations at a concrete behavioral level while attending to each attendee accordingly.
Through the process where attendees think for themselves, speak up, and connect to action, we facilitate the acquisition of skills that can be immediately put into practice in the workplace after training. Trainers undergo continuous evaluation and development even after being hired, ensuring stable training quality without relying on individual experience or person-dependent instruction.

【 Actual Curriculum Example 】

OJT Training in Five Steps - Subordinate Guidance for Leaders and Managers

Program

1. How to Develop Subordinates

Activity Pre-assignment sharing

(Points of focus and difficulties in subordinate guidance)

(1) Ensuring psychological safety
(2) The importance of strategically planned subordinate guidance
(3) Five steps of subordinate guidance
① Establish a development plan
② Knowledge provision
③ Implementation of OJT
④ Learning through case studies
⑤ Conducting interviews

2. Establishing a development plan

(1) The supervisor sets the goals to be achieved
(2) Create an OJT sheet

Activity Creating a development plan — Can't be replaced by generative AI

3. Knowledge Provision - Classroom Lectures Before Practice Are Effective

(1) Create materials in order of ideas
(2) Standardize formats from the beginning

Activity Identify knowledge to be taught in classroom lectures — Can't be replaced by generative AI

4. OJT - Proceeding with the Pulse Method

(1) Repetition of classroom lecture → practice → feedback

Activity Practice exercises on praising — Can't be replaced by generative AI

(2) Importance of teaching significance

5. Implementation of Case Study - Sharing Experiences

(1) Refine judgment through experiences
① Easier to remember than manuals
② Listening to stories serves as a substitute for experience
(2) Importance of sharing failure experiences

Activity Consider failure experiences to share and implement in case studies — Can't be replaced by generative AI

【Reference】Conducting reading sessions

6. Conducting one-on-one meetings - Aligning common understanding with subordinates

(1) Take time to talk with each individual
① Have a conversation for 15 minutes per week, or at least once a month
② Value one-on-one communication
(2) Gain trust by listening to subordinates

Role-Playing one-on-one meeting exercise - Listen to subordinates with empathy — Can't be replaced by generative AI

7. Summary

Organize what to practice based on this training

Can't be replaced by generative AI — **Role-Playing** From 6. Conducting Interviews

Interview exercise - Listen to subordinates with empathy

Consider how to conduct the interview and provide appropriate guidance in the following cases. Conduct a role-play with someone acting as the supervisor and someone as the subordinate.

【 Case 1 】
You are the leader of the sales department.
You will be conducting a regular interview with Employee A, a first-year employee.
He/She is a bright and positive person among the younger employees.
He/She is confident saying "I'm suited for sales" and "Results will come soon." In reality, his/her number of appointments secured and orders received are significantly below the department average, and there are noticeable shortcomings in proposal preparation and delays in reporting, communicating, and consulting (Ho-Ren-So).

Just recently, he/She was late in reporting a client's request to you, which resulted in a complaint from the client. Employee A tends to attribute the causes of failures to external factors, such as "Just bad luck" or "The client was demanding," and does not seem to be sufficiently focused on improving his/her own behavior.
In this interview, you will draw out what Employee A has to say while determining action goals to work on over the next three months.
How will you conduct the interview and guide Employee A?

■ Preparation for questions and topics to discuss with Employee A

■ Feedback and reflections on the role-play

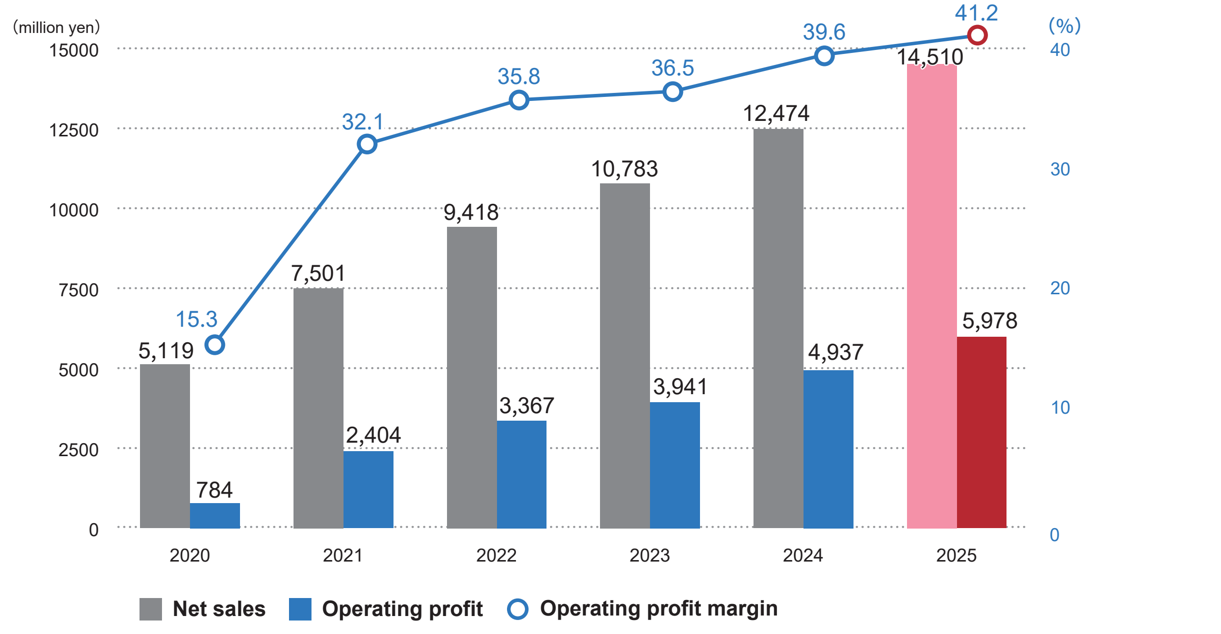
Performance Data

(Unit:million yen)

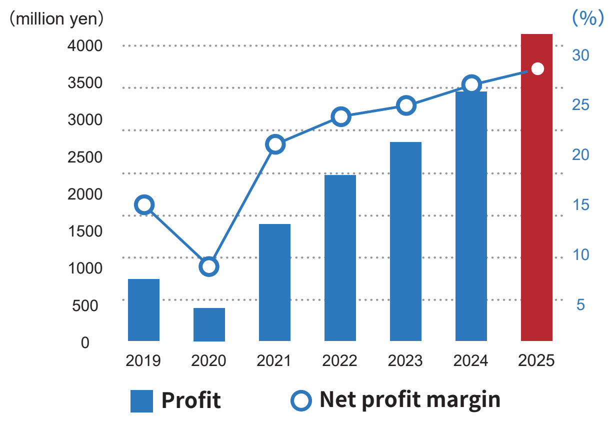
Items	FY19	FY20	FY21	FY22	FY23	FY24	FY25
	(COVID-19)						
Operating results:							
Net sales	5,119	7,501	9,418	10,783	12,474	14,510	16,000
On-Site Training Business	2,724	3,797	4,665	5,275	5,884	6,914	7,730
Open Seminars Business	1,267	1,827	2,218	2,617	3,060	3,579	4,040
IT Services Business	655	1,022	1,197	1,304	1,822	1,929	2,010
Other Businesses	472	853	1,337	1,586	1,707	2,086	2,220
Gross profit	3,643	5,721	7,214	8,242	9,613	11,158	12,340
Selling, general and administrative expenses	2,859	3,317	3,846	4,300	4,676	5,180	5,960
Total personnel expenses	2,260	2,615	3,107	3,445	3,746	4,199	4,750
Office-related expenses	169	182	162	170	153	166	180
Administrative and communication expenses	139	156	181	194	214	255	280
Other expenses	287	363	395	491	562	558	750
Operating profit	784	2,404	3,367	3,941	4,937	5,978	6,380
Ordinary profit	795	2,416	3,346	3,937	4,940	5,997	6,430
Profit attributable to owners of parent	445	1,571	2,233	2,676	3,355	4,130	4,400
Financial position (at fiscal year-end):							
Net assets	2,883	4,500	6,125	7,929	9,935	12,487	15,105
Total liabilities	1,461	2,266	2,604	2,865	3,242	3,662	4,315
Total assets	4,344	6,766	8,729	10,795	13,177	16,149	19,421
Cash flows:							
Cash flows from operating activities	191	2,356	2,544	2,902	4,032	4,395	—
Cash flows from investing activities	△624	△1,544	△687	△2,304	△447	△231	—
Cash flows from financing activities	△639	△408	△655	△909	△1,394	△1,678	—
Free cash flow	△433	812	1,857	598	3,584	4,164	—
Per-share information (yen):							
Profit	5.30	18.71	26.53	31.79	39.98	49.20	52.39
Dividends	4.6	7.7	10.7	13.0	20.0	25.0	29.5
Dividend payout ratio (%)	87.2	41.4	40.5	40.9	50.0	50.8	56.3
Net assets	34.44	53.46	72.75	94.19	118.41	148.70	179.90
Key management indicators:							
Operating profit margin (%)	15.3	32.1	35.8	36.5	39.6	41.2	39.9
Equity ratio (%)	66.4	66.5	70.2	73.5	75.4	77.3	—
Return on equity (ROE) (%)	14.9	42.6	42.0	38.1	37.6	36.8	—
Net profit margin (%)	8.7	20.9	23.7	24.8	26.9	28.5	27.5
Total asset turnover (times)	1.10	1.35	1.22	1.10	1.04	0.99	—
Financial leverage (times)	1.56	1.50	1.46	1.39	1.34	1.31	—
Number of employees	470	527	592	647	684	755	780
Operating profit per employee (thousands of yen)	2,628	7,113	8,645	9,220	10,661	11,654	—

* Total personnel expenses comprise personnel expenses, recruitment, training and employee benefit expenses, outsourcing expenses, and restricted stock.
* Office-related expenses comprise rent, property tax on company-owned buildings, real estate acquisition tax, and depreciation of property, plant and equipment.
* Per-share information reflects stock splits.
* The number of employees excludes Directors, Audit & Supervisory Board Members, executive officers, and, among temporary employees, part-time workers and dispatched workers. Temporary employees are excluded from operating profit per employee.

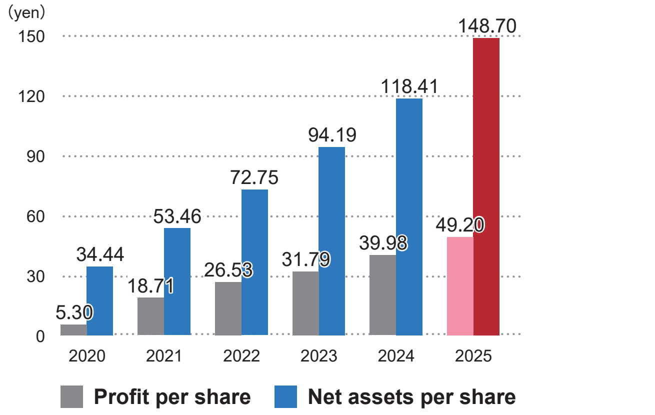
All Businesses Total: Consolidated Net Sales / Operating Profit / Operating Profit Margin



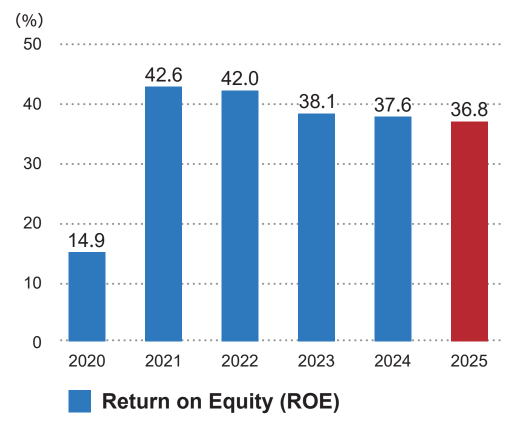
Profit / Net Profit Margin



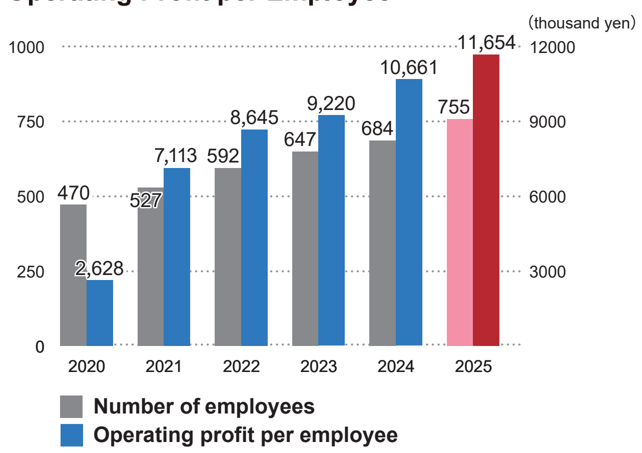
Earnings per Share (EPS) / Net Assets per Share



Return on Equity (ROE)



Number of Employees and Operating Profit per Employee



CEO Message

We make business AI accessible quickly and affordably through education, bringing AI utilization to 100 million people

Representative Director,
President and Chief Executive Officer
Takayuki Funahashi

Q How do you look back on FY24?

A We achieved record-high performance this fiscal year. Net sales were 14.5 billion yen, and operating profit was 5.9 billion yen

DX training including generative AI performed well

All businesses achieved revenue growth, with consolidated net sales increasing 16.3% YoY to approximately 14.5 billion yen, and gross profit also increasing 16.1% YoY to around 11.1 billion yen.

Net sales of the On-Site Training Business increased 17.5% YoY to approximately 6.9 billion yen. This was due to a 31.6% YoY increase in the number of DX-related training sessions conducted, including generative AI training, as well as solid repeat orders from existing clients.

Net sales of the Open Seminars Business increased 17.0% YoY to approximately 3.6 billion yen. Similar to the On-Site Training Business, DX-related training also performed well, with the number of attendees increasing by 22.7% YoY.

Operating profit increased 21.1% YoY. This was because gross profit increased 16.1% YoY due to strong orders for DX-related training, which has particularly high unit prices, in both On-Site Training and Open Seminars, while SG&A expenses only increased 10.8% YoY.

Leaf active users exceeded 5 million

Net sales of the IT Services business increased 5.9% YoY to approximately 1.9 billion yen. As the number of Leaf active users exceeded 5 million (+23.3% YoY), recurring revenue also performed well with a 30.5% YoY increase; however, customization revenue related to new projects decreased 38.5% YoY.

Net sales of Other Businesses were 2.1 billion yen (+22.2% YoY). Sales of the video and e-Learning Business were particularly strong in the first half. In addition, the number of consulting/ assessment service projects increased, and net sales rose 35.5% YoY.

Revenue in the large enterprise segment increased by 18.2% YoY

By industry and corporate segment, net sales of generative AI and DX-related training increased in the financial industry and the construction and real estate industry. In addition, in the LE segment (companies with 2,000 or more employees), the average unit price per client increased by 12.0% YoY due to large projects and upselling in the training business, and net sales also increased by 18.2% YoY.

Q Is the evolution of generative AI a threat that will shrink the training market for working professionals?

A For our Group, generative AI is not a threat but rather something we can coexist with, serving as a tailwind for business expansion

AI is not a threat

We sometimes receive questions from investors asking, in light of the rapid advancement of generative AI, "Won't the education industry be severely impacted?" or "Won't the training market for working professionals shrink?" I believe this scenario does not apply to our Group.

Human challenges remain the same, while new challenges are emerging in the AI era

Issues related to "humans" in organizations will not disappear no matter how times change.

For example, essential themes in corporate management will continue, such as communication between supervisors and subordinates, concerns about evaluation and development, and building trust within teams.

New challenges are also emerging due to the widespread adoption of generative AI, including AI utilization skill education, the development of Forward Deployed personnel* with strong interpersonal skills required in the AI era, job transition training for those whose roles may be replaced by AI, and mental health measures. We believe this will actually expand our existing business.

*Not merely someone who develops ideas and recommendations from behind a desk, but a professional who immerses themselves in frontline operations and drives AI-powered solutions to real business challenges

Continuing to achieve behavioral change through human power, which cannot be replaced by AI

In terms of acquiring knowledge, AI utilization will significantly transform the learning environment.

However, the services provided by our Group focus on generating behavioral change in attendees. Our Group's expertise lies in effectively facilitating a process where attendees reflect on their own work during training, engage in dialogue with many people, gain insights, and subsequently bring about behavioral change after the training. This is work that cannot be accomplished by AI.

Relentlessly pursuing efficiency and continuously creating differentiated services with the power of AI

As our Group promotes AI utilization to our clients, we are also thoroughly promoting AI utilization within our own operations. All Group employees, regardless of their department or work style, completed AI agent training, created over 500 AI agents, and some of these AI agents have been integrated into business systems to improve operational efficiency. We are achieving significant results, such as reducing proposal preparation time from two hours to just five minutes.

By combining our in-house AI development capabilities with our business expertise, we are also developing new AI-powered businesses. We aim to make this one of the pillars of our future business.

Q Please tell us about your long-term growth strategy

A In addition to the training business for working professionals, we will significantly expand AI-related business

Training business for working professionals - We aspire to become the educational infrastructure of Japan

For the training business for working professionals, we will continue to maintain our operating profit margin while expanding our service lineup and strengthening our sales structure. Aiming to become "the educational infrastructure of Japan," we will steadily expand our market share by offering a comprehensive range of products, price ranges, and delivery methods (On-Site Training, classroom-based Open Seminars, online Open Seminars, and e-Learning) to meet all educational needs.

AI Utilization Support Education Business - Promoting business DX under the slogan "AI for All of Japan"

In the AI utilization support education business, we are expanding our operations centered on AI agent education, a market expected to experience rapid growth. In line with the rapidly expanding market ahead, we aim to provide AI utilization education to a broad range of clients, including mid-sized and small enterprises. We believe our Group's mission is to enable our clients to achieve their business DX by utilizing AI themselves.

Consulting business
- Business process improvement and human capital strategy support in the AI era

We are strengthening our business DX consulting in anticipation of AI-driven operational improvements becoming commonplace in the future. In particular, our Group's strength in business DX lies in our ability to conduct business inventory and prioritization simultaneously with multiple attendees through workshops, enabling us to visualize issues and target states quickly and cost-effectively.
We are building a new consulting service model that leverages our advantages in speed and price competitiveness. We are also considering M&A opportunities involving consulting companies for business expansion.

In human capital strategy support consulting for the AI era, we are strengthening our consulting services in recruitment strategy, organizational strategy, and evaluation system development to address the future need for Forward Deployed talent.

AI application business

We develop AI applications by combining our exceptional AI development capabilities with Insource's existing business expertise.
Examples include in-house developed solutions such as "AI-OJT" for entry into the accident prevention and safety measures field, and "AI BOAT (hands-on learning support tools)" for entry into internal education beyond business skills.
We aim to accelerate our clients' businesses with sophisticated and exceptional AI applications.

Q Please tell us more specifically about the "AI utilization support" in the long-term growth strategy

A In particular, we help clients achieve business DX quickly and affordably through (1) providing generative AI applications, and (2) DX consulting

Currently, the adoption of generative AI is entering a period of rapid expansion from some pioneering companies and large enterprises, with utilization progressing at the individual level. However, usage remains limited to the prompt level and has not yet reached the "AI revolution" level that would bring dramatic improvements to internal operations.
Based on this environment, in the short term, we intend to continue strengthening our AI utilization support education business, and in the medium term, we plan to enhance the development of our generative AI application business that provides complex AI programs, while also strengthening DX consulting to advance operational DX for mid-sized and growing companies.
Through these efforts, our Group aims to grow "DX-related business and AI utilization support" at an annual rate of 30% or more, targeting an expansion to a composition ratio of 40% of sales by 2035. The specific businesses are the following two.

(1) Providing generative AI applications

We believe that by learning to create AI agents through education, internal business DX will advance dramatically, but we do not expect clients to immediately be able to utilize complex AI applications.
Therefore, our group plans to develop AI applications with high development difficulty and provide them in a SaaS format. We will materialize and provide the expertise cultivated in this way through AI.

We already deployed the AI functions of "Leaf," "AI-OJT" for accident prevention training, "AI BOAT (in-house education automation tool)" for internal training support AI, and "AI-Plants" for sales support AI, and we will continue to develop and expand applications that are directly linked to our clients' operations going forward.

(2) DX consulting
- AI education + ongoing support + generative AI platform provision

By providing ongoing support for AI utilization education through to our clients' ability to operate independently, we support DX initiatives at a more affordable cost than traditional consulting services. As needed, we handle system development, integration with existing systems, and operations and maintenance to deliver continuous value.
Additionally, we address challenges that are unavoidable in business DX, such as security and integration with existing systems, providing a secure and practical generative AI utilization platform. Through our in-house developed platform, we incorporate access management, usage controls, and log management to build an operational environment that can be used with confidence.
By combining these services, we provide integrated support from application provision to business transformation and system implementation, aiming to expand our market share along with broadening the adoption of AI utilization.

Q What are the strengths of the Business Model? Also, is it sustainable in the AI era?

A (1) Establishment of a division-of-labor process in service delivery, (2) Content development capabilities aligned with client needs and customizability, (3) Improved sales productivity utilizing the latest technology and community-based consulting sales, (4) Ability to take on challenges and adapt to change

(1) Establishment of a division-of-labor system in the training business to provide high-quality training services at affordable prices

The first strength is that we established a division-of-labor business model in training services. Our Group broke down the training service provision process into "client support/consulting," "textbook development," and "delivering training," establishing a division of labor system where sales representatives, content creators, and trainers each demonstrate their expertise.
Trainers are able to increase the number of training sessions they deliver, which leads to improved delivery skills and more consistent educational quality. We also established a system that enables the simultaneous delivery of multiple training sessions on the same topic while ensuring consistent content across locations nationwide.
This division of labor system is difficult to replace with AI. As the three parties are specialized and their roles are clearly defined, this system enables the incorporation of AI as a supplementary tool to improve efficiency while maintaining and enhancing the added value that should be provided by humans.

(2) Content development capabilities aligned with client needs and customizability

The second is our content development capabilities that respond promptly to client needs and our customization capabilities. Our Group positions training services as a "content business," and built a system that converts developed content into a database and delivers it uniformly across the country. Based on a market-in approach, we have accumulated abundant content assets by rapidly addressing niche areas as well.
In addition, a distinctive feature is that we possess high customization capabilities, not just standardization. We design optimal training programs according to industry, level, and business challenges, and flexibly develop and provide everything from case studies to workshops.
Furthermore, content is utilized across multiple channels including On-Site Training, Open Seminars, and e-Learning, creating a structure where it can be reused as content assets. This enables us to achieve improved gross profit margin and high operating profit margin. Our Group operates on a business model based on intellectual assets rather than a labor-intensive model. Human expertise remains the source of value when it comes to solution design tailored to client challenges and implementation into actual business operations. AI raises efficiency while people create value. Achieving both is our Group's competitive advantage.

(3) Improved sales productivity utilizing the latest technology and community-based consulting sales

The third is our simultaneous pursuit of improving sales productivity through the use of cutting-edge technology and practicing consulting-based sales in local communities.
Building on our in-house developed client and content database and training management system "Plants," we have implemented an automatic proposal creation function utilizing generative AI, establishing a framework that enables the rapid creation of high-quality proposals, thereby achieving both enhanced sales activities and improved productivity simultaneously.
Our Group is not only promoting efficiency through technology but also simultaneously strengthening community-based sales activities conducted by consultants stationed at offices and branches nationwide. Approximately 300 consultants make frequent visits to clients, carefully identifying potential challenges and minor needs through actual dialogue.
By redirecting the time created through AI toward such dialogue and in-depth exploration of issues, we provide solutions that contribute to resolving clients' fundamental challenges and improving their business performance, going beyond mere operational efficiency. We believe that this mechanism, which fuses data and technology with human capabilities to continuously create value, represents our Group's sustainable competitive advantage in the AI era.

(4) Ability to take on challenges and adapt to change

The fourth is our ability to take on challenges and adapt to change. Even when growth slowed after the COVID-19 pandemic, we boldly changed our approach to work by swiftly reorganizing and developing new services, enabling us to overcome the difficulties. In times of crisis, training services for working professionals are often targeted for cost reduction, and without proactive action, sales will decline. Therefore, our strength lies in our ability to continuously transform our organization to meet the rapidly changing needs of society, while enduring the challenges of changing our mission and organizational structure.

Q Please tell us about the Three-year Business Plan "Road to Next 2028"

A We aim for further growth centered on generative AI & Content IP

For FY27, our targets are net sales of 23.4 billion yen, operating profit of 9.6 billion yen, and net profit of 6.8 billion yen. We believe this is an achievable level, and we have four strategies.
The first strategy is expanding generative AI services. We will seize the arrival of the generative AI era as a significant opportunity and expand our AI education, AI application offerings, and DX consulting services.
The second is to strengthen consulting in a broad sense and increase the unit price per client. Until now, we often provided training services after companies had already decided on their management policies and strategies, which resulted in relatively small-scale transactions. Going forward, we aim to assist in building management strategies at the upstream stage through consulting on organizational transformation and AI utilization, and then enhance optimized education and AI utilization based on that foundation.
The third is to strengthen content development in all directions. In addition to DX-related areas such as generative AI, we plan to gather and expand themes such as certification programs for essential workers, foreign nationals, and career transitions, not only through in-house development but also widely from partner companies, thereby strengthening the comprehensiveness of educational content and eliminating missed opportunities. The AI application "AI BOAT (in-house education automation tool)" also has an aspect of content enhancement in that it enables Insource to handle companies' internal training.
Fourth and finally, we are planning to make unprecedented aggressive investments. We are planning aggressive growth investments of 13.2 billion yen in talent recruitment and M&A to strengthen the AI field, enhance consulting capabilities, and secure content IP.

Q Will you continue to increase personnel going forward? How is progress in successor development?

A In the near term, we will optimize our human resources while continuing to selectively recruit top talent. We will also steadily advance our succession planning and leadership development efforts.

As the use of generative AI advances, we plan to change our recruitment strategy.
While our basic approach is selective hiring, we intend to actively secure management personnel, consulting personnel, sales and marketing personnel, and talented engineers who are necessary for long-term growth.
However, for the time being, we will optimize our human resources. We plan to redeploy personnel freed up through AI utilization and proceed with organizational restructuring.
With regard to succession development, we are proactively promoting high-potential younger employees into positions of greater responsibility. At the same time, we are challenging our more experienced managers to take on initiatives aimed at improving business performance. From among those who demonstrate strong results through these opportunities, we intend to identify and select future successors.
Simultaneously, we will continue to implement management talent development programs based on succession plans for personnel at the deputy general manager level and above, strengthening the depth of our talent pool who will lead the company's future management.

Q The number of employees increased significantly in FY24. How do you maintain and instill the corporate culture as the organization expands?

A We promote active internal communication through twice-weekly company-wide morning meetings and the swift sharing of information and best practices across the organization.

In FY24, the number of employees in our Group increased by 71 from the end of the previous fiscal year to 755*.
In April 2026, we will welcome approximately 40 new graduates, and we plan to expand to 780 employees by the end of September 2026.
As headcount increases, it may seem difficult to maintain the corporate culture, but our Group holds company-wide morning meetings every Monday and Friday. Having everyone know each department's information and the latest developments reduces unnecessary communication costs. Additionally, at the end of each morning meeting, I make a point of repeatedly communicating our Group's important values and specific behaviors. At our Group, speed and information are absolutely vital. I intend to continue these morning meetings even as our headcount grows.

*Excludes Directors, Auditors, and Executive Officers. Among employees, temporary employees include part-time employees, but exclude temporary agency workers and casual staff

Q Please tell us about your specific initiatives in ESG

A We promoted Health and Productivity Management company-wide and also advanced governance-related initiatives

Our Group advocates "ESG+P (Performance) Management," which emphasizes Performance (business results) in addition to ESG, aiming to achieve both the creation of social value and sustainable improvement in business performance. To date, we have achieved growth as a company and improved profitability while expanding businesses and initiatives that provide social value. We believe that ESG initiatives are not only a corporate responsibility but also enhance business competitiveness and lead to long-term improvement in corporate value.
In FY24, regarding Health and Productivity Management (Social), we continued last year's measures while engaging with each individual employee, addressing their specific health and caregiving challenges, and providing support for balancing work with these responsibilities. Beginning in FY25, we launched an initiative that encourages employees to review their health checkup results over multiple years, set personal health goals, and actively pursue measures to improve their health.
Furthermore, in governance, we achieved significant progress in our initiatives through the establishment of the "Insource Group Compliance Code of Conduct" and the implementation of human rights due diligence. We will continue to actively invest in ESG-related measures and enhance both social value and corporate value.

Q What do you see as the significance of being publicly listed?

A We will continue to grow by reflecting the views of our stakeholders in our management

We believe that the opinions and expectations from our stakeholders, including investors, serve as drivers of growth for our Group. We recognize that reflecting the valuable feedback and suggestions we receive daily into our management has been one of the factors behind our continued growth in revenue and profits.
We will continue to strive to enhance management quality and increase corporate value while maintaining close dialogue with all stakeholders.

Three-year business plan ROAD TO NEXT 2028

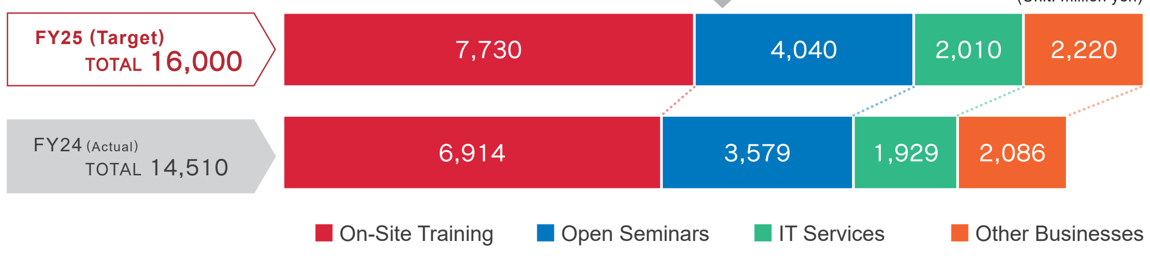
For FY27, we aim for net sales of 23.4 billion yen and operating profit of 9.6 billion yen

Numerical target

(Unit: million yen)

	FY25(Forecast)	FY26(Target)	FY27(Target)	CAGR
Net sales	16,000	19,800	23,400	+17.3%
Operating profit	6,380	8,040	9,620	+17.5%
Operating profit margin	39.9%	40.6%	41.1%	-

FY25 Performance Targets by Business



Policies for Achieving the Medium-Term Management Plan

(Announced on November 4, 2025; partially modified)

1. Large-scale expansion of new businesses and services related to generative AI

- Deploy in-house developed AI services such as AI-OJT and LLMO consulting
- Expand service lineup by combining partner AI solutions

2. Strengthening consulting business and growth in specific domains

- Transition from training provision to higher-value consulting services, including organizational transformation and education system reform
- Focus on strengthening DX services and HR support as growth engines
- Promote sales expansion for information and communications/IT services and government agencies
- Address client challenges from upstream processes such as management support and job transitions

3. All-around development of educational content

- Expand existing content to meet diverse needs of working professionals
- Strengthen support in areas such as essential workers, foreign workers, and certification acquisition, in addition to DX
- Enhance brand recognition through web page development optimized for AI search (LLMO)
- Increase inquiries

4. Improving sales productivity through generative AI utilization

- Introduce generative AI to "Plants" and "WEBinsource" to automate analysis and proposals
- Promote the automation of vendor registration and the streamlining of back-office operations
- Establish a business improvement team using generative AI to promote company-wide operational reform

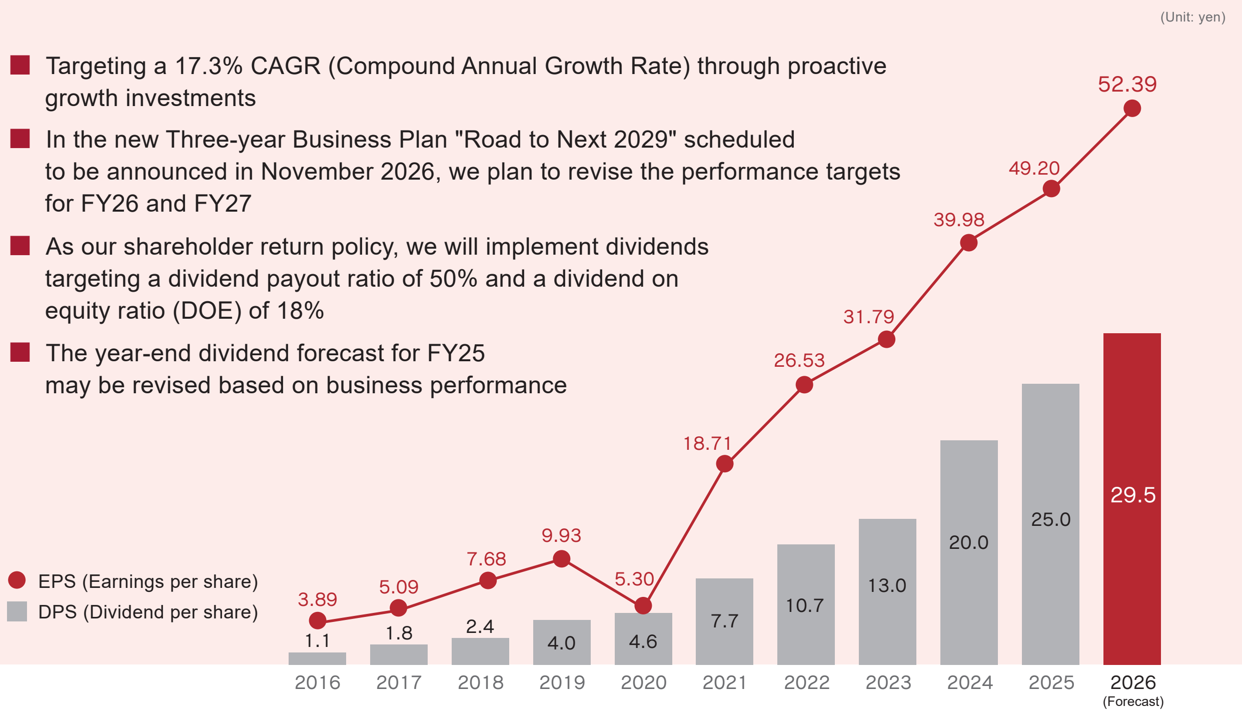
5. Reduce total personnel expenses through generative AI utilization and recruitment optimization

- Strengthen the human resource foundation for an organizational structure suited to the generative AI era
- Promote development of "neo-generalists" who can work across multiple fields

Shareholder Return Policy

We review it on a rolling basis every year. Scheduled to be updated in November 2026

- Targeting a 17.3% CAGR (Compound Annual Growth Rate) through proactive growth investments
- In the new Three-year Business Plan "Road to Next 2029" scheduled to be announced in November 2026, we plan to revise the performance targets for FY26 and FY27
- As our shareholder return policy, we will implement dividends targeting a dividend payout ratio of 50% and a dividend on equity ratio (DOE) of 18%
- The year-end dividend forecast for FY25 may be revised based on business performance



Changes in Insource's business structure - Existing business and generative AI business

In the short term, we will achieve steady promotion of existing education business and growth of DX-related business. In the medium to long term, we will significantly expand AI-driven business supporting clients' DX initiatives

Growth Strategy for the AI Utilization Era Short-term (through 2030)		Growth in the Expansion Phase of Business AI Adoption Medium to long term (through 2035)	
• Pursue growth in AI business without neglecting existing businesses • Shift personnel to AI business while strengthening productivity of existing businesses through AI • Continue to strengthen AI talent			
1. **Training business for working professionals** (excluding DX)	Aim for steady growth through generative AI, e-Learning, enhanced consulting, and close client relationships	• Aim to expand market share by enhancing service lineup and sales capabilities while maintaining high productivity	Sales ratio **40%** Growth rate **10-20%**
2. **DX training business**	Expand primarily in AI agent education, where rapid growth is expected	• Provide AI agent training to a wide range of businesses, including small and medium-sized enterprises, in line with market growth • Develop a diverse lineup of training programs	Sales ratio **20%** Growth rate **20-30%**
3. **DX-related business AI utilization support**	Promote businesses that support the realization of operational DX through AI utilization while educating users, especially management	• Provide affordable services as it becomes common for users to leverage AI to achieve business DX • Develop and provide numerous generative AI utilization services, including those beyond the education field	Sales ratio **40%** Growth rate **30% or more**

*The Medium-Term Management Plan is scheduled to be reviewed when full-year financial results for FY25 are announced

Market Environment and Sales Strategy

Executive Officer
Manager of Group Sales Management Office
Noriko Shingu

Q Please tell us about the market situation.

A The training market for working professionals, digitalization of education, and HR digitalization market are all expected to expand, and we aim to achieve business growth through AI-related services

All existing businesses are expected to expand, and we will drive steady growth through swift, multifaceted initiatives

First, we see growth potential across all of our existing businesses. The training market for working professionals is projected to grow to 365 billion yen in 2026 and 425 billion yen in 2030, while the HR digitalization market is expected to reach 17.5 billion yen in 2026 and 19 billion yen in 2027. In addition, the DX education market, which we have identified as a key growth area, is projected to expand to 42 billion yen in 2026 and 78 billion yen in 2030.
Based on these market conditions, we will carefully analyze the market from multiple perspectives, including company size, industry, and service domain, and swiftly implement measures to address weaknesses, thereby steadily growing our existing businesses.

Leveraging the expanding generative AI-related needs as a catalyst for future growth

For the domestic AI system market, we anticipate explosive expansion, reaching 380 billion yen in 2026 and 1.775 trillion yen in 2030. Regarding generative AI, we expect that challenges will become apparent among domestic companies going forward, such as "how to integrate generative AI into business operations and link it to organizational outcomes rather than leaving it as merely a convenient personal tool" and "how to transform organizational management." We view these as new market opportunities.

■ Changes in the Training Market for Working Professionals and the Insource Group's Market Share

	Market-related factors					Market size	
	Training fee per person *1 (thousand yen)	Percentage of organizations conducting training *1	No. of employees *2 (in ten thousand.)	No. of employees in the private sector *3 (in ten thousand.)	No. of employees in the public sector *3 (in ten thousand.)	Estimated market size *4 (in billion yen)	Insource's share
2028 (Forecast) *5	16.0	50.2%	4,620	4,090	530	400	**5.6%**
2027 (Forecast) *5	16.0	50.2%	4,575	4,050	525	380	**5.0%**
2026 (Forecast) *5	15.5	49.8%	4,520	4,000	520	365	**4.2%**
2025 *5	15.5	49.4%	4,470	3,950	520	350	**4.0%**
2024	15.0	49.2%	4,414	3,895	519	335	**3.6%**
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%**

*1 From "Basic Survey of Human Resources Development (2024)," Ministry of Health, Labour and Welfare
*2 From the 2024 Labor Force Survey by the Ministry of Internal Affairs and Communications, total number of employees of companies and government agencies with 30 or more employees
*3 Organizations with 30 or more employees, based on the 2024 Labor Force Survey by the Ministry of Internal Affairs and Communications
*4 Calculated based on *1 and *2 *5 Estimated by Insource

Q Please share your thoughts on the sales strategies for FY24

A Growth in generative AI and DX-related training, introduction of a 16-service-domain structure that transcends business frameworks, and commencement of large-scale projects for public institutions made this a year of stepping into "new territories beyond the boundaries of training for working professionals"

In FY24, driven by corporate DX promotion and expanding demand for generative AI utilization, our training business, IT Services, and Other Businesses all achieved growth, with net sales of 14,510 million yen (+16.3% YoY) and operating profit of 5,978 million yen (+21.1% YoY), setting new record-high results.
In particular, growth was driven by large-scale DX projects in On-Site Training, bulk contract projects for local governments, and expanded participation in DX-related Open Seminars.
We also made progress in building foundations for sustainable future growth, including the expansion of generative AI-related services and the introduction of the Service Domain System.

Net sales by client company size - Large-scale project orders from LE (large enterprises) and bulk contracts from local governments contributed to sales growth

We conduct sales activities by categorizing clients into four segments: LE (large enterprises), MM (medium market business), SMB (Small and Medium-sized Businesses), and public sector. In FY24, we achieved increased sales across all segments, successfully expanding our client base while also improving per-client unit prices.
Particularly, LE and the public sector stood out. In LE, net sales reached 4,126 million yen (+18.2% YoY) with average net sales per client also increasing by 12.0%, driven by large-scale orders related to generative AI and DX, as well as large orders for HRD SmartPack.
In the public sector, the acquisition of bulk contract projects and bidding projects for local governments progressed favorably.
Additionally, recurring sales from "Leaf" expanded, with net sales of this segment reaching 2,826 million yen (+17.1% YoY). We achieved stable growth against the backdrop of increasing demand for digitalization and human resource development in the government sector.

By Industry - Architecture/real estate, finance, services, and transportation/warehouse sectors grew by capturing demand for generative AI and DX-related training

By industry, services, finance, architecture/real estate, and transportation/warehouse sectors achieved growth of over 20% YoY, driven by expanding demand for generative AI and DX-related training.
On the other hand, information & communication/IT services, healthcare/welfare, and educational services/academic institutions did not reach a 10% growth rate, which remains a challenge for FY25 and beyond.
Going forward, we will aim for further growth through the introduction of industry-specific services and generative AI-related services.

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

		FY23	FY24	YoY	changes
LE Large Enterprise Businesses (2,000 employees or more) 【FY24 composition ratio 28.4%】【FY23 composition ratio 28.0%】	Average sales per client (unit: thousand yen)	2,851	3,193	+ 342	+ 12.0%
	Number of clients	1,225	1,292	+ 67	+ 5.5%
	Net sales (unit: million yen)	3,492	4,126	+ 634	+ 18.2%
MM Medium Market Businesses (300 - 1,999 employees) 【FY24 composition ratio 32.0%】【FY23 composition ratio 32.2%】	Average sales per client (unit: thousand yen)	1,160	1,230	+ 70	+ 6.0%
	Number of clients	3,461	3,775	+ 314	+ 9.1%
	Net sales (unit: million yen)	4,015	4,645	+ 629	+ 15.7%
SMB Small and Medium-sized Businesses (299 employees or fewer) 【FY24 composition ratio 20.1%】【FY23 composition ratio 20.5%】	Average sales per client (unit: thousand yen)	386	408	+ 22	+ 5.7%
	Number of clients	6,603	7,129	+ 526	+ 8.0%
	Net sales (unit: million yen)	2,551	2,913	+ 361	+ 14.2%
Public Sector 【FY24 composition ratio 19.5%】【FY23 composition ratio 19.4%】	Average sales per client (unit: thousand yen)	1,221	1,401	+ 179	+ 14.7%
	Number of clients	1,977	2,017	+ 40	+ 2.0%
	Net sales (unit: million yen)	2,414	2,826	+ 411	+ 17.1%
	All Segments (unit: million yen)	12,474	14,510	+ 2,036	+ 16.3%

* As of the end of September 2025
* The number of clients and average net sales per organization in each segment are based on the classification by the number of employees at each organization in our client management system at the time of calculation. Additionally, from FY24, Large Enterprise (LE) is defined as companies with 2,000 or more employees, and past actual results have also been recalculated under the same conditions.

By Service Domain - Introduced from 4Q, with cross-functional collaboration to drive service development and promotional activities

For FY24, we introduced the 16-service-domain structure from 4Q to strengthen business operations based on client needs. We are promoting service development and promotional activities across departments to accelerate growth in each domain.
The DX Service Domain showed the highest growth, with net sales of 1,805 million yen (+29.4% YoY). Generative AI utilization training, DX promotion consulting, and assessment services performed strongly, enhancing our presence as a domain supporting corporate digital transformation.
The rapid expansion of demand for training and consulting related to generative AI utilization also provided a tailwind.
The Level-Specific Education Domain, which had the next highest growth rate, achieved net sales of 2,251 million yen (+23.7% YoY).
Demand for training targeting managers and younger employees remained solid, with an increase in projects aimed at reviewing talent development systems and strengthening management capabilities. This domain maintains high growth as our core business area.
The HR Support Domain achieved net sales of 2,792 million yen (+14.5% YoY). Through the learning management system "Leaf," seminar support service, and HR system consulting, we supported HR departments in improving operational efficiency and developing human resources.
The Recruitment and Training for New Employees Domain achieved net sales of 1,598 million yen (+15.4% YoY). In addition to responding to growing demand for new graduates recruitment support and new employee training, we launched the internship information magazine "INTERN BUS" strengthening our system to provide consistent support from recruitment through to development.
Other domains such as Business Skills, Subordinate Guidance and Turnover Prevention, and Communication also showed steady growth. As the business environment surrounding companies undergoes rapid changes, demand continues for educational services that support practical behavioral change rather than mere knowledge acquisition.

Q Please tell us about the future growth strategies for the four businesses

A Existing businesses will continue to grow steadily, centering on high-value-added areas such as DX and generative AI utilization, while focusing on consulting and generative AI-related services as growth areas

On-Site Training Business
- Focusing on high value-added areas such as DX/generative AI utilization and combinations with consulting

Our On-Site Training business is a core business that provides customized training tailored to the specific challenges faced by each company, government agency, and local government.
While the means of acquiring knowledge have changed significantly with the spread of generative AI, the training we provide aims to promote behavioral change through interaction and exercises among attendees and practical application in the workplace, offering value that is difficult for generative AI to replace. We will continue to aim for sustainable growth by providing educational services that respond to changes in society and organizations.
DX and generative AI-related fields will be at the center of growth. We will strengthen generative AI utilization education, business-specific AI training, and DX promotion training to capture the demand for digital human resource development in corporations and local governments.
In addition to conventional level-specific training, we will enhance proposals that are linked to organizational transformation and business reform. In the generative AI era, we believe that "practical education that can be applied in actual work" will become important, going beyond mere knowledge acquisition. Therefore, we will advance the provision of high-value-added solutions that combine education and consulting, and expand our scope to support transformation across entire client organizations.

Open Seminars Business
- Maintaining competitive advantage through improved convenience and timely course offerings

Our Open Seminars Business has grown by leveraging the convenience of offering diverse themes to small groups, available both classroom-based and online.
Recently, demand for reskilling at the individual level and human resource development needs at small and medium-sized enterprises have been increasing, and we expect the open seminars market to continue expanding.
We will create an environment where more clients can easily take training through our "Guaranteed Seminar" service, which guarantees that seminars will be held even with just one attendee, and by expanding our lineup.
We are also accelerating the development of training in growth fields such as generative AI, DX, and data utilization. As the pace of changes in the social environment and technology accelerates, there is a growing need among companies for knowledge acquisition in a short period of time, and we believe that timely course offerings will lead to competitive advantage.
We will maintain and strengthen our Group's traditional strength of "a system that quickly captures market trends and develops new content every month."

IT Services
- Steady increase in Leaf active users and higher revenue per client through new generative AI features

The IT Services Business continues to grow through subscription-based services centered on the HR support system "Leaf." The number of Leaf active users exceeded 5.3 million in March 2026, establishing itself as a critical platform supporting corporate talent development and performance evaluation system operations.
We will aim for continued steady growth in Leaf active users while evolving "Leaf" from a simple training management system into a platform that supports all HR and education operations. We will sequentially introduce new add-on features that leverage generative AI, including HR evaluation support functions, feedback on role-playing videos, and automatic generation of comprehension tests, to support operational efficiency improvements and DX promotion within client organizations.

Other Businesses
- Growth in high-margin video and e-Learning, and significant growth in consulting business

Other Businesses include video and e-Learning, consulting and assessment, Web production, and other businesses. These businesses have high affinity with existing education services and play an important role in comprehensively solving client challenges. Our Group will leverage client touchpoints to expand support for management challenges that cannot be solved through education alone.
We will steadily increase sales in the high-margin video and e-Learning business while focusing on the consulting domain and generative AI-related businesses.
With the spread of generative AI, companies are required to review their organizational design, talent strategies, and education systems. Our Group will strengthen consulting businesses that go beyond providing training to support clients from upstream processes, including building AI talent development frameworks, organizational redesign, and job transition support. Furthermore, through collaboration with regional revitalization and Assessment Services, we will contribute to solving diverse social and management challenges.

Q With many competitors in the AI-related business, how do you differentiate yourselves?

A Leveraging our advanced expertise in "training internal personnel within organizations," we support clients in cultivating AI talent within their companies, helping them achieve continuous, cost-effective operational improvements and business transformation

In the generative AI space, we operate across four areas: "AI utilization education," which is part of our existing business, as well as "AI utilization platform provision," "AI-ready organization consulting," and "AI application provision." Starting with "AI-OJT," which automatically generates training materials from internal accident reports, we are continuously developing and launching new services to support clients in improving productivity and achieving organizational transformation.
The strength of our Group's generative AI-related services lies in possessing advanced expertise in "developing internal human resources within organizations."
Rather than simply providing tools or consulting services, we help organizations build internal capabilities. By developing in-house talent, our clients can accelerate business transformation and achieve greater cost efficiency than would be possible through outsourcing.
We are also driving business transformation across our group through the use of generative AI. By incorporating AI into a wide range of activities, including sales proposal development, content creation, and trainer selection, we are enhancing productivity and operational efficiency. Leveraging the practical knowledge and experience gained through these initiatives, we support organizational transformation for our clients from both education and technology perspectives.

Future Content Development Strategy

Executive Officer
General Manager of Group Content Development Division
Yoshio Ohata

Insource Creative Solutions Corporation
Executive Officer
Yukari Yano

Q How do you perceive the current changes in the training market?

A We believe demand will grow for workforce reskilling and redevelopment to develop talent capable of collaborating with generative AI, with large-scale job transitions in mind.

Changes in the talent profile required in the generative AI era are creating new demand

With the rise of generative AI, the very way work is conducted is undergoing significant transformation. Generative AI is now handling some of the information gathering, document creation, and analytical tasks that were previously performed by people, dramatically increasing the potential for productivity improvements, while at the same time creating new talent development challenges for companies. In line with these environmental changes, we believe training needs are shifting in three major directions.

(1) Developing talent capable of utilizing generative AI has become an urgent priority

While more companies are implementing generative AI, not many are yet achieving sufficient results in their actual operations.
In addition to basic knowledge of generative AI and risk management, skills are required to give appropriate instructions according to business challenges and to evaluate and improve outputs. Therefore, there is growing demand for training that develops practical application skills and business transformation capabilities to achieve results, rather than training that simply teaches how to operate tools.

(2) The very skills required of business professionals are changing

As generative AI takes on routine tasks and information organization, people will increasingly be required to possess "capabilities that are difficult for generative AI to replace," such as problem-setting ability, planning ability, judgment, and communication skills. Additionally, the ability to appropriately evaluate information generated by generative AI, verify its validity, and connect it to decision-making is becoming increasingly important. As a result, the focus is shifting from traditional knowledge acquisition-centered training to training that enhances thinking ability, creativity, and interpersonal skills.

(3) As generative AI drives business process automation and redesign, the need for career transitions and workforce redevelopment will expand.

Going forward, it is expected that required workforce composition and job responsibilities will change as certain operations become significantly more efficient. As a result, organizations will be required to reskill their existing employees and support their transition into new roles.
We believe there will be growing demand not only for training to acquire specific skills, but also for systematic talent development with a view toward medium- to long-term career development and career transitions.
In this way, the training market is significantly transforming its role from "a place to acquire knowledge" to "a place that supports workforce transformation to gain competitiveness in the generative AI era."

In human capital management, the changes brought about by generative AI are also a key issue

The "Revised Guidelines for the Visualization of Human Capital" (*) issued by the Cabinet Secretariat, the Financial Services Agency, and the Ministry of Economy, Trade and Industry also highlights the changes in skill demands accompanying AI advancement and the importance of continuous capability development of human resources. Going forward, human resource strategies will be required that enable humans and AI to collaborate while leveraging their respective strengths, leading to enhanced corporate value.

* "Revised Guidelines for the Visualization of Human Capital," issued by the Cabinet Secretariat, the Financial Services Agency, and the Ministry of Economy, Trade and Industry

Q What is your strategy for future content development?

**A We will transform digital skills from “specialized skills” into “basic literacy.”
We will drive the development of talent for the AI era and create practical, field-oriented content.**

Developing "Neo-Generalists" required in the AI era

With the widespread adoption of generative AI, digital skills are no longer something possessed only by specialized professionals, but are transforming into basic literacy required of all business professionals.
While AI has made access to specialized knowledge easier, the importance of talent who can combine multiple areas of knowledge and experience to create new value is increasing within organizations. At our company, we position such talent as "Neo-Generalists." Our company is advancing the development of training programs that build skills in AI-related areas such as generative AI literacy and AI agent utilization, as well as uniquely human capabilities such as conceptualization, consensus-building, and communication skills AI literacy and AI agent utilization, as well as abilities that demonstrate uniquely human value, including conceptualization skills, consensus-building skills, and communication skills.
Additionally, we are working to strengthen assessment services that visualize companies' AI utilization status and challenges, while promoting "Forward Deployed" content development that deeply addresses challenges specific to each industry and job function.
We will provide practical programs that help solve workplace issues by using AI analysis in addition to data such as training records and participant surveys.

Q Please tell us about the differences from competitors and your competitive advantages in an era where Generative AI can create content.

A Our strength lies in our ability to provide end-to-end support, from content delivery through to the achievement of human resource development outcomes.

With the evolution of generative AI, creating training textbooks and learning content is becoming easier. However, we believe that going forward, what will become important is not the content itself, but how to design learning experiences that lead to solving corporate challenges and transforming human resources.
Throughout the year, we conduct numerous training programs and reflect the insights gained from the actual workplace and feedback from attendees into our content development.
We emphasize activities and case studies based on actual business challenges, providing experiential learning aimed at achieving a state where attendees can not only acquire knowledge but also put what they learn into practice.
We also provide integrated services ranging from assessments to understand the current situation and capability development through training to system design and organizational transformation support through consulting. By combining diverse services such as Open Seminars, On-Site Training, videos, and e-Learning, we have achieved systematic human resource development tailored to each company's challenges.
Even in an era where generative AI supports content creation, we believe our competitive advantages lie in our ability to identify issues based on actual workplace understanding, our capability to design learning through experience, and our comprehensive production capabilities that support overall human resource development.

Growth Strategy in the Generative AI Era

Becoming a Leading AI Company Covering Education, SI, and Consulting

To be a Leading AI Company

The full-scale adoption of generative AI in organizations is progressing, and it is becoming standard for companies and organizations to conduct business utilizing generative AI. Our Group will become a company capable of meeting all the needs of the growing generative AI market.

AI dramatically transforms the DX process

1. System development shifts to a user-driven model
2. Insource supports AI utilization through education
3. Reducing development costs from hundreds of millions of yen to millions of yen

	Current Business DX High Cost and Time-Consuming	Future business DX initiatives Cost-Efficient and Fast
Business improvement Requirements definition	Implemented by internal IT information systems department and consultants	**Supported by Insource and implemented by users** (1) Trained users analyze business processes and carry out development themselves (2) Development by using natural language (Japanese) with generative AI
System development Implementation to existing systems	Implemented by SE programmers *Requires knowledge of development languages such as Java and PHP used in legacy systems	Implemented by SE programmers *Implementation requires knowledge of development languages such as Java and PHP **also supported by Insource**
Maintenance		**Supported by Insource and implemented by users** (3) Business changes are handled by user-led initiatives

*For systems processing large volumes of transactions/ it is assumed that there will be no significant change from the current situation

Users actively participate in development

Users can now visualize what they want to achieve in actual work by using generative AI and communicate it to system engineers, reducing development man-hours. System development that previously required hundreds of millions of yen and several years can now be completed at low cost and in a short period—just a few million yen and a few months.

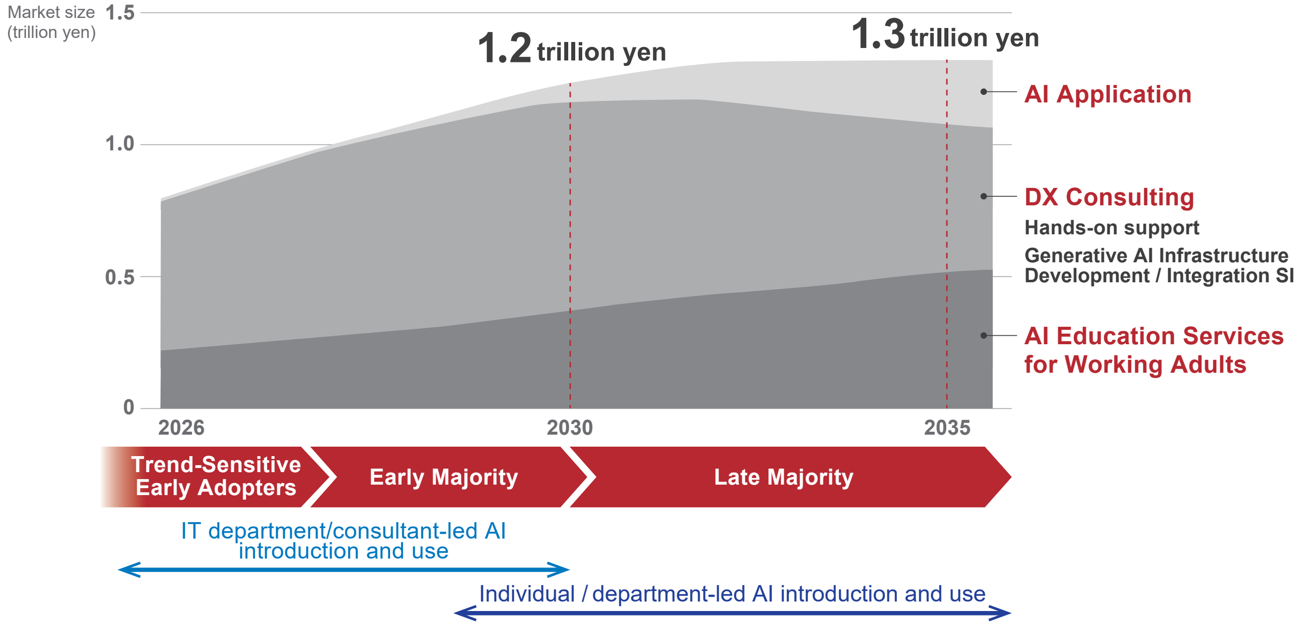
Driving Generative AI Adoption Through Essential Education

Our group possesses all the necessary components for the new DX process - generative AI educational content, system development expertise, and technology for building generative AI utilization platforms - enabling us to solve user challenges through a one-stop solution.

Providing services that cover the massive AI market

The generative AI market is expected to reach 1.3 trillion yen by 2035

Building client relationships through education, which is essential in the early stages of adoption, with the aim of capturing all market segments, including AI-integrated SI and AI application development



Development and provision of AI applications

As in-house developed applications utilizing generative AI, we provide "AI-OJT," which learns from organizational troubles and accident information to offer case studies and learning opportunities to employees, and "AI BOAT (in-house education automation tool)," where AI creates training content from workshop and study-session materials.

Comprehensive DX consulting

Provision and implementation of utilization platforms

Key issues faced by organizations include scattered internal data, security risks associated with the use of generative AI, and failure to achieve workplace adoption even after implementation.

Our Group provides utilization platforms that enable generative AI to operate in a secure environment, as well as embedded implementation services.

Optimization of personnel allocation

While efficiency improvements can also strengthen diverse work styles, new challenges arise regarding the reallocation of surplus personnel.

Measures such as organizational restructuring and workforce redeployment are essential. Our Group also provides HR consulting to support the resolution of such organizational structure issues.

DX Education Business

In addition to foundational education such as prompt engineering, our Group is expanding job-specific educational content designed for practical business scenarios.

Anticipating the needs in 2025, we also developed multiple training programs for creating AI specialized in specific tasks, known as AI agents.

Sales for the DX education business in FY24 increased 29.4% YoY, continuing to expand every year.

Training for Working Professionals (Non-DX)

We are streamlining content development processes using generative AI and aiming for steady growth by aligning more closely with client needs than ever before.

As generative AI drives the trend toward multi-skilled talent with IT capabilities, professionals who can build close relationships with clients, work closely with their front-line operations, and handle everything from proposing solutions to execution are becoming increasingly valued.

To develop such professionals, we are also strengthening the development of training content that enhances communication skills and conceptual thinking abilities.

Generative AI Utilization within the Insource Group

Deepening Generative AI Education and Accelerating Digital Service Development

**Insource Utsunomiya Generative AI Research and Development Center (Image)
(Scheduled to open in autumn 2026)**

**Insource Creative Solutions Corporation
(The Generative AI Team began operating in October 2025)**

Strengthening generative AI talent recruitment and generative AI technical capabilities

At Insource Creative Solutions Corporation in Kyushu, a dedicated generative AI Team began operations in October 2025. In autumn 2026, Insource Utsunomiya Generative AI Research and Development Center will be opened in Utsunomiya (Tochigi Prefecture), strengthening our generative AI personnel, developing generative AI-related services, building generative AI utilization platforms, and solidifying our support structure.

Building an organization where every employee can develop AI agents

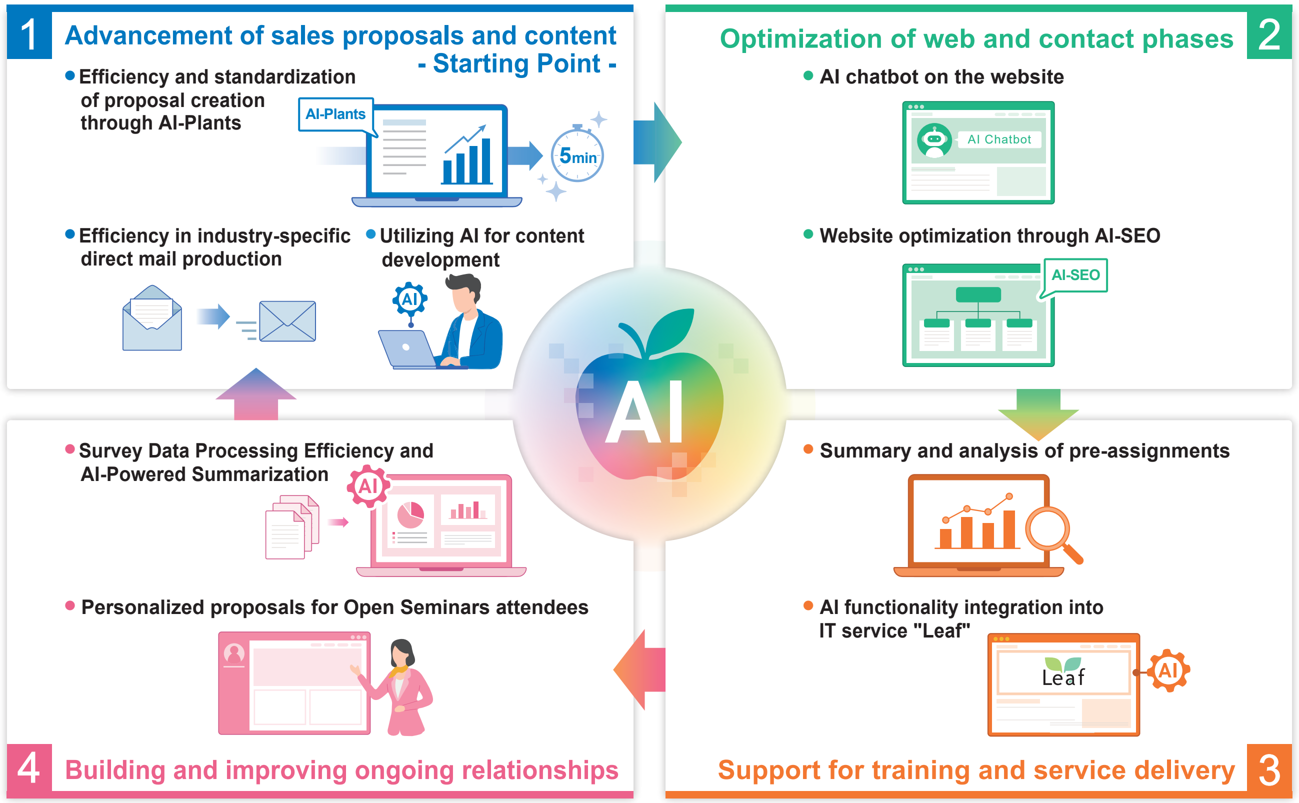
We made it mandatory for all employees to complete the "AI Agent Basic Training - Automating Work with Your Own Generative AI." We are moving toward an organization where not only IT professionals but also part-time employees can build, utilize, and refine AI agents tailored to their business needs, rather than merely using AI tools.

Weekly AI Morning Meetings for Sharing Use Cases - Open to Business Partners

We hold "AI Morning Meetings" to share AI use cases that are constantly evolving. Each week, various departments present the latest features, generative AI agent development for business operations, and updates on AI services under development.
These meetings are also open to outside participants as free seminars, providing opportunities for them to learn about our group's actual AI utilization and generate interest in our AI products.

Next-Generation Value Creation with Generative AI: Transforming the Customer Response Process

By utilizing generative AI in each process of client engagement, we will significantly transform the value we deliver to our clients.



AI-Plants reduces sales proposal creation time to 5 minutes

(1) Meetings/Negotiations	(2) Enter information	(3) AI automatically generates	(4) Complete (approx. 5 min)
Meet with clients and record their needs and challenges in notes	Enter the meeting notes and negotiation history into AI-Plants and click the button	Generative AI organizes client needs, selects optimal content, and creates a proposal	A PowerPoint proposal with organized client requirements is automatically generated in approximately 5 minutes

— Main Functions of AI Auto-Generation —

Automatically organize and analyze client needs	Automatically generate the most suitable content from approximately 5,000 available titles	Automatically generate the table of contents and presentation structure	Automatically output presentations in PowerPoint format

Challenges/Perspectives	Before Implementation	After Implementation
Proposal creation time	Dependent on sales rep's skills (approx. 30 min - 2 hours)	Auto-generated in approximately 5 minutes
Product selection skills	Large variation between the experienced and new employees	AI automatically selects training programs, helping new employees choose training programs faster and more accurately.
Material quality	Dependent on PowerPoint proficiency; quality varies by individual	Automatically generates consistent, high-quality proposals
Sales activities	Time spent on material creation prevents focus on his/her main tasks	Allows sales teams to focus on their main activities

Challenges before implementation

Proposal creation was an issue because it depended on individual sales representatives' skills, and there was variation in the ability to select the optimal offerings from a vast lineup of approximately 5,000 titles.

Dramatic time reduction thanks to AI-Plants

AI-Plants is the integration of a generative AI-powered proposal creation function into "Plants," our proprietary platform for managing sales activities, content creation, and approval workflows. By entering meeting notes and sales information and clicking a button, PowerPoint proposals with organized client requirements can be automatically generated in about five minutes, reducing skill gaps among sales representatives and improving operational efficiency through standardized sales activities.

Strategy by Service Domain

As one of the growth strategies in the Three-year Business Plan, we introduced the 16-service-domain structure to accelerate growth across the Group through sales promotion and service development beyond individual business boundaries.

Purpose of adopting a service domain system

To achieve further growth going forward, the Group needs to shift to a consulting structure that addresses higher-level themes such as management support, DX promotion, organizational transformation, and education system reform. For this reason, we have established 16 domains to enable proposals on a domain basis that transcend business boundaries, rather than simply providing individual products as in the past.
For each domain, we have established a system where specialized personnel from each business are assigned cross-functionally on a domain basis to drive analysis, product development, and sales promotion in an integrated manner. Furthermore, we will promote Group-wide solution proposals by integrating Insource's multiple service delivery channels, thereby strengthening our ability to address client challenges and engage in upstream processes.
Going forward, we will drive sales expansion across the entire group, centered on domain leaders.

Overview of Sales Composition by Service Domain

(unit: million yen)

Service Domain The lower row shows major products and services other than training programs and video learning materials.	FY24 Actual	Sales composition ratio	FY25 Budget
HR support Leaf Series, training operation outsourcing, evaluation system consulting, and bulk contracts for government agencies	2,792	19.2%	3,000
Level-specific education level-specific training, level-specific tests	2,251	15.5%	2,450
DX Services DX-related training, DX promotion consulting, DX assessment, consulting on generative AI utilization	1,805	12.4%	2,400
Recruitment and training for new employees New employee training, giraffe, document correction, main 8 skill assessment for new employees, INTERN BUS	1,598	11.0%	1,900
Business Skills Workshop, manual creation consulting, online correspondence education	1,241	8.5%	1,390
Subordinate guidance and turnover prevention career design training course, engagement survey, interview support and individual coaching	1,050	7.2%	1,000
Communications Communication-related training workshop, CS Survey	1,086	7.4%	1,000
Other (9 domains) Risk & Compliance Safety & Health Management Training & Support Sales & Marketing Global & Diversity Operational Improvement / Regional Revitalization Essential Workers Qualification & Recurrent Education	2,687	18.5%	2,860

HR Support

Growth driven by the "Leaf" Series with 5.30 million active users *

*as of the end of March 2026

Through the Leaf Series, assessments, BPO, and evaluation system/training framework development, we comprehensively solve challenges faced by HR departments

Sales ratio
FY24
19.2%

Client Challenges

- Talent development is not systematized
- Training operations are costly, preventing new initiatives from progressing
- Unable to manage training effectively
- Evaluation systems and training frameworks are not integrated
- Want to internalize training due to limited budget

Key Services

Training management/LMS "Leaf" Series
We developed generative AI functions in March 2026.
AI handles time-consuming talent development tasks, allowing HR and training personnel to focus on the planning and improvement work that should be their priority.

Stress Check Support Service
We support both web- and paper-based assessments,
including questionnaire preparation, notification, distribution, tabulation, individual/group analysis, and and high-stress individual identification.

Rebuilding training and education systems to advance human capital management
We deliver outputs that reflect employee feedback and incorporate talent and competency requirements for each workplace. We can provide end-to-end proposals, from system design to training methods.

Our Strengths

Support leveraging our unique expertise backed by extensive experience

Since our founding, we have had business transactions with over 50,000 organizations*, and have developed services based on the challenges and needs of HR departments. In HR support, with the Leaf Series as our foundation, we provide integrated services ranging from visualizing issues through assessments, to designing measures through consulting, conducting training, and operational support through BPO. For example, we offer design and review of evaluation systems, as well as web-based operation. By organically integrating these services, we help HR departments become more sophisticated and efficient.

* As of the end of March 2026

Growth strategy

FY25 Sales Target: 3,000 million yen

Sales for FY24 totaled 2,792 million yen, up 14.5% year on year. For FY25, we are targeting 3,000 million yen, up 7.4% year on year, requiring continued high growth. We will strengthen comprehensive, systematic proposals that combine training programs with training management, centered on the Leaf Series. Building on our strong track record with local governments and public agencies, we will drive further adoption among LE (large private companies). To achieve this, we integrated AI functions into the "Leaf" Series in March 2026, enhancing added value to strengthen competitiveness and expand sales.

Level-specific Education

"Building strong organizations" achieved through our track record of working with 49,561 organizations

From skill "visualization" to training updates and efficient systems, we provide comprehensive support for level-specific training

Sales ratio
FY24
15.5%

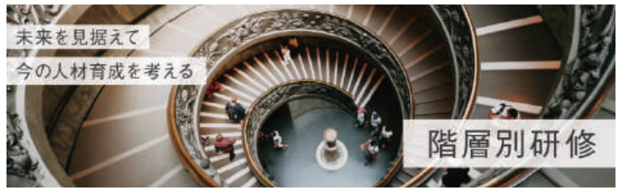
Client Challenges

- Unsure where to start when introducing training initiatives
- While training is conducted, its effectiveness is unclear
- Learning is fragmented and lacks continuity
- Variations in attendees' skill levels diminish learning outcomes
- Unable to update in line with changing times

Key Services

Level-Specific Training Series for Times of Change
As workplaces become increasingly digital, employees are required to adapt to digital transformation. This series offers a training program that revisits business skills and mindsets for each level.

Newly Appointed Training Series
- Redefining the Roles Required of Managers and Leaders
We have redefined the roles required of managers and leaders who will lead in the coming era. This is a comprehensive lineup structured to enable learning the mindset and skills required upon promotion or appointment to each position, starting from the fundamentals.



Level-specific training - Considering current talent development with an eye toward the future
To help all personnel "achieve even greater success," we provide opportunities for reflection and skill retention across all levels, including new employee training (including mid-career hires), core workforce education, and recurrent education for those returning to work or being re-employed.

Our Strengths

Our strength lies in our ability to provide consistent support from the design of educational systems and frameworks through to implementation and operation. By utilizing assessments and pre- and post-training assignments, we visualize educational effectiveness and establish a cycle of verification and improvement from both quantitative and qualitative perspectives. Additionally, through such preliminary interviews and surveys, we accurately identify issues and contexts unique to each organization and flexibly incorporate them into optimized programs.
Furthermore, we continuously develop and provide new training programs based on the latest trends and client needs, and leveraging our accumulated diverse content, we demonstrate strong problem-solving capabilities for a wide range of talent development challenges.

Growth strategy

FY25 Sales Target: 2,450 million yen

Net sales for FY24 were 2,251 million yen (+23.7% YoY). For FY25, we are targeting 2,450 million yen (+8.8% YoY). With an eye toward the AI era, an increasing number of organizations are revising their level-specific human resource development programs.
Our Group's level-specific training has also evolved to incorporate digitalization and AI utilization. We will strengthen development efforts focused on industry- and job-specific challenges. By reflecting the unique characteristics of different industries and job types, such as roles and work processes, our aim is to promote rapid growth at each level.
We will provide comprehensive level-specific education, including support for building skill maps and educational systems aligned with the changing times, level-specific tests to measure skills before and after training, and accompaniment support services to ensure skill retention.

DX Service

Developing generative AI talent capable of transforming business operations

We provide hands-on support, from individual OA skill development to organization-wide DX promotion, helping improve productivity and reduce costs.

Sales ratio
FY24
12.4%

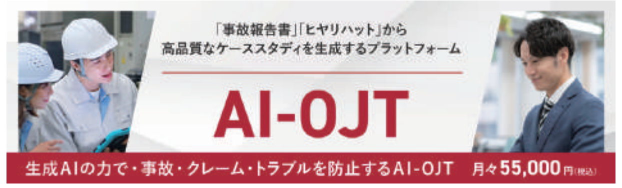
Client Challenges

- There is a desire to drive digital transformation (DX) within the organization, but it is unclear where to start. Support is needed in defining goals and exploring the appropriate approach.
- While there is a general understanding of how to use generative AI, it has been difficult to identify which areas of internal operations should be improved, making it challenging to define specific issues and set priorities.

Key Services

Project Management "Gokui"
The "Gokui Series" is a practical training series that systematically organizes the practical essentials for successful system development projects, based on the experience of seasoned project managers.

AI/DX Management Academy
- Making Digital Your Ally Through the Insource Approach
This is an exclusive learning and networking forum for executives, where the Insource CEO delivers direct lectures on the theme of management in the AI era.



AI-OJT
A platform that generates high-quality case studies from "accident reports" and "near-miss incidents." This is a new form of OJT aimed at "preventing" accidents and scandals before they occur through AI × education.

Our Strengths

DX-related services provide not only system and tool implementation support, but also assistance in acquiring the business skills necessary for DX promotion, such as problem-setting and planning capabilities. We believe that when clients identify operational issues and improve business processes themselves, this leads to sustained DX progress.
In addition, we have an extensive track record of providing hands-on support through customized plans tailored to each client, using diverse methods such as training, e-Learning, correspondence education, and individual follow-up.

Growth strategy

FY25 Sales Target: 2,400 million yen

Net sales for FY24 reached 1,805 million yen (+29.4% YoY). For FY25, we are targeting 2,400 million yen (+32.9% YoY). The number of training sessions conducted has increased for both on-site training and open seminars, and we expect this trend to continue.
In particular, for generative AI, demand is growing for support that goes beyond acquiring basic skills to applying those skills in actual business operations. Therefore, we will strengthen sales promotion for our "AI Agent Basic Training," which enables even non-engineers to easily create agents that lead to business improvement. Insource will work alongside you to achieve your organization's DX transformation.

● **AI Agent Basic Training**
- Automate Your Work with Your Own Generative AI
https://www.insource.co.jp/bup/bup_ai-agent-basic.html
A one-day course to help attendees get "more out of" generative AI. Participants learn how to use Microsoft Copilot Agent features to create AI agents specialized for specific tasks within their organization.

Recruitment and New Employee Training

61,032 attendees in new employee training in 2025
Maximizing organizational investment in human capital

INTERN BUS
Main 8 skill assessment for new employees
New employee training/ giraffe/
document correction

Sales ratio
FY24
11.0%

Client Challenges

- Difficulty in building a sufficient pool of applicants
- Evaluation criteria vary among interviewers, resulting in inconsistent selection quality
- Training programs are not keeping pace with the needs of the actual workplace
- Insufficient resources allocated for follow-up support of new employees after assignment
- Increasing turnover trends among employees in their 2nd to 3rd year

Key Services

Training programs for new employees
In spring 2025, training was provided to 61,032 new employees, covering a wide range of topics from the mindset and manners required for working professionals to basic skills and generative AI.

Main 8 skill assessment for new employees
This assessment evaluates the "main 8 skills" defined based on Insource's expertise, which are essential for new employees to become independent and contribute to the organization.

Internship-focused job information magazine "INTERN BUS"
This is a service that provides internship information. The print edition is published 4 times a year, with 30,000 copies per issue. It is distributed at over 400 universities and vocational schools nationwide.

Our Strengths

We support the early development of new employees into effective contributors and their retention through a comprehensive program covering recruitment support, pre- and post-hire training, and follow-up after placement. The new employee training in April 2026 was offered through Open Seminars in 20 cities nationwide and online over 14 days, from April 1 to 14 (72,526 attendees in total). With a diverse lineup of over 30 courses including new titles, we help attendees build a foundation as working professionals and strengthen their digital skills through courses on Python, DX fundamentals, and Excel from basic to advanced levels. Additionally, we offer comprehensive services for hiring managers and OJT supervisors, supporting the establishment of training systems that maximize the effectiveness of human capital investment.

Growth strategy

FY25 Sales Target: 1,900 million yen

Net sales for FY24 were 1,598 million yen (+15.4% YoY). For FY25, we are targeting 1,900 million yen (+18.9% YoY). Among new employees, while they can execute assigned tasks, they often struggle with critical thinking and applying learned knowledge. To address this, we are promoting talent development through three approaches: proactive knowledge acquisition, hands-on experience opportunities, and focused investment in digital skills. By systematically building field-relevant knowledge in advance, we help attendees apply their knowledge without hesitation and strengthen practical capabilities through workshop- and simulation-based training programs. Additionally, by expanding the training lineup in the digital field, we will develop the strengths of new employees, helping each individual become productive more quickly and improving productivity across the organization.

Business Skills

Time management / work processes / business writing / manual creation consulting, etc.

Sales ratio
FY24
8.5%

Our Strengths

Even when we say "business skills," there are a wide variety of genres such as "time management," "work procedures," and "business writing." Our strength lies in the volume of content that addresses these diverse challenges. For example, even within work-process training, we offer a rich selection of programs tailored to attendees' needs by level, industry, and job function. Additionally, similar themes are available through videos, enabling each individual to make optimal choices.

Growth strategy

FY25 Sales Target: 1,390 million yen

We will drive new client acquisition by expanding our offerings under the broad category of business skills, including highly specialized products for specific industries, advanced versions of standard content, and long-term training programs. We aim to further enhance the business skills programs in our video "subscription service."

Subordinate guidance and turnover prevention

Subordinate guidance/OJT / mentoring / coaching / engagement surveys, etc.

Sales ratio
FY24
7.2%

Our Strengths

A distinctive feature of our subordinate guidance program is that attendees can acquire skills immediately applicable from the next day through proprietary case studies and role-playing activities created based on preliminary interviews about workplace challenges. Additionally, for turnover prevention, we implement measures across three axes: interpersonal relationships, recognition needs, and sense of belonging. By using our proprietary assessment tool, giraffe, to visualize each person's characteristics and values, we can tailor the optimal approach to each individual.

Growth strategy

FY25 Sales Target: 1,000 million yen

As the working-age population declines, preventing turnover among younger employees in particular has become a critical management issue for organizations. We anticipate continued demand going forward and will proceed with comprehensive proposals combining services such as knowledge management, interview support, and consulting.

Communications

Facilitation / presentation / customer satisfaction (CS) surveys / operation outsourcing services, etc.

Sales ratio
FY24
7.4%

Our Strengths

Our strength lies in workshops where participants can learn practical know-how from the "other person's perspective." In addition to training, we enhance mutual understanding and psychological safety within organizations through workshops utilizing business games and LEGO blocks. We also have extensive experience in customer satisfaction (CS) surveys and service counter surveys as well as assessments, enabling us to flexibly combine training and tools tailored to actual workplace challenges.

Growth strategy

FY25 Sales Target: 1,000 million yen

The importance of communication skills is increasing year by year due to diversification in work styles and human resources, as well as the rise of generative AI.
In response to these changes, and drawing on our track record with existing content, we will continue to develop new content that meets current needs.

Financial Policy

Value Creation and Maximization of Capital Efficiency in the Generative AI Era Starting from Education

Director, Executive Officer CFO
Shigeo Fujimoto

Q Please tell me about the growth strategy utilizing generative AI

A We are driving growth by enhancing AI literacy through education, promoting AI integration into business operations, maximizing content IP value, and expanding generative AI services.

We view generative AI as a business opportunity and are expanding our training-focused education business. In an April 2026 survey "Research Report on Problem Awareness for Promoting Full-Scale Use of Generative AI" by Insource Research Institute Corporation, 61.3% of companies identified improving employees' AI skills and literacy as a key challenge to workplace adoption of generative AI.

In addition, we will work to support clients' business AI transformation through "education.AI education services for working professionals are a field expected to experience high growth, and our Group is actively engaged in developing content IP for AI-related training.

As the utilization of generative AI in business operations (business AI transformation) is expanding from administrative areas to manufacturing sites, we will proceed with AI literacy improvement and business AI transformation support through education in an integrated manner.

Q What are your thoughts on the impact of the spread of generative AI on human resource development services?

A Leveraging our educational content IP and training management capabilities, we strengthen our competitive advantage through experiential learning that is difficult to replicate with generative AI.

Our Group's sustainable competitive advantage lies in the in-house development and ownership of educational content IP (intellectual property), as well as our organizational capability to efficiently manage complex training processes. We recognize that there is awareness regarding the impact of rapid technological advancement and widespread adoption of generative AI on existing industries and companies, the so-called "AI Disruption," and how it may affect human resource education services in general and our Group.

Unlike educational services that are primarily one-directional and aimed at knowledge acquisition, the educational services provided by our Group are aimed at behavioral change and primarily utilize interactive "experiential opportunities" such as exercises and group work. We believe that there is added value in providing attendees with opportunities to actually experience these activities, and we recognize that this cannot be replaced by generative AI. The effective and efficient provision of "experiential opportunities" is made possible by the competitive advantages described above.

Q Please tell us about your approach to growth investment and capital allocation

A We position investment in human resources as the core of growth and promote human capital investment while flexibly allocating funds as needed.

The main growth investments are personnel expenses for content developers and related recruitment and training costs. Although these expense items are accounted for as period costs, we consider them growth investments from a capital allocation perspective, as they are essential to realizing our growth strategy.

We anticipate that the relationship between business scale expansion and headcount increases will change going forward due to operational efficiency improvements through generative AI. While the source of funds for growth investments is primarily cash on hand and operating cash flow, when financing is necessary, we will take optimal measures based on the profitability of investment projects and cost of capital.

Q Please tell us about your financial strategy and capital efficiency aimed at enhancing corporate value

A We aim to enhance corporate value by improving capital efficiency with a focus on ROIC, optimizing balance sheet management, and reducing the cost of capital to strengthen cash generation.

Balance Sheet Management

As cash generation is central to corporate value, we emphasize Return on Invested Capital (ROIC) as a key financial indicator. Higher ROIC leads to a lower reinvestment rate and greater free cash flow. The table below shows our consolidated ROIC and its components: NOPAT (*1) margin and invested capital turnover (*2).

*1 NOPAT=Net Operating Profit after Tax
*2 Invested capital balance is calculated as the five-point average of net assets and total interest-bearing debt at the beginning of the fiscal year and at each quarter-end

	FY20	FY21	FY22	FY23	FY24
ROIC	42.6%	43.0%	39.3%	41.3%	39.7%
NOPAT margin	21.7%	24.3%	25.0%	28.1%	29.1%
Invested capital turnover	1.96	1.77	1.57	1.47	1.36

A key challenge in improving ROIC is the decline in invested capital turnover. Accordingly, we explain our balance sheet management approach, which underpins capital allocation. Our policy is to maintain sufficient cash and deposits to support operations during disruptions like the COVID-19 pandemic while ensuring financial soundness. Based on our business characteristics, we maintain an appropriate cash level. In addition, HR SmartPack, recorded as advances received, contributes to improving the cash conversion cycle (CCC) (Advances received balance as of the end of March 2026: +1,070 million yen, +¥99 million yen YoY).

Our basic policy for tangible fixed assets is asset-light, and we make decisions after evaluating strategic significance and capital profitability using the cost of capital as the hurdle rate. Strategic significance refers to contribution to the execution of the Insource Group's growth strategy, particularly in terms of talent acquisition.

For example, the Insource Utsunomiya Generative AI Research and Development Center (Utsunomiya City, Tochigi Prefecture, scheduled to open in autumn 2026) is expected to contribute as a driver of the Insource Group's growth strategy through securing excellent talent as a base for generative AI-related service development and platform development.

Shareholder Return Policy

As shareholder returns affect cash, deposits, and net assets, we carefully assess them from a balance sheet management perspective. Accordingly, we target a dividend payout ratio of 50% and a DOE (dividend on equity ratio) of 18%, while also considering liquidity in share buybacks.

Reducing Cost of Capital through Mitigation of Information Asymmetry

In addition to improving ROIC, reducing the cost of capital is also essential for enhancing corporate value. Based on the Capital Asset Pricing Model (CAPM), we estimate our cost of equity to be approximately 8.5%. See below for the calculation variables.

- Risk-free rate : 2.96%
- Beta :0.90-1.10
- Market risk premium : 5.53%

Given research findings that information asymmetry between investors and companies increases the cost of capital, we strive to "mitigate information asymmetry" in our IR activities.

Sustainability and Growth Policy

Promoting governance and Health and Productivity Management across the Group to advance ESG+P (Performance) management

Director, Managing Executive Officer
Kumiko Kawabata

Q Please tell us about the measures implemented and results achieved in FY24

A We strengthened governance by establishing and disclosing the "Insource Group Compliance Code of Conduct" and implementing "Human Rights Due Diligence"

Establishment and Disclosure of the "Insource Group Compliance Code of Conduct"

In October 2024, our Group established and disclosed a Compliance Code of Conduct. Based on the existing Basic Compliance Policy, this code clarifies the specific behavioral guidelines that employees are expected to follow in their daily operations. The scope covers all executives and employees of the Group (including part-timers), and it was developed in coordination with the Risk and Compliance Committee.
This Code of Conduct establishes the following six items:

1. **Providing client-oriented products and services**
2. **Respect for human rights**
3. **Ensuring a healthy and safe working environment**
4. **Promotion of fair corporate activities**
5. **Appropriate management of information**
6. **Protection of intellectual property rights**

We also clarified the guidelines regarding the internal whistleblowing system, including the scope of reportable conduct and the protection of whistleblowers, and communicated them anew.

Implementation of Human Rights Due Diligence

In March 2025, our Group systematically established a human rights due diligence implementation process (identification and assessment of risks, consideration of corrective and preventive measures, and monitoring) in accordance with the OECD "Due Diligence Guidance for Responsible Business Conduct."
Based on this, we commenced operations from FY24. In conducting operations, to ensure effectiveness, we closely collaborated with the Risk and Compliance Committee in identifying and assessing human rights risks and considering risk prevention and mitigation measures, and discussed and confirmed specific details. Through this, we aim to improve the effectiveness of our initiatives and the accuracy of risk management, while strengthening supervisory functions at the management level.
Regarding the scope, we consider the entire value chain, including trainers who are important business contractors (suppliers) and business partners for our Group.
For trainers, we ensure awareness and thorough compliance with our basic policies on compliance, including human rights, through the "Trainer's Guide."

Improving External Evaluations

The Group has been continuously working to improve ESG evaluations by external rating agencies. In the sustainability assessment by S&P Global, our score increased by 5 points from the previous year, exceeding the industry average by 9 points. We will continue to enhance our ESG+P management while referring to the indicators of each rating agency.

■ 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 (Dokanyama 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	Completed introduction of renewable energy at all six company-owned buildings, which had been implemented in phases
	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
	October	Established and disclosed "Generative AI Basic Policy"
2026	March	Established and disclosed "Occupational Health and Safety Basic Policy"

Q Please tell us about the current external evaluations

A By strengthening governance-related measures, which had been identified as a key challenge, our external evaluations have shown an improving trend

Participation in Initiatives

United Nations Global Compact (UNGC)
Our company signed the UNGC as a participating company on May 22, 2023, and we comply with the 10 principles across 4 areas.

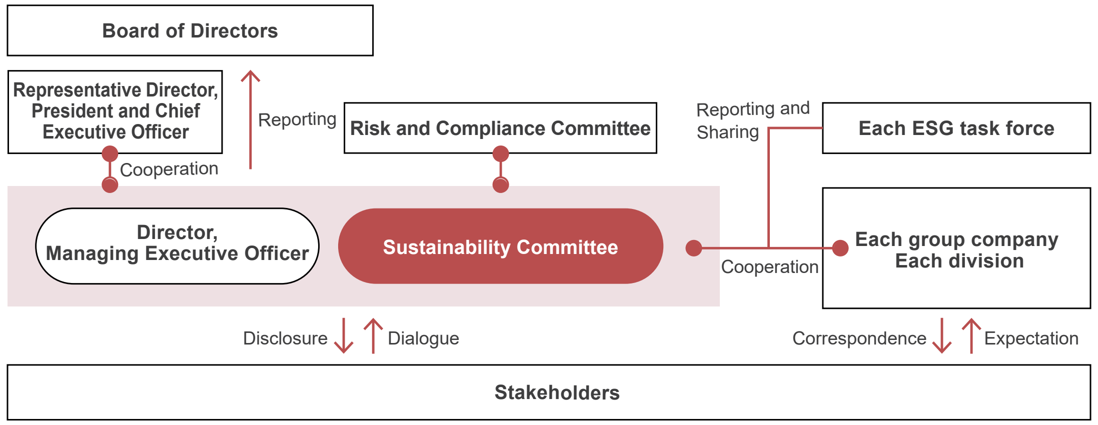
Task Force on Climate-related Financial Disclosures (TCFD)
Recognizing climate change as an issue that significantly impacts society and our Group, we expressed our support for the TCFD recommendations in February 2021.

External Evaluations

Q Please tell us about Insource's sustainability promotion system

A We 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 once a year in coordination with the Risk and Compliance Committee, chaired by the Representative Director, President and Chief Executive Officer. These risks 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
◆ Established the Sustainability Committee, chaired by the Director, Managing Executive Officer, to be responsible for overall risk management and strategic advancement related to sustainability ◆ The activities of the Sustainability Committee are reported to the Board of Directors on a quarterly basis.	◆ We coordinate with the Risk and Compliance Committee, which is chaired by the Representative Director, President and Chief Executive Officer ◆ 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.

Q Please tell us about specific human rights risks identified through human rights due diligence

A Primarily, these include harassment, harm to safe and healthy work environments, and various forms of discrimination, and we have implemented risk prevention and mitigation measures for each

■ **Human Rights Risks and Risk Prevention/Mitigation Measures in Our Group**

Elements of Human Rights Risks	Specific Cases
Harassment	• Various types of harassment occurring among customers, trainers, business partners, employees
Violation of Safe and Healthy Work Environment	• Physical and mental health damage due to excessive workload and stress • Inappropriate responses to employees with mental health issues (such as discriminatory treatment, lack of consideration upon return to work) • Mental health damage caused by workplace environment
Discrimination Based on Race, Age, Disability, Religion, Social Origin, Sex, or Gender	• Discrimination in general • Discrimination against job applicants • Discriminatory language and behavior by trainers during training • Lack of reasonable accommodation for employees with disabilities
Invasion of Privacy	• Inappropriate handling of personal information • Personal information leaks
Excessive/Unreasonable Working Hours	• Forcing, tacitly approving, or condoning long working hours by supervisors toward subordinates

Q Please tell us your future goals and strategies

A With eight materiality items, we will continue to promote governance-related measures

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**

Extracted from social issues and stakeholder requests based on items in international standards and ESG guidelines such as GRI guidelines and SASB (Sustainability Accounting Standards Board (US))

↓

Sort out the priorities from the perspectives of the Company's growth potential and the value creation for society, based on the above information

■ **Materiality and Long-Term Targets for FY29**

	Materiality	Action	KPI	FY23	FY24	FY29	Related SDGs
Solving Social Issues through Business Activities	① **Increase productivity through training for working professionals (strengthening organizations)**	To acquire knowledge and skills, solve problems, and improve productivity of organizations and individuals through training	Training Business Annual number of attendees	767,000	872,000	2,000,000	4, 8, 9, 10, 17
	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)	17,000	21,000	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 content items	4,522	4,883	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	1,011 12,000 4,070,000	1,287 15,000 5,018,000	1,500 15,000 7 million	
ESG	E **Responding to climate change**	Carbon neutrality in business activities	Scope1 ＋ 2	158.6t-CO_2	83.8t-CO_2	140.0t-CO_2	7, 13
	S **Excellent performances of diverse employees**	Create a workplace where diverse human resources can thrive	Ratio of Female Executive Officer* Female Manager Ratio	10.5% 40.3%	11.1% 39.9%	50.0% 50.0%	5, 8
	S **Community Relations**	Solve community issues	No. of Regional Revitalization projects No. of local governments supporting period poverty	54 15	39 31	100 100	1, 3, 4, 5, 9, 10, 12, 17
	G **Strengthening governance**	Ensuring diversity in management	Ratio of female in the Board of Directors	37.5%	25.0%	50.0%	16

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

S Initiatives for Health and Productivity 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 four consecutive years, and continue to support each health measure

Japanese companies are placing greater emphasis on employee health

The number of companies recognized as Certified Health & Productivity Management Outstanding Organizations in 2026 has grown to 3,765 large companies (+365 YoY) and 23,085 small and medium-sized companies (+3,289 YoY). As employee health awareness grows throughout society, we are strengthening support for each employee's health challenges and work-health balance while continuing initiatives to maintain and promote health through lifestyle improvements.

From Our Health Management to Supporting Health Promotion in Each Organization

We have established a system where our company actively expands health promotion services and the practical insights gained are shared back to each organization new services and content.

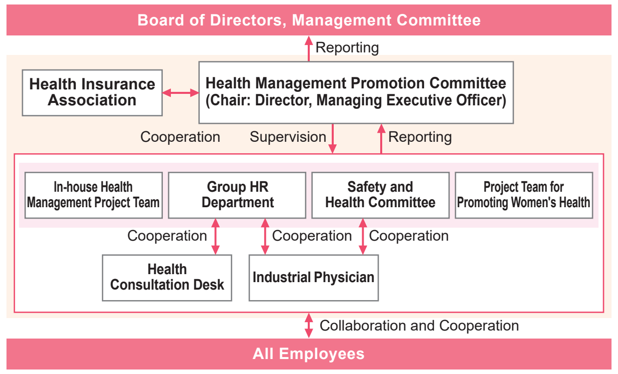
While continuing to promote initiatives internally, we are providing systems, environmental development, and human resource development measures to address six key issues related to Health and Productivity Management in Japanese companies.

Important issue	Insource Services
① Management of periodic medical checkups, collection of employee data, analysis of company issues	Health checkup result management system "Leaf wellness"
② Improvement of the secondary health checkup uptake rate	Leaf wellness
③ Reduction of the smoking rate	Smoking Prevention Workshop
④ Improvement of the exercise rate	Various workshops and training for developing healthy habits
⑤ Productivity improvement and prevention of occupational accidents	Productivity improvement training, prevention of occupational accidents training
⑥ Reduction of absenteeism	Mental health training and various health promotion e-Learning programs

Enhanced communication and initiatives driven by the management-led Health Management Promotion Committee

Report progress to Board of Directors meetings regularly, and establish a system for steady progress

Since FY23, the Health Management Promotion Committee, chaired by the Director, Managing Executive Officer, has reported its initiatives, progress, and target achievement to the Board of Directors quarterly, helping ensure steady implementation under close management oversight.



Supporting each employee's health and caregiving issues while helping them balance work and personal life

While continuing previous initiatives, implementing efforts that focus more on individual challenges such as metabolic syndrome, anemia, and underweight conditions

Our company has been recognized as a Health and Productivity Management Outstanding Organization for four consecutive years. In FY24, we are advancing support that addresses each individual employee and their specific concerns, without limiting ourselves to designated items only. For example, we are using Leaf wellness (system) to plan and implement awareness and education programs on modern health issues such as anemia and underweight conditions. We also continue to maintain the systems established in FY23, including the Health Consultation Desk for employees, bonus incentives for non-smokers, and smoking prevention workshops for smokers.

Key Initiatives for FY25 - Promotion of healthier lifestyle habits

In FY25, we have set lifestyle improvement as a priority theme. As part of our commitment to establishing exercise habits, we are promoting walking at least 6,000 steps per day, which has been implemented since FY23.
The "Walking Event" will be continued. This is a program targeting all employees and they compete on step counts, with health promotion goods awarded to top performers.

In addition, the Health Management Promotion Committee takes the lead in planning and operating events that allow employees to participate while having fun, such as introducing healthy recipes and sharing success stories from employees who have improved their dietary habits.

Implementing initiatives to improve work styles (overtime, leave of absence, caregiving)

The Company has been composed of diverse talent since before going public, and we have long strived to create a flexible workplace environment where everyone can work comfortably. In FY24, we established systems and structures for hourly paid leave and caregiving-related information provision (including introduction of support services and roundtable discussions with current and former caregivers), expanding the scope of support with the theme of balancing work and personal life.

Morning group exercise (radio calisthenics), conducted daily by all employees

<Implemented Measures (Excerpt)>

- Establish a nutrition consultation desk staffed by a registered dietitian
- Hold study sessions for individuals with metabolic syndrome and those at risk
- Dietary improvement campaign (Including introduction of healthy recipes and sharing of success stories from employees who improved their eating habits)
- Changed the contents of vending machines installed in the office (Replaced sugary soft drinks with water and beverages with function claims)
- Subsidy for training fees for health management-related programs hosted by our partner, Euphoria Co., Ltd.
- Introduction of hourly paid leave (from FY24)
- Introduction of subsidy program for smoking cessation outpatient services and smoking cessation aids (from FY24)
- Holding health promotion events utilizing Leaf wellness
- Holding roundtable discussions on balancing work with nursing care and childcare
- Subsidies for examination costs within medical examinations, including osteoporosis, hepatitis virus tests, and breast cancer screenings

■ Health Issues and Targets

Classification	Item	FY20	FY21	FY22	FY23	FY24 Target
Medical checkups and examinations	Consultation rates for regular health checkups (%)	100	100	100	100	100
	Follow-up medical checkup rate (%)	-	-	77.3	33.6	100
	Percentage applicable to specific examinations (%)	19.8	22.7	19.2	17.6	20.0
Lifestyle habits	Smoking rate over 35 years old (%)	16.0	14.8	13.4	10.3	5.0
	Percentage of people aged 35 or older with exercise habits	15.1	17.4	22.5	30.4	19.0
	Percentage of employees maintaining an appropriate weight (%)(BMI of 18.5 or higher and less than 25)	66.4	63.8	64.2	68.5	67.0
Mental health	Stress check acceptance rate (%)	87.2	87.6	96.7	97.7	100
	Pe rcentage of employees with high stress checks (%)	11.1	11.9	11.6	10.3	10.0
Labor productivity	Absenteeism *1 (day)	-	3.3	2.8	3.2	3.0
	Presenteeism *2 (point)	-	81.9	82.1	85.0	85.0
	Work Engagement *3 (point)	-	3.3	3.5	3.7	3.5
	Work engagement response rate *4 (%)	-	85.2	94.0	77.4	100

*1 Number of days using the sick leave system (average of all employees)
*2 Average score measured through an original survey using SPQ (Single-Item Presenteeism Question, University of Tokyo single-item version)
*3 Average score measured through an original survey using the Utrecht Work Engagement Scale short version (3 items)
*4 Conducted targeting employees of Insource Group (excluding Directors, Auditors, and student part-times)
*5 Figures up to FY21 were calculated for Insource Co., Ltd. on a standalone basis
*6 The period for each fiscal year is from April of the current year to March of the following year (calculation period for the fiscal year in the Health and Productivity Management Survey)

E Response to 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

Achieved mid-term target of 50% reduction in Scope 2 emissions compared to 2020 ahead of schedule

Our Group began introducing renewable energy to our company-owned buildings in September 2023. By September 2024, we completed the introduction to all company-owned buildings, and from October of the same year, we switched to renewable energy-derived electricity utilizing tracked non-fossil fuel certificates at all six business locations. As a result, the renewable energy electricity ratio for FY24 reached approximately 75%, and Scope 2 emissions decreased 47.2% YoY to 83.8 t-CO_2.

With this, our Group achieved the mid-term target of a 50% reduction in Scope 2 emissions compared to 2020.

■ **Company-owned buildings using renewable electricity**

When to start using renewable electricity	Name of Company building (Location)
Sep., 2023	Insource Kyushu Building (Fukuoka)
Dec., 2023	Insource Dokanyama Building/ Insource Bunkyo Building/ Insource Hakusan Building (all in Tokyo)
May, 2024	Insource Ochanomizu Studio (Tokyo)
Sep., 2024	Insource Nippori Building (Tokyo)

*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_2 emissions from business operations**

Data Category	FY19 (Base year)	FY20	FY21	FY22	FY23	FY24	FY29 (Target year)
Total:Scope1+Scope2(t-CO_2)	280.2	260.4	283.2	233.8	158.6	83.8	140.0
YoY	—	92.9%	108.8%	82.6%	67.8%	52.8%	—
Ratio of renewable energy	0%	0%	0%	0.9%	41.7%	74.5%	—

*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

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 FY24, approximately 79,000 people used electronic textbooks (+17.9% YoY), resulting in a CO_2 reduction of 11.9 tons. We will continue these efforts as measures to reduce environmental impact while also improving services for our clients.

■ **CO_2 reductions achieved through the use of electronic textbooks**

	1H FY23	2H FY23	1H FY24	2H FY24	1H FY25
Electronic textbooks used (People)	36,348	30,926	38,122	41,816	41,064
CO_2 reduction (t-CO_2)*	5.38	4.63	5.77	6.19	4.63

*CO_2 reductions when comparing electronic textbooks to paper ones

Long-term environmental goals

- Achieve "net zero" CO_2 emissions (Scope 1+2) from business activities by 2050
- Reduce Scope 2 (CO_2 emissions from electricity) by 50% from the 2020 level by 2030
- Reduce CO_2 emissions from in-house paper use by 50% from 2020 levels by 2030

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"

Strategy: Scenario analysis of risks and opportunities posed by climate change

Recognizing the importance of limiting the temperature increase below 1.5℃, the Group conducted a scenario analysis across all of its businesses, assuming global warming scenarios of 1.5–2℃ and 4℃. The analysis revealed that in the 1.5℃ scenario, transition risks such as market and reputational risks are significant while in the 4℃ scenario, the impact of physical risks becomes more pronounced. In 2024 and 2025, we focused on the impact of increased flooding, and are proceeding with confirmation of the maximum estimated flood inundation depth at all 28 locations of our Group under the 4℃ scenario, as well as examination of financial impacts and 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℃ Scenario	Physical risks	Acute	・Increase of natural disasters, such as floods ・Increase of extreme weather conditions	■ 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	・Rise in sea level and temperature ・Change in weather ・Depletion of resources, such as water shortage	■ Decrease in sales / increase in 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℃ Scenario	Transition risks	Policy and Legal	・Tighter environmental regulations ・Introduction of carbon tax ・Increase in weather-related litigation	■ Rising costs Rising costs due to stricter regulations on CO_2 emissions reduction obligations and compliance with carbon pricing systems	minor	Strengthen in-house power-saving measures Switch to renewable energy sources
		Technology	・Development of energy and IT ・Advances in decarbonization technologies	■ Decreased productivity Slower productivity growth due to delayed response to new technologies	minor	Regular monitoring of the external environment
		Market	・Changes of customer behavior ・Increased demand for environmentally friendly services	■ Decrease in sales / increase in 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	・Growing demand from society and stakeholders for action on climate change	■ Decrease in sales / increase in 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

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 skills. 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, 49.1% 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

Toward talent development and optimal staffing aligned with the AI era

Generative AI has reduced proposal creation time from 2 hours to 5 minutes - internal consultants transform our operations

In line with the recent rapid technological advancements, our Company has been swiftly implementing cutting-edge generative AI technology into internal operations. In October 2025, we established the Generative AI utilization Team within Insource Creative Solutions Corporation in Kyushu. Young team members who volunteered through a self-nomination system developed an AI agent that reduced the time required to create client proposals—previously the most time-consuming aspect of sales activities—from 2 hours to just 5 minutes.

Operational efficiency improvement and back-office optimization - All employees take "AI Agent Training"

To continue thoroughly leveraging generative AI in routine operations and data processing, primarily in back-office departments, all employees completed the "AI Agent Training" Open Seminars in FY25.

Optimization of personnel allocation alongside advancement of human resources

The Company will not implement workforce reductions, so-called "restructuring," for surplus personnel resulting from the introduction of generative AI.

We are strategically implementing "reskilling" and "appropriate job reassignments" to develop core talent who will drive next-generation growth.

Specifically, we are advancing human resource development based on the following policies:

- Developing "AI talent" who understand the characteristics of generative AI and can incorporate it into their own work to maximize results
- Reassigning personnel to front-line departments that handle tasks machines cannot replace, such as deep empathy with clients and creative proposals
- Actively promoting employees to specialized departments that drive new service development and corporate digital transformation (DX)

We will update our training systems to ensure that our current talent maintains high market value and can play central roles even in the Generative AI era, leading to further improvement in company-wide productivity.

■ **Training System**

<table>
<tr><th rowspan="2"></th><th colspan="10">Company-wide training</th><th colspan="3">Each department</th></tr>
<tr><th colspan="2">Basic</th><th>Level-specific</th><th>Career</th><th colspan="2">IT/DX</th><th colspan="2">Priority</th><th colspan="2">Selected</th><th colspan="3">Practical skills</th></tr>
<tr><td>Officer</td><td rowspan="9">Compliance education (Labor management, Copyright law, Subcontracting Law, Information Security, Harassment Prevention, Human Rights)</td><td rowspan="4">Assessor training</td><td rowspan="3">Attend MTG with Investors</td><td></td><td rowspan="6">System Understanding Training</td><td rowspan="6">OA/Python training</td><td rowspan="6">AI Agent Training</td><td rowspan="4">Communication training and skill building</td><td rowspan="2">corporate strategy Training</td><td rowspan="2">Training for Group Company Executives</td><td rowspan="7">Organizational Education Platform “Leaf Corporate University"

Assessment to understand the current state of individuals' minds and skills

Take part in over 200 e-Learning courses and our Open Seminars</td><td rowspan="7">OJT Training</td><td rowspan="7">Study sessions held by each department and team</td></tr>
<tr><td>Manager</td><td></td></tr>
<tr><td>Deputy Chief</td><td rowspan="7">Career training</td><td></td><td></td></tr>
<tr><td>General manager</td><td>New Manager Training</td><td></td><td></td></tr>
<tr><td>Mid-level leader</td><td rowspan="3">Training for those being assessed</td><td>New Leader Training</td><td rowspan="2">Basic communication</td><td rowspan="2">OJT Leader Training</td><td rowspan="2">Mentor training</td></tr>
<tr><td>Younger chief</td><td>Chief Training I-IV</td></tr>
<tr><td>New Employee</td><td>New employee training
Follow-up training for new employees</td><td colspan="2">New employee DX training</td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td>Prospective employee</td><td></td><td>Training for prospective employees</td><td colspan="2">Prospective employee DX training</td><td colspan="2"></td><td colspan="2"></td><td></td><td colspan="2">Training for prospective employees and part-timers</td></tr>
<tr><td>Staff</td><td></td><td>Staff training</td><td colspan="2"></td><td colspan="2"></td><td colspan="2"></td><td></td><td colspan="2">OJT training</td></tr>
</table>

【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)

AI Agent Training: The First Step to Organizational Utilization of Generative AI

Successful AI adoption depends not on implementation but on integration into business operations. Our AI agent training program equips attendees to design and use AI agents for their operations, improving efficiency and productivity while supporting labor shortage and DX initiatives.

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

In addition to the situation where menstrual products cannot be obtained for economic reasons, a lack of proper knowledge about menarche and menstruation, as well as a lack of understanding from those around them, are also important issues in period poverty.

Our company is leveraging relationships with 43,726 * private companies and 1,317 * local governments (municipalities) that are our business partners to recruit corporate sponsors who are willing to donate menstrual products. We are working to eliminate period poverty by providing menstrual products through local governments and social welfare councils nationwide.

*As of the end of March 2026

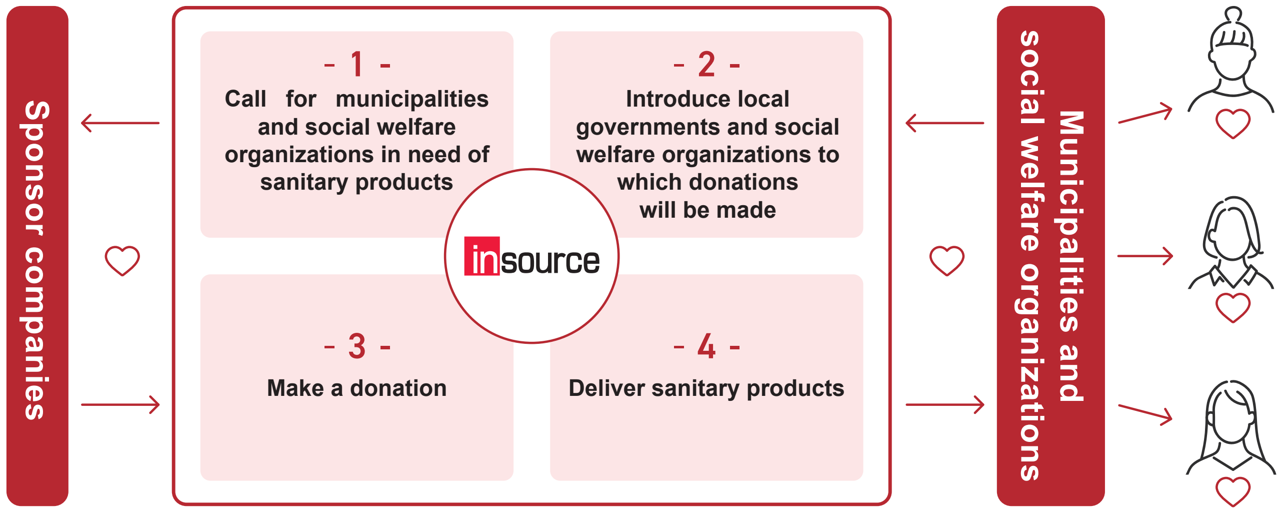
Helping those in need by building supportive relationships between companies and local governments

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

- Installation in restrooms of elementary and junior high schools
- Distribution at city and ward office counters
- Distribution at 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 (including donations of less than 300,000 yen per pack)	Number of donation units	Number of recipient municipalities *
FY24	3,264	14	584	31
FY23	1,550	6	277	15
FY22	5,054	18	956	62
FY21	300	1	66	1

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

■ Participating companies (excerpt) <>=total number of donations to date

- Toda Bldg. Partners Co.,Ltd. <4>
- Création Capital, Inc. <3>
- SMBC Nikko Securities Inc. <2>
- SBI MONEYPLAZA Co., Ltd. <2>
- MUFG Bank, Ltd. <2>
- Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.<2>

■ Selected donation recipients (excerpt)

8 local governments newly connected with donations in 2025

Hamura City, Tokyo University of the Arts (Tokyo), Totsuka Ward (Kanagawa) , Kamisato Town Board of Education (Saitama), Pur Minna no Gakko (Nagano), Sakai City, Shimamoto Town (Osaka), Joyo City Board of Education (Kyoto)

Recipients of continuous donations since establishment in 2022 (excerpt)

Hokkaido University (Hokkaido), Minato Ward, Nerima Ward, Shinjuku Ward Board of Education, Adachi Ward Lifelong Learning Support Division, Suginami Ward Council of Social Welfare, Fuchu City, Tama City, Higashimurayama City Council of Social Welfare (Tokyo), Kawasaki Gender Equality Center, Yokosuka City, Living Support Division of Totsuka Ward Office, Minamiashigara City Council of Social Welfare (Kanagawa), Yotsukaido City (Chiba), Saitama City Board of Education & Okegawa City Board of Education (Saitama), Himi City Council of Social Welfare (Toyama), Kashiwara City (Osaka), Women Empowerment and Diversity Promotion Division (Okinawa)

From left in the photo: Ms. Hiroko Nakajima, Director, Child and Family Support Department of Minato Ward (Tokyo)
Mr. Hiroshi Arima, President of Toda Bldg. Partners Co.,Ltd.

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

Supporting sales for welfare organizations employing people with disabilities – e-commerce site “mon champ”

- Launched e-commerce site "mon champ" in October, 2021
  - A curated selection of high quality products from welfare organizations
- As of September 2025, a total of 16 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

Aiming to realize a society where people with visual impairments and sighted people naturally come together
Supporting the Japan Blind Football Association as a Spo-iku (sports education) partner

- We started funding the experiential diversity education program "Spo-iku" in May 2018
- We provide services including the experiential communication training "OFF T!ME Biz" to support "respect for diverse individuality"

Outside Director **Takashi Yuri** Outside Director **Yoshiko Niwamoto** Outside Director **Kohei Habara**

*See "Executives of the Company" (p.76) for significant concurrent positions of Outside Directors.

G Governance that Supports Value Creation

Outside Directors Discuss Management and Governance Supporting the Next Phase of Growth

1. Our Competitive Advantages and Challenges for the Next Growth Phase

Habara

How to evolve the competitive advantages created by division of labor and collaboration for the generative AI era

Our strength lies in our excellent business model. Our underlying content development capabilities, specialized trainer system based on division of labor, and B2B sales operations have clearly defined roles, each enhancing their expertise while working in coordination. Our strength is the established organizational structure that achieves both "division of labor" and "collaboration."

On the other hand, with the advancement of generative AI, the competitive environment surrounding education and human resource development is undergoing significant changes. Given these environmental changes, I believe that redefining and evolving our competitive advantages will be a critical management challenge going forward.

Niwamoto

Inheriting and developing rapid decision-making and execution capabilities as organizational systems

Under CEO Funahashi's strong leadership, strategy execution, organizational changes, and personnel deployment are carried out swiftly. This speed is a significant strength amid rapidly changing market conditions. Additionally, I believe "content development" is also a major strength. Having a vast amount of content accumulated in databases by individual components enables flexible responses to diverse client needs, which I consider a competitive advantage.

On the other hand, from the perspective of sustainable growth, how to inherit and develop such execution capabilities as organizational systems is also an important theme. I feel that the next phase will require not only relying on individual capabilities but also enhancing reproducibility as an organization.

Yuri

Transitioning individual leadership and creativity to the next phase of collaborative management

Our company is a highly sales-oriented organization.

Our "real and steady sales style," where we establish business locations nationwide and directly engage with clients to understand their needs, is a significant strength, and as a result, I believe our organizational agility and effectiveness are at a high level.

On the other hand, I have the impression that CEO Funahashi demonstrates strong leadership when it comes to market input and generating new ideas.

To achieve sustainable growth, rather than relying on specific individuals, I believe it important to build a more collaborative management structure where the organization collectively gathers original ideas and diverse input from the market, and uses these to develop strategies. Establishing a structure where the organization can consistently demonstrate its strengths even as personnel changes will be a key point for future growth.

Habara

Human resources strategy supporting both continuous and step-change growth

I believe that human resources have two major roles.

One is talent that powerfully drives existing businesses and supports continuous growth. The other is talent that generates ideas for the future that achieve step-change growth and serve as catalysts, different from existing businesses. Our company has sufficiently developed the former type of talent, but I think it would also be interesting to bring in talent from outside who have ideas that can serve as catalysts for the latter.

Niwamoto

I believe improving operational efficiency and maximizing the results of existing businesses is important. On the other hand, I wonder if that alone is sufficient to adequately prepare for future uncertainties. As academically noted in what is called "ambidextrous management," I feel that systems and management approaches that encourage challenges to create new value, while simultaneously deepening existing businesses, are needed more than ever.

Personally, I believe "challenge" has two aspects. One is the challenge of pursuing goals set based on a sales-oriented perspective. The other is the challenge of venturing into unknown territories to generate new ideas. While the latter may be difficult to see short-term results, I believe it is essential for future growth.

Yuri

A system that fosters creativity unconstrained by KPIs is also necessary

I agree with both of your opinions. At our company, KPI management is thoroughly implemented, and I feel this supports our strong execution capabilities. On the other hand, we cannot deny the possibility that creativity may be compromised if KPI management becomes excessive. While KPIs are effective for short-term goal management, I believe they have aspects that do not necessarily align with a long-term perspective.

The role of leaders is to review existing frameworks and create new value, and this process involves a certain degree of trial and error and small failures. At our company as well, establishing a system that tolerates small failures associated with challenges could serve as important foundation for future growth.

Additionally, I believe it would be beneficial for senior management to expand their external connections and have opportunities to interact with diverse talent, as this is effective in gaining new perspectives and ideas.

2. Enhancing the Effectiveness of the Board of Directors and Deepening Dialogue

Habara

Not only serving as a decision-making body, but also fostering active discussion will be key going forward

I feel that holding preliminary briefings for Outside Directors has helped improve understanding of agenda items and deepen deliberations to a certain extent. On the other hand, it is sometimes difficult to see how the discussions there are shared with Internal Directors and reflected in management. If this process were made more visible, the effectiveness of the Board of Directors could be further enhanced.

Additionally, from the perspective of succession planning, consciously increasing opportunities for all Internal Directors and Executive Officers to develop a management perspective and express opinions beyond their areas of responsibility will contribute to developing future management talent.

Niwamoto

It is natural that the Board of Directors fulfills its role as a decision-making body, but at the same time, there is room to strengthen its function as a forum for medium- to long-term strategic discussions. To achieve this, it is important to enhance an atmosphere where all attendees can easily express their opinions and to foster psychological safety.

Yuri

Long-term management dialogue without rushing to conclusions shapes the future

In addition to being a forum for resolving legally required matters, I feel that its role as a venue for deepening strategic discussions from a cross-industry perspective will become increasingly important going forward.

It would be meaningful to have time for discussions on long-term themes, such as M&A, without the premise of reaching immediate conclusions on the spot.

Furthermore, honing diverse perspectives through constructive conflict between departments is also significant from the standpoint of developing future management talent.

3. Supervisory function that supports investment in the future and sustained growth

Yuri

Whether we can develop a generative AI strategy at the next level

AI-OJT is a good product and can be evaluated as an individual initiative, but it may also appear somewhat piecemeal as a generative AI strategy. I feel that if we can develop a larger vision at the next level, the Company's direction will become clearer.

Habara

Expansion of growth opportunities, including overseas, will be discussed

Population decline in the domestic market is a structural challenge. Given this situation, we believe it is a natural progression to consider overseas expansion, such as entering regions with growing populations.

Yuri

In reality, overseas expansion presents significant hurdles, but it is worthwhile to start with flexible discussions. I believe that input from a broad perspective, including overseas markets, will provide insights for the future.

Niwamoto

Leadership succession and decentralization bring depth and strength to the organization

As a company engaged in human resource development, it is extremely important to clarify how our own human capital investment leads to the enhancement of corporate value. Rather than directly using a specific executive's philosophy as a growth driver, providing each employee with the opportunity to think and make decisions on their own ultimately leads to organizational strength.
Additionally, from the perspective of successor development, creating opportunities for contact between next-generation talent and Outside Directors provides significant learning opportunities for both parties.
The accumulation of such dialogue and interaction will build a deep pool of talent to support future management. I myself look forward to such opportunities.

Habara

To achieve sustainable growth, it is important to pass on leadership as an organization and promote decentralization. The implementation of the succession plan and the enhancement of the Board of Directors' effectiveness are two essential pillars of this effort.

Yuri

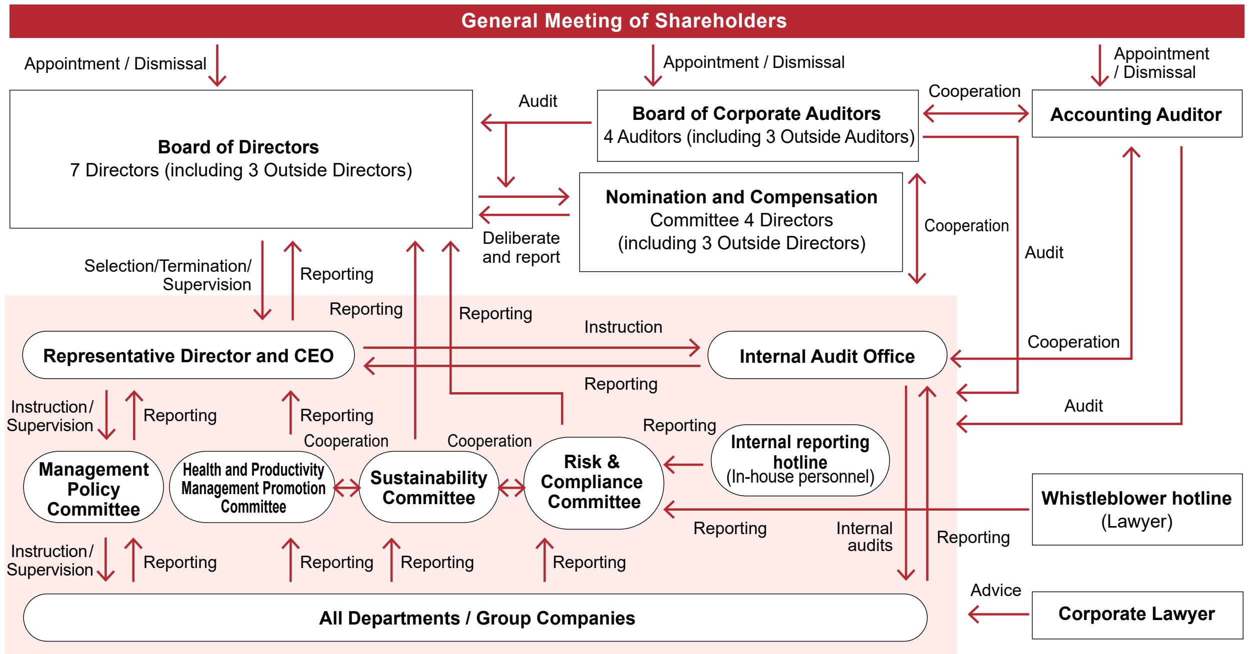
In selecting successors, not only skills but also "personal credibility" is the most important factor. In addition, comprehensive management capabilities, including financial literacy and organizational management skills, are required.
Establishing a system to visualize these elements will help clarify the vision for future leaders.

G Corporate Governance

We will also thoroughly implement corporate governance ahead of other companies in Japan. Currently, overseas investors hold approximately 26% of our shares (as of the end of September, 2025), 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" and "Corporate Governance Report"
https://www.insource.co.jp/en/ir/ir_governance.html https://www.insource.co.jp/resource/pdf/ir/251219_CorporateGovernance_ENG.pdf

Corporate Governance Structure (As of the end of December, 2025)



Status of Corporate Governance (As of the end of December, 2025)

Chair/Committee Chair		Structure: No. of Directors	Internal Director	Independent Outside Director	Auditor	Female Director	(Reference) As of 2017 Total no. of Directors (no. of women)
Board of Directors	Takayuki Funahashi Representative Director, President and CEO	7	4	3	4 *Not included in the total	2 *Excluding auditors	6 (1)
Management Policy Committee	Takayuki Funahashi Representative Director, President and CEO	67	4	—	—	13	28 (4)
Nomination and Compensation Committee	Takashi Yuri Independent Outside Director	4	1	3	—	2	—
Sustainability Committee	Kumiko Kawabata Director, Managing Executive Officer	8	1	—	1	3	—
Risk & Compliance Committee	Takayuki Funahashi Representative Director, President and CEO	27	4	3	4	4	13 (2)

Functions in the Governance Structure (FY24)

Name	No. of members	Details	No. of meetings held in FY24
Board of Directors	• Chair: Takayuki Funahashi Representative Director, President and CEO • Members: Directors 7 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: 16 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: Takashi Yuri, 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: 11 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, 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, and promote sustainability-related information disclosure.	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 FY24, in addition to the highly regarded "timely and accurate disclosure of information with high added value for users, including not only financial statements but also non-financial information (such as monthly KPIs)," we received high evaluations for "ensuring shareholders' rights and equality, appropriate collaboration with stakeholders other than shareholders, and the roles and responsibilities to be fulfilled by the Board of Directors" as well as "establishment of systems and initiatives to promote dialogue with institutional investors and other shareholders." On the other hand, issues were identified in "sufficient discussion on particularly important themes at the Board of Directors (such as management strategy, governance structure, risks) and response to sustainability issues including social and environmental problems."

FY22	FY23	FY24
<Issue> • Enhancing communication between internal and Outside Directors	<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	<Issue> • Addressing sustainability issues including social and environmental matters by thoroughly discussing on particularly important themes at the Board of Directors (such as management strategy, governance structure, risks)
<Response to the above issues> • Regular monthly meetings are held between Outside Directors and Outside Auditors and internal Executive Officers and those responsible for business operations to exchange opinions	<Response to the above issues> *Priority issue • Conduct sufficient discussion at Board of Directors meetings	<Response to the above issues> • Conduct thorough discussions at the Board of Directors

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 training to the next generation of management candidates under the theme of "everyone should think like a president".
In FY24, eleven employees selected based on the succession plan attended our Open Seminars "Management Strategy Series: Learning from Classic Works."
In parallel with internal talent development, we are continuing to survey suitable external candidates with a target of three years from now.

■ **FY24: Main deliberation items and activities of the Nomination and Compensation Committee regarding succession plans**

Deliberation on the appointment and dismissal of Directors and Executive Officers	Deliberation on the background, qualifications, and expected roles of candidates for Insource Executive Officers and Directors/Executive Officers of group companies
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 FY25 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 Edition Strategic 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.)	△	◎	◎	○

Compensation of Directors

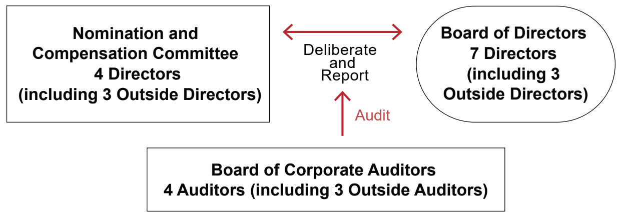
In deciding the compensation of Directors of the Company, the Representative Director is delegated the authority to determine the specific details based on the resolution of the Board of Directors, and such authority includes the amount of base compensation and performance-linked compensation, etc. for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

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.

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



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.

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 base compensation in consideration of their duties

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

FY24: Main deliberations and activities of the Nomination and Compensation Committee regarding officers' compensation

Discussion on restricted stock (RS) compensation for Directors	Consideration of the allowable range for changes in RS grant amounts
Discussion on evaluations of Directors and bonus amounts	Clarification of how performance-linked bonuses are tied to Company-wide achievement rates for sales and profit

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	Economic trends and the profitability of companies and organizations	If client training and development budgets are reduced due to a deteriorating economic environment, this may impact the business performance of our Group	To respond to such changes in the economic environment, our Group will provide diverse, high-value-added services through the development of innovative services utilizing AI and digital technology, the provision of flexible training formats that integrate online and offline learning, and the design of highly customizable training programs tailored to client needs. Additionally, we will promote operational efficiency improvements and cost optimization, striving to maintain and enhance profitability.
Risks to Our Group's Business	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 classrooms are installed, we make available communication networks provided by multiple carriers.
	Security	With the increasing sophistication and complexity of recent cyberattacks, there are risks such as business disruption and data encryption due to ransomware, as well as leakage of personal information and confidential information due to unauthorized access, along with the possibility of damage claims and loss of public trust resulting from the above.	Our Group has implemented security measures to protect against unauthorized access and computer viruses. While no issues have occurred at this time, we will continue to enhance our security measures to prevent future incidents.
	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
	Products and Services	If the ability to develop diverse new content and the competitive advantage over other companies in low-cost support services primarily for HR and general affairs departments may no longer be maintained, it could affect the business performance of our Group.	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	The potential for a decrease in promotional effectiveness for our Group if access to our Group's web pages (no. of web sessions) declines due to increased use of generative AI	We are rapidly advancing the design of information structures that are easily incorporated by AI. Additionally, we are publishing proprietary primary data unique to our company that differentiates us from competitors. Furthermore, we are explicitly providing the latest numerical information that AI can easily use for generating responses. As described above, our Group will continue to strengthen web-based sales activities in this new field known as LLMO (Large Language Model Optimization). ⇒ 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 issues have arisen at this time, we will continue to conduct internal training to prevent future occurrences. ⇒ See "S Human Capital" on page 50.
	Securing Trainers	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
Decline in competitiveness due to delays in the adoption 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.

Establishment of Compliance Code of Conduct and Compliance Education

Our Group positions compliance as one of the key management priorities and ensures that each officer and employee approaches their daily duties with a strong awareness of compliance. In July 2024, our Group established the "Anti-Corruption Basic Policy" applicable to all employees, with the aim of minimizing the risk of fraudulent acts such as embezzlement and breach of trust by officers and employees, legal violations including insider trading, human rights violations such as harassment, and corrupt practices including 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 through "Leaf" every year, and the participation rate is 100%.

<Topics covered>

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

G 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 FY24, we published 167 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
- Online Dialogue Held Between Outside Directors and Institutional Investors
- Analyst Coverage by three companies information)

Company	Analyst
SBI SECURITIES Co., Ltd	Togo Masubuchi
Tokai Tokyo Intelligence Laboratory Co., Ltd.	Tatsuo Majima
Morgan Stanley MUFG Securities Co., Ltd.	Katsumi Arai

Dialogue with individual investors

- Information provided through Website

■ No. of total small meetings and with overseas investors

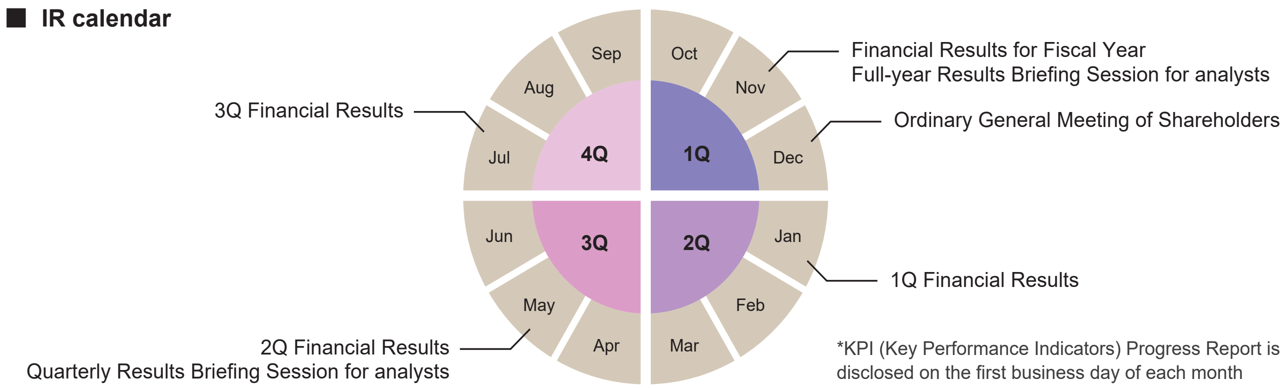
	FY20	FY21	FY22	FY23	FY24
Total	248	186	216	211	185
With overseas investors	87	67	53	38	60

■ Disclosure in English

We are enhancing disclosure in English

Material	Schedule	Disclosure status (as of March,2026)
Financial results	Every quarter	○ (Same day)
Presentation material	Every quarter	○ (Same day)
Annual Securities Report	Every year (Dec.)	×
Timely Disclosure Information (Material Information)	Anytime	○ (Same day)
News release	Anytime	△ (Partly)
Notice of annual general shareholders meeting	Before meeting (Dec.)	○ (Summary)
Corporate governance report	Every year (Dec.)	○
Integrated report	FY24 version: Released in July 2026	○

■ IR calendar



*KPI (Key Performance Indicators) Progress Report is disclosed on the first business day of each month

Value Creation Process

Purpose

Thoroughly solving social and client issues through the power of education and IT services

Through the comprehensive capabilities of the Insource Group,
we will contribute to solving issues faced by individuals, organizations, and society as a whole
We will realize a society where all people are given equal opportunities and
can maximize their individual characteristics 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**

Management Resources for Creating Value

Diverse Human Resources
Enhancement of Human Capital P.50~

Insource Culture "Speed and Focus"

Broad Client Base

Stable Financial Resources

Business Model for Creating Value

Management Base P.66~

Accumulated database

With the in-house developed system "Plants," we integrated all information into a database and improve operational efficiency

Business Activities

Medium-term Management Policy

Business Portfolio Diversification

Financial Policies P.40~

1 Training Business for Working Professionals
Market environment and sales strategy P.24~

2 System Provision Business

3 New Growth Areas DX/ Videos / Regional Revitalization (Rising Next)
Growth Strategy in the Generative AI Era P.30~

Materiality

Three-year Business Plan

ROAD TO NEXT 2028

Three-year Business Plan P.22~

1.Major expansion of generative AI businesses and services
- Deploying AI-OJT and LLMO consulting
- Expanding the service lineup by integrating partner AI solutions

2.Strengthening the consulting business and expanding specific domains
- Shifting from training provision to upper-level consulting such as organizational transformation and educational system reform
- Focusing on DX services and HR support as growth engines
- Driving revenue growth in the information & communications, IT services, and public sector
- Addressing client challenges from upstream processes such as management support and job transition

3.All-around development of educational content
- Expanding existing content to meet a wide range of working professional needs
- Strengthening initiatives for essential workers, foreign nationals, and qualification support beyond DX
- Increasing awareness and inquiries through webpage deployment with AI search (LLMO) in mind

4.Improving sales productivity through generative AI utilization
- Introducing generative AI to "Plants" and "WEBinsource" to automate analysis and proposals
- Automating vendor registration and streamlining back-office operations
- Establishing a business improvement team utilizing generative AI to promote company-wide operational reform

5.Reducing personnel costs through generative AI and hiring optimization
- Strengthening human resource foundation for organizational structure in the generative AI era
- Promoting development of "neo-generalists" who can work across multiple fields

ESG+Performance Management
Performance

Management Base : Content Development Capability

INSOURCE
CONTENTS

1 Content development capabilities driven by a market-in approach
2 Speed-focused, long-tail content development
3 Diverse content offerings and multiple delivery channels

1. "Content development capabilities" driven by a market-in approach

Addressing all client needs through a market-in development approach

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. Through a market-in approach that starts from client challenges and concerns, we carefully select the frameworks and know-how needed for actual work.
We develop content with a structure centered on exercises such as case studies and workshops.

Practical training design that reflects more than one million pieces of attendee feedback

Our training programs are structured with 60% activities and 40% lectures. This is what Insource considers the golden ratio for encouraging attendees to think proactively and apply what they learned in practice.
For our flexible and customizable On-Site Training, we conduct pre-training surveys asking about "challenges faced in the workplace" and "techniques being used" to gain a more specific understanding of the issues attendees are dealing with. All of this response data is stored in our database, and we have now accumulated more than 1 million pieces of candid feedback from attendees. Based on these survey results, we customize the curriculum and the wording in textbooks to align with the actual situations of attendees, delivering training with high effectiveness and satisfaction. This information is truly our asset.

Integrated with the system to optimize the operational cycle

In FY24, we switched the pre-training survey aggregation method from Excel to WEBinsource, automating what had been done manually and optimizing the operational cycle.
Furthermore, by utilizing generative AI to analyze surveys from multiple perspectives, we delve into potential concerns and unarticulated needs, applying these insights to training design.

Standardized knowledge and consistent quality by reducing reliance on individuals

The greatest concern in content development is "personalization," where know-how becomes dependent on specific developers.
At Insource, all developed content is stored in a database, and we have established a system that enables cross-searching and reuse of past training content and highly-rated content. Based on these databases, we have standardized the structure of "training that resonates with attendees" and the design of workshops that move attendees emotionally. By sharing "development templates" as internal knowledge, we have achieved a system where even newly assigned staff can produce high-quality content in a short period of time.

We don't just provide and walk away—we evolve based on data

Feedback and survey results from trainers and clients are shared with all employees on a daily basis, and we continuously refine the textbook content accordingly. We have established a rule to always improve items that receive low ratings.
For example, when a trainer receives a low rating or complaint, we conduct individual interviews and monitor the training sessions to thoroughly prevent recurrence.
Through this data-driven improvement process, we continuously provide content that delivers training effectiveness based on data, not just a vague sense that it's "probably good."

2. Speed-focused, long-tail content development

An agile development framework that swiftly captures societal shifts

In content development, what we value most is "always being the first to provide something new." Clear trends exist in education and training themes, and to continue being chosen by clients, we must develop content faster than our competitors and with uniqueness that others do not possess.
For example, our company has responded swiftly to the recent rise of generative AI. Going beyond mere technical explanations, we were quick to propose the development of "Neo-Generalists" who create new value across multiple fields, looking ahead to the phase where specialized knowledge becomes commonplace through generative AI.
Additionally, regarding the utilization of generative AI, in response to the progression toward practical ztraining programs focused on operational efficiency improvement.
What makes this high-speed mass production system possible is the division of labor between "trainers" and "textbook development team." By dividing the development process, we can produce large volumes of high-quality content in a short period without relying too heavily on individual capabilities. The vast number of content pieces updated daily has become a source of competitive advantage, earning us the trust of clients who believe that "if you consult with Insource, there will always be a solution for the latest challenges."

*Talent capable of creating new value by integrating diverse resources across multiple fields, rather than relying solely on deep specialization in a single domain (Renaissance-type talent)

Through robust R&D investment, we deliver value via a long-tail model

We spare no expense in R&D investment for future growth. When clients contact us with inquiries such as "we have challenges with XX," we develop content from scratch, no matter how niche the needs may be.
As a result of diligently accumulating this "market-in" approach to development, our On-Site Training lineup has expanded to 4,883 types as of the end of FY24. This "long tail" strategy supported by our vast content portfolio is the key factor in addressing detailed concerns that other companies cannot handle, attracting a diverse client base.
In addition, we respond quickly and flexibly not only to individual client requests but also to legal revisions and rapid changes in social conditions. By continuously developing new content that always reflects the latest information, we continue to provide clients with highly effective value that is "useful for their work starting tomorrow."

3. Diverse content and multiple delivery methods

Maximizing value through a multi-channel strategy

The extensive content database we have built is not merely intended to prevent "knowledge silos." This "multi-channel strategy" centered on our database serves as a crucial pillar supporting our profitability and client satisfaction.
Each high-quality piece of content developed is flexibly deployed not only for On-Site Training but also across multiple delivery channels that Insource offers, including "Open Seminars," "e-Learning," and "video learning materials." By leveraging the same content in multiple ways (secondary and tertiary use), we have established a system that maximizes development investment efficiency and revenue opportunities.
From the client's perspective, the benefit is that regardless of which channel they choose based on their situation and budget, they always receive the latest and most optimal learning experience.
For example, it becomes easy to design consistent training across channels, such as "first disseminating a topic to all employees through e-Learning, then providing more in-depth exercises for selected members through On-Site Training." By continuing to provide comprehensive, high-quality content that addresses all client needs in this way, we maintain high repeat rates and drive improvements in LTV.

Management Base : Culture

1. Employees of the Insource Group 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

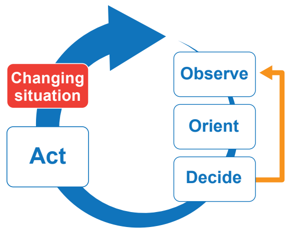
Our members with diverse values share a common understanding that we can win if we all move quickly. We believe that this is a common understanding that has arisen from the fact that the work of all departments is quantified as KPIs, making it easy to feel the relationship between one's own actions and business performance, company-wide events held regularly, and the experience of overcoming many crises with organizational strength. Additionally, we regularly conduct study sessions and training programs for mid-career professionals to deepen their understanding of our products and services, systematically sharing our business structure, values, and behavioral guidelines. Through this onboarding framework, even employees with diverse backgrounds can quickly connect with our organizational culture, enabling us to maintain and strengthen our organizational capability to move swiftly as a unified team.

- **Weekly company-wide morning meetings are held to share information and mindset**
- **All inquiries are shared company-wide and addressed within half a day**
- **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**
- **Internal study sessions, training, and tests are regularly conducted to promote product understanding and skill development**

2. "Act without fear of failure—just get moving"

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.



OODA Loop

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 their heads together to develop services from scratch**

2. Orient - Set direction based on insights 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 our weekly company-wide morning meetings, each department presents KPI progress, good business cases, and kaizen (improvement) information.

- **At sales meetings, everyone from first-year employees to Executive Officers fills in and shares information in "Information Sharing/ Horizontal Deployment" column**

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 superficial fixes in our services and content 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 functions that can be prevented by applying IT**

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

Each employee acts proactively and promptly, and 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 of developing 30 On-Site Training programs and 20 e-Learning courses

3. 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 39.9%. 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

INSOURCE SYSTEM

1	Insource's system development capabilities and secure operational framework
2	The entire Insource Group leverages cutting-edge digital technologies to succeed in the new era

1. Insource's system development and secure operational framework

Standardization of Quality and Establishment of Reproducibility Through "Standardization of Work"

We have been promoting standardization and in-house system development for our operations since our foundation. This is to enable inexperienced employees and members with limited working hours to perform high-quality work in a short period of time. Thus, we prevent over-reliance on specific individuals and maximize productivity. Recently, we have also integrated generative AI into business systems, enhancing content creation support, data analysis, and inquiry handling. IT-driven "reproducible standardization of work" is the foundation that supports our rapid growth.

"Plants" Creates Our Sales Cycle

Our in-house developed SFA* "Plants" is a core system that supports the transition from individual-dependent sales to data-driven management. By integrating management of sales, marketing, and training operations, and centrally managing negotiation histories and transaction records since 2003, we achieve highly reproducible sales processes based on data.

* Abbreviation for Sales Force Automation (SFA); refers to a system that supports sales activities

WEBinsource: An Ever-Evolving Integrated Platform

The membership platform "WEBinsource," which has been used by a cumulative total of 26,993 organizations (as of the end of September 2025), was initially developed as a system centered on application functions for Open Seminars. Subsequently, along with service expansion, it has evolved into a comprehensive platform where assessment services, e-Learning, videos, textbooks, affiliated products, and more can be purchased in one stop.

Furthermore, this year, we transitioned the pre-training assignments, which were previously managed in Excel, to a system that can be completed entirely on this platform, achieving operational efficiency and significant cost reductions. Through such continuous functional expansion and business standardization, we are achieving steady sales growth while maintaining high profit margins.

Cloud infrastructure supporting high availability

"Leaf" is operated on domestic servers. We can rapidly develop the latest features in line with cloud service updates.

"Leaf" is used by more than 5.3 million people (as of the end of March 2026), maintaining stable operation that can withstand simultaneous access by a large number of users.

Robust Security System

Insource has established the security system described below, and since the service launch in 2014, no major security incidents have occurred, maintaining a high uptime rate.

- **Single-tenant architecture**
- **Encryption of communication and stored data**
- **Implementation of intrusion detection and prevention system**
- **Regular vulnerability assessments by third parties**

2. By fully utilizing advanced digital technologies across the Group, we will secure success in the new era

Improving productivity and reducing costs through promotion of internal operational efficiency

Until now, our company has been actively developing content based on our internal database, but recently, led by the DX Support Department, we have been utilizing generative AI technology across the entire company to achieve improvements in both internal and external operations. We will further advance operational improvements by utilizing not only Python but also generative AI tools such as Copilot, enabling us to provide more customers with high-quality services at affordable prices.

Insource Group's DX Vision

Our group formulated a DX vision in FY24.

By fully utilizing advanced digital technologies across the Group, we will secure success in the new era

Policy

- We aim to maximize corporate value by creating new value both internally and externally through the effective utilization of digital technology.
- We emphasize that all employees utilize digital technology, and we are committed to significantly reducing costs and creating new value continuously across a wide range of fields.
- Through the utilization of digital technology, we provide customized services at reasonable prices that are a perfect fit for working people.

Business improvement examples utilizing Python (as of the end of September 2025)

Task name	Time required before improvement	Time required after improvement
Simplification of sales call operations (per case)	110s	25s
Automation of sales meeting document preparation (per month)	60m	20m
Data integration between two in-house systems (per case)	200m	1m
Automatic extraction program for all training schedules (per session)	500m	15m
Automatic data download from in-house recruitment system (per month)	2,000m	1m

We will continue to actively invest and expand our business in order to further promote internal DX and create new value by leveraging it.

Management Base : Sales Force

INSOURCE
SALES

1	A "company-wide sales" model that accelerates client value creation
2	Insource's marketing DX strategy built on accumulated data
3	Insource's sales representatives win through volume of activity and speed

1. A "company-wide sales" model that accelerates client value creation

"Company-wide sales" model that drives growth

Since our founding, we have continued to achieve sustainable growth while responding promptly to changes in society. The driving force behind this is our unique "Company-wide sales" model, which integrates human judgment backed by experience with our IT infrastructure. We organically link community-based, grassroots sales activities, marketing utilizing Web and email, new product development, and analysis and planning functions leveraging generative AI.
Additionally, business meeting details, client challenges, and inquiry information are shared company-wide in real time, and are immediately reflected in product development, sales promotion, and proposals across departments. Our strength lies in a structure where not only sales representatives who directly interact with clients, but all employees including those in planning, development, and marketing departments possess a sales mindset and participate in creating client value.

Data-driven management centered on in-house developed SFA "Plants"*

Our sales cycle is supported by our in-house developed SFA "Plants."
"Plants" was developed based on a design philosophy of carefully selecting essential information to generate maximum results with minimum effort. Negotiation histories and transaction records since 2003 have been accumulated, enabling us to maintain the quality of client service even when there are changes in personnel, transfers, or maternity/childcare leave.
In FY25, we added generative AI capabilities to "Plants," significantly improving the accuracy and speed of proposal hypotheses.
Specifically, we implemented a function that automatically generates optimal proposals based on accumulated data when client issues or inquiries are entered. Additionally, we have a function that analyzes organizations' website and IR information to compile a list of areas each organization is focusing on and themes expected to be in demand going forward. This information is also coordinated with the sales promotion department, leading to one-to-one marketing optimized for each client.

* Abbreviation for Sales Force Automation (SFA); refers to a system that supports sales activities

2. "Insource's marketing DX strategy" built on accumulated data

Web marketing aligned with the LLMO era

Based on the data accumulated in "Plants," we are advancing the sophistication of direct marketing and web marketing.
Since our founding, we have proactively published training content, program details, and post-training survey results on the Web, thoroughly providing information that enables clients to envision concrete implementation. Currently, our company has over 28,146 web pages (as of the end of December 2025). This overwhelming volume of information and transparency is our strength.
Furthermore, we are currently implementing LLMO (Large Language Model Optimization) measures for all of these pages and advancing content optimization. In addition to enhancing the "quality" of information, we are developing structures and formats that are easily cited by generative AI, while also updating information that is difficult for AI to interpret on an ongoing basis. Through highly accurate information dissemination, we are achieving an increase in inquiries and creating proposal opportunities.

Speedy development and immediate proposals driven by inquiries

Based on over 6,000 inquiries per year, sales representatives build hypotheses in advance and deliver essential proposals in a short time. When existing products cannot meet needs, we quickly connect to planning and development. After development, we immediately create web pages and deploy to marketing, minimizing lost opportunities.
Minimizing the lead time from "inquiry from the client" to "commercialization" is our competitive advantage.

3. Insource's sales representatives win through volume of activity and speed

Sales representatives respond to client needs as directors

Sales representatives are responsible for both new business development and deepening relationships with existing clients, combining diverse content and educational methods to design optimal solutions. Additionally, in training implementation, sales representatives function as directors connecting content developers and trainers. They oversee everything from design to execution, starting from the client's challenges.

High-speed decision-making through OODA model practice

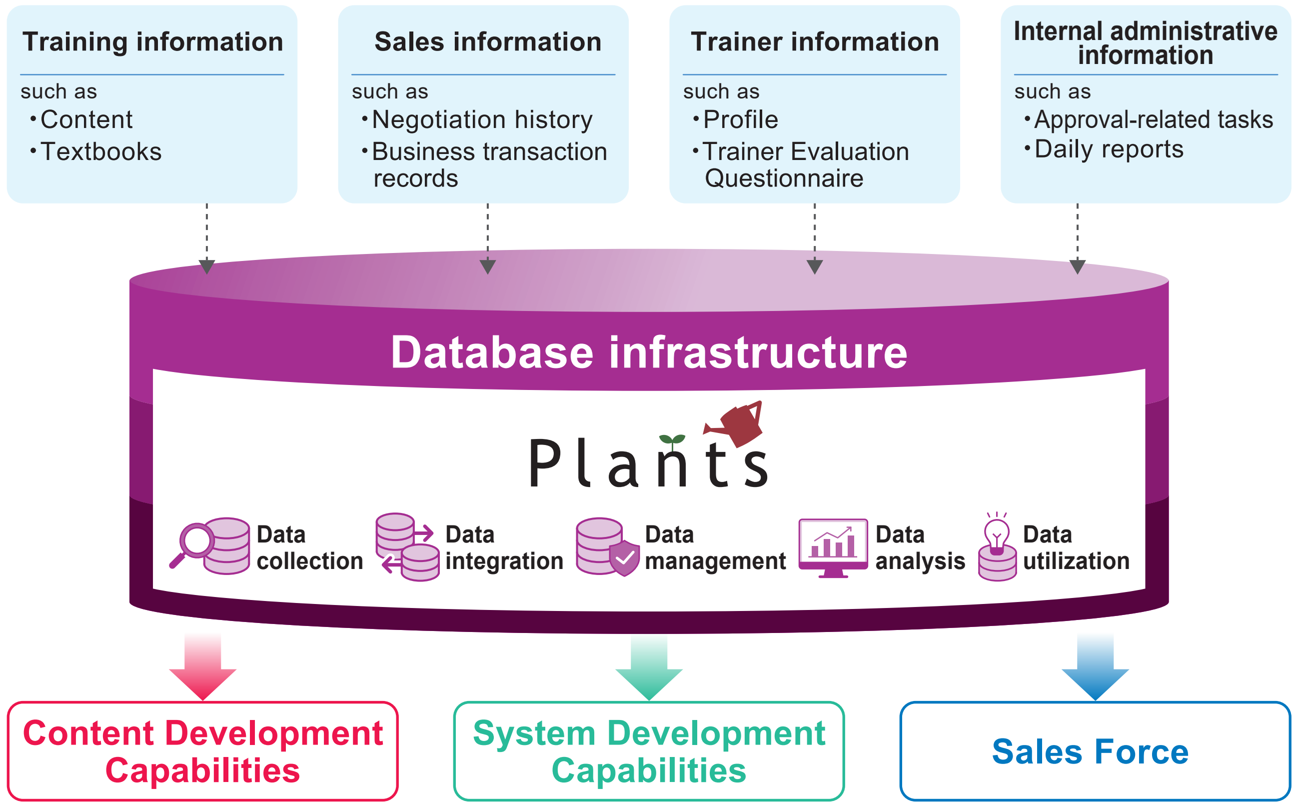
Sales representatives practice the OODA model, making autonomous judgments and taking action regarding client challenges.
Rather than a trainer-led approach, a design structure with sales as the starting point enables us to respond to needs with overwhelming speed.
It is routine for sales representatives themselves to plan and develop new training programs, and product creation originating from the actual client's workplace continues on an ongoing basis.

Achieving stable sales growth through action-oriented approach and process evaluation

Sales Representatives have made it a habit to consistently approach numerous clients and thoroughly collect high-quality information.
Educational needs are difficult to identify, and these are not products that immediately lead to results. Human resource development is a critical theme related to the core of corporate management, which often takes a long time to reach a decision.
Our sales are built on the results of steady dialogue and accumulated information gathered over time, based on these characteristics. It is a structure where the total amount of medium- to long-term trust building, rather than short-term results, generates future sales.
For this reason, while our company sets sales targets for sales representatives, we do not adopt so-called sales quotas or excessive performance-based compensation systems. In evaluations, we position "behavioral processes" as important KPIs in addition to sales performance. Specifically, we visualize and use as evaluation metrics the volume of activities such as the number of business meetings and proposals, proposal amounts, number of "WEBinsource" acquisitions, and frequency of sharing client information and proposal content. We believe that continuously executing quality sales processes and circulating valuable information throughout the company leads to future results. Rather than pursuing short-term profits, we accompany clients in their long-term growth.
The personnel who can thoroughly act toward this end support our company's sustainable growth.

Management Base : Database

Plants centrally manages more than 20 years of accumulated data since the Company's founding Supporting Insource's growth



Q **What is the purpose of the "Plants" system?**

A **"Plants" is a system designed to centrally manage all information related to our business operations and utilize it across the entire company, with the purpose of supporting operational efficiency and continuous business growth**

"Plants": A 20-Year Data Asset Since Insource's Founding

Since our founding, we have systematically digitized all business operations including management of training, sales, and trainers, and have continued to accumulate information in our proprietary database. From 2016 to 2018, we built the core system "Plants," which integrated these individual systems. Plants, which integrates SFA (Sales Force Automation), process management, and content management functions, already had over a decade's worth of data accumulated since our founding at the time of its launch, creating an environment where information can be accessed across the organization from a single system.

The core design philosophy underlying Plants is a consistent principle of "placing all products on the same process management and sales management framework." From On-Site Training to Open Seminars, e-Learning, and consulting, the basic data structure has been maintained even as our service offerings have diversified, and this continuity has enabled full utilization of data over the past 20 years. Currently, all employees use Plants as the core of their daily operations, with data covering every aspect of our business being accumulated daily, including records of business meetings with clients, over 5,000 types of training curricula and textbooks, results from over 40,000 training surveys annually, and information on trainers who deliver training.

The data accumulated in this way goes beyond mere operational records and has become a critical management asset supporting our company's continued growth.

Q **Why has "Plants" functioned as a data infrastructure for over 20 years?**

A **It operates on the foundation of a long-cultivated organizational culture and our unique in-house development capabilities**

The organizational culture of "registering all information in Plants" creates a positive data cycle

"Registering all information in Plants" has become a code of conduct that has permeated all employees at Insource. In the sales department, immediate registration after obtaining business cards and same-day recording of meeting details are thoroughly practiced, while in the content development department, new curricula and textbooks are registered in the system as soon as they are completed. Supporting this behavior is the concept of "information flow," which holds that "information must circulate without stagnation, like blood flow."

Employees share the sense that "by registering information, they receive benefits themselves while also contributing to the entire company," and data entry has taken root as a natural work behavior. As a result, a positive cycle has emerged where client issue data accumulated by the sales department is utilized in content development, new training programs are deployed to marketing, and marketing promotes sales activities.

Active members participate in creating systems optimized for operations

Supporting the circulation of information from a technical standpoint is our in-house development structure. The development of Plants involves not only engineers but also frontline members, and their actual expertise is directly reflected in system design - including how to ensure training quality, how to coordinate processes involving multiple departments, and how to prevent errors and rework before they occur. Through system design optimized for operations, members can input necessary information in appropriate formats within the natural flow of their work, ensuring data quality and comprehensiveness.

Additionally, Having in-house engineers with a deep understanding of both business operations and systems enables us to respond quickly to changing business environments, without relying on external vendors. This autonomous development capability serves as an important source of competitive advantage in the utilization of generative AI as well.

Introducing generative AI to Plants, enabling cross-sectional analysis

Our years of data accumulation and in-house development structure have yielded concrete business results even in the generative AI era.

In 2026, we implemented an automatic proposal creation function utilizing generative AI into Plants. This streamlined one of the most time-consuming tasks in sales operations. The background that enabled rapid development and release includes not only the collaborative structure between field staff and engineers, but also 20 years of accumulated client data and training content.

Additionally, by combining the database of training textbooks with generative AI to build RAG (Retrieval-Augmented Generation), we have also realized a function that automatically composes optimal proposals from our vast archive of past content. Furthermore, we have established a cloud-based data infrastructure that integrates Plants data with website access history and internal PDF content, enabling cross-sectional analysis that was previously difficult, such as correlation analysis between online behavioral history and sales negotiation results.

Building a next-generation data utilization infrastructure for the generative AI era

In the era of generative AI, the quality and quantity of available data directly translates into business competitiveness. Based on this recognition, we are building "vNext" as a next-generation AI utilization platform on top of the data infrastructure we have developed over the years. vNext functions as a hub that balances both security and convenience, providing an environment where generative AI can be safely utilized while protecting confidential internal information. Additionally, by supporting MCP (Model Context Protocol), generative AI can safely access various systems and services, enabling the cross-functional utilization of diverse information through dialogue.

Content Development Capabilities, System Development Capabilities, and Sales Force - these three pillars that support our company's management are underpinned by data accumulated since our founding as a common foundation.

We will continue to evolve this foundation and further strengthen the competitiveness of these three pillars to achieve sustainable growth.

Executives of the Company

Directors of Insource Co., Ltd.

Takayuki Funahashi
Representative Director, President and Chief Executive Officer
Representative Director of Insource Creative Solutions Corporation
Director of Insource Consulting Corporation
Director of Insource Research Institute Corporation
Director of Mitemo Co., Ltd

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

Shigeo Fujimoto
Director, Executive Officer, Chief Financial Officer
Chief of Group Corporate Planning Department
Chief of Group Corporate Management and Accounting Department
Representative Director and President of Insource Research Institute Corporation
Director of Mitemo Co., Ltd
Visiting Professor, Graduate School of Business Administration, Kobe University

Daisuke Kanai
Director, Executive Officer
General Manager of Sales Division
Representative Director, Executive Officer and President of Insource Digital Academy Corporation

Takashi Yuri
Outside Director
【Significant concurrent positions】
Representative Director of TY Insight Co., Ltd.
Outside Director of Riskmonster.com
Outside Director of Lasertec Corporation
Outside Director of Internetworking & Broadband Consulting Co.,Ltd. (IBC)

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

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

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.

Toshihiro Oritate
Outside Auditor
【Significant concurrent positions】
Outside Director of Aichi Financial Group, Inc.

Executive Officers of Insource Co., Ltd.

Aya Inoue
Manager of CEO Office
Manager of Group Human Resources and General Affairs Department
Chief of Group Corporate Management and Accounting Department

Shun Tanaka
General Manager of IT Service Division
General Manager of Sales Department #4

Hiroaki Matsuki
Manager of Kansai Sales Division

Ryo Sasaki
Manager of Media Business Department, Group Content Development Division

Noriko Shingu
Manager of Group Sales Management Office

Seiichi Tanimura
Manager of Sales Department #4

Yoshio Ohata
General Manager of Group Content Development Division
General Manager of Open Seminars Division

Kohei Asai
Manager of Data Strategy Department, IT Service Division

Toru Ando
General Manager of Sales Department #2

Hideaki Fujita
General Manager of West Tokyo Sales Division

Tomoyuki Kaeriyama
Vice General Manager of Group Content Development Division
Chief of AI Integration Department

Shin Kebukawa
Chief of AI Sales Strategy Department
Chief of AI Integration Department

Directors and Executive Officers of Insource Group

Insource Digital Academy Corporation

Daisuke Kanai
Representative Director, Executive Officer and President

Kumiko Kawabata
Director

Masahiro Osawa
Executive Officer

Satoru Goto
Executive Officer

Kazuhiko Soga
Executive Officer

Insource Creative Solutions Corporation

Takayuki Funahashi
Representative Director

Yoshio Ohata
Director

Yukari Yano
Executive Officer

Mitemo Co., Ltd

Tetsuya Sawada
Representative Director

Takayuki Funahashi
Director

Shigeo Fujimoto
Director

Toshiyuki Ejima
Director

Rashiku Corporation

Motokazu Hirayasu
Representative Director, President

Kumiko Kawabata
Director

Daisuke Nishizawa
Executive Officer

Insource Consulting Corporation

Takayuki Funahashi
Representative Director

Yosuke Kobayashi
Executive Officer

Yasutsune Momose
Executive Officer

Hiroaki Matsuki
Executive Officer

Insource Research Institute Corporation

Shigeo Fujimoto
Representative Director, President

Takayuki Funahashi
Director

Yoshio Ohata
Director

Insource Business Rep Corporation

Yoshio Ochiai
Representative Director, President

Kumiko Kawabata
Director

Shin Kebukawa
Director

Tetsuya Sawada
Representative Director

* As of the end of June 2026

■ 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	Daisuke Kanai	Takashi Yuri	Yoshiko Niwamoto	Kohei Habara	Akira Takahara	Kunihiro Nakahara	Masayuki Murata	Toshihiro Oritate
Job Title		Representative Director, President and Chief Executive Officer	Director, Managing Executive Officer	Director, Executive Officer	Director Executive Officer	Outside Director	Outside Director	Outside Director	Full-time Auditor	Outside Auditor	Outside Auditor	Outside Auditor
Corporate Management	Management experience	●	●	●		●		●			●	●
Speedy Decision Making	Immediate action in response to changes in the external environment	●	●	●	●	●		●				
Finance	Experience in borrowing and fundraising			●				●		●		●
Expansion of Business Performance	Experience in expanding business performance	●	●		●	●		●				●
New Business	Experience in starting a business from scratch	●	●			●						
Cost Reduction	Streamlining business processes (reducing SG&A expenses)		●		●				●			●
Risk Management	Proactive compliance with laws and social responsibility rules		●	●	●		●		●	●	●	●
Organizational Management	Experience in resource allocation, personnel deployment, and recruitment	●	●	●	●		●		●			
Sales Expansion	Sales strategy and client development, expanding existing clients				●						●	
Content Development	Experience in content development	●		●			●		●	●	●	
Trainer Experience	Experience in giving a lecture as a trainer	●		●			●	●		●	●	
Consulting	Experience in consulting						●	●	●	●	●	
IT, Technology	Building highly productive systems	●			●	●			●	●		
Overseas Business Experience	Experience in working or operating overseas					●	●					●

*The above list does not represent all the knowledge, experience, and abilities possessed by Directors and Auditors.

■ 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
Trainer Experience	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

■ 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
Trainer Experience	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)

	FY20 (As of Sep. 30, 2021)	FY21 (As of Sep. 30, 2022)	FY22 (As of Sep. 30, 2023)	FY23 (As of Sep. 30, 2024)	FY24 (As of Sep. 30, 2025)
Assets					
Current assets					
Cash and deposits	2,624,111	3,827,499	3,515,516	5,705,369	8,191,258
Other	1,135,576	1,433,317	1,620,206	1,700,273	2,009,583
Total current assets	3,759,687	5,260,816	5,135,722	7,405,642	10,200,841
Non-current assets					
Property, plant and equipment	1,879,678	2,427,011	3,409,970	3,604,822	3,594,640
Intangible assets	452,680	446,657	940,270	932,984	940,002
Total investments and other assets	674,658	595,304	1,309,271	1,234,398	1,413,957
Total non-current assets	3,007,017	3,468,974	5,659,513	5,772,205	5,948,600
Total assets	6,766,705	8,729,790	10,795,236	13,177,848	16,149,441

(Unit: thousand yen)

	FY20 (As of Sep. 30, 2021)	FY21 (As of Sep. 30, 2022)	FY22 (As of Sep. 30, 2023)	FY23 (As of Sep. 30, 2024)	FY24 (As of Sep. 30, 2025)
Liabilities					
Current liabilities	2,202,311	2,559,407	2,822,337	3,199,330	3,592,701
Non-current liabilities	63,969	44,945	43,397	43,037	69,666
Total liabilities	2,266,280	2,604,353	2,865,735	3,242,368	3,662,367
Net assets					
Total net assets	4,500,424	6,125,437	7,929,500	9,935,479	12,487,074
Total liabilities and net assets	6,766,705	8,729,790	10,795,236	13,177,848	16,149,441

Consolidated Statements of Income

(Unit: thousand yen)

	FY20 (Oct. 1, 2020 - Sep. 30, 2021)	FY21 (Oct. 1, 2021 - Sep. 30, 2022)	FY22 (Oct. 1, 2022 - Sep. 30, 2023)	FY23 (Oct. 1, 2023 - Sep. 30, 2024)	FY24 (Oct. 1, 2024 - Sep. 30, 2025)
Net sales	7,501,115	9,418,481	10,783,695	12,474,662	14,510,945
Cost of sales	1,779,586	2,204,368	2,541,472	2,860,722	3,352,095
Gross profit	5,721,528	7,214,112	8,242,223	9,613,939	11,158,849
Gross profit margin	76.3%	76.6%	76.4%	77.1%	76.9%
Selling, general and administrative expenses	3,317,264	3,846,729	4,300,848	4,676,848	5,180,249
SG&A ratio	44.2%	40.8%	39.9%	37.5%	35.7%
Operating profit	2,404,264	3,367,383	3,941,374	4,937,091	5,978,600
Operating profit margin	32.1%	35.8%	36.5%	39.6%	41.2%
Non-operating income	21,504	9,848	6,252	8,164	25,140
Non-operating expenses	9,130	30,891	10,314	4,325	5,842
Ordinary profit	2,416,638	3,346,340	3,937,312	4,940,930	5,997,897
Extraordinary income	1,222	—	—	—	—
Extraordinary losses	71,873	29,995	20,005	153,586	108,591
Profit before income taxes	2,345,987	3,316,344	3,917,306	4,787,343	5,889,305
Income taxes - current	855,077	1,166,523	1,320,472	1,366,970	1,843,630
Income taxes - deferred	△80,290	△83,794	△79,570	64,495	△84,415
Total income taxes	774,786	1,082,729	1,240,902	1,431,465	1,759,214
Net profit	1,571,200	2,233,615	2,676,403	3,355,877	4,130,091
Net profit margin	20.9%	23.7%	24.8%	26.9%	28.5%
Net profit attributable to owners of parent	1,571,200	2,233,615	2,676,403	3,355,877	4,130,091

Consolidated Statements of Comprehensive Income

(Unit: thousand yen)

	FY20 (Oct. 1, 2020 - Sep. 30, 2021)	FY21 (Oct. 1, 2021 - Sep. 30, 2022)	FY22 (Oct. 1, 2022 - Sep. 30, 2023)	FY23 (Oct. 1, 2023 - Sep. 30, 2024)	FY24 (Oct. 1, 2024 - Sep. 30, 2025)
Profit	1,571,200	2,233,615	2,676,403	3,355,877	4,130,091
Other comprehensive income					
Total other comprehensive income	2,685	1,263	7,004	△1,059	24,920
Comprehensive income	1,573,886	2,234,879	2,683,408	3,354,817	4,155,011
Comprehensive income attributable to					
Comprehensive income attributable to owners of parent	1,573,886	2,234,879	2,683,408	3,354,817	4,155,011
Comprehensive income attributable to non-controlling interests	—	—	—	—	—

Consolidated Statements of Cash Flows

(Unit: thousand yen)

	FY20 (Oct. 1, 2020 - Sep. 30, 2021)	FY21 (Oct. 1, 2021 - Sep. 30, 2022)	FY22 (Oct. 1, 2022 - Sep. 30, 2023)	FY23 (Oct. 1, 2023 - Sep. 30, 2024)	FY24 (Oct. 1, 2024 - Sep. 30, 2025)
Cash flows from operating activities	2,356,950	2,544,151	2,902,577	4,032,447	4,395,202
Cash flows from investing activities	△1,544,804	△687,153	△2,304,832	△447,594	△231,097
Cash flows from financing activities	△408,168	△655,065	△909,954	△1,394,974	△1,678,212

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 8 non-financial items and 22 details of KPIs in both Japanese and English in a timely manner.

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.

■ KPIs (Key Performance Indicators)

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

■ Main topics of News Releases

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

■ Number of news releases disclosed

	Japanese	Monthly average	English
FY24	167	13.9	49
FY23	202	16.8	65
FY22	197	16.4	62
FY21	155	12.9	61
FY20	173	14.4	46

■ Monthly Disclosure of Non-financial Information

1. On-Site Training
- **Monthly number of on-site training sessions conducted (including for both private and public sectors, DX-related and online training)**

2. Open Seminars
- **Monthly number of attendees (including DX-related and online training)**

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 projects**
- **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(e-Learning)**

6. Proposed Amount

7. Inquiries

8. Contents development
- **Number of newly developed training programs (including digital skills programs)**
- **Number of new video/e-Learning developed**

How to Read Insource KPIs (Key Performance Indicators)

Most recent performance - Number of on-site training sessions 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 13% of sales).

Leading indicators of business performance from six months to two or three years ahead - Number of content items 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 6 months to 2 or 3 years.

■ 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 locations, seminar classrooms**
- **Evaluations of training contents and trainers**
- **Number of trainers**
- **Number of shareholders**
- **Number of clients**

Leading performance indicators for the current month to six months ahead - Number of inquiries, number of WEBinsource registrations, Proposed amount (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.

The proposed amount serves as a criterion for assessing the level of sales activities aimed at generating future revenue, and is a leading indicator of business performance three to six months ahead. 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)

Our training services and IT services require proposals and customization tailored to each customer's challenges and requirements, which has led us to increase our workforce in line with business expansion.

On the other hand, in recent years we have been advancing the utilization of generative AI, aiming to improve the productivity of each employee through sales proposals, content development, system development, and streamlining of internal operations.

Through these efforts, we are building a structure that enables business growth while keeping headcount in check.

The results of these initiatives are reflected in indicators such as "net sales per employee" and "operating profit per employee."

Summary of Performance Trends by Business and KPI Results

On-Site Training

Yearly

		FY20	FY21	FY22	FY23	FY24	FY25 (Forecast)
Sales	Net sales (million yen)	3,797	4,665	5,275	5,884	6,914	7,730
	YoY (million yen)	+1,073	+867	+611	+609	+1,029	+816
	YoY (%)	+39.4%	+22.8%	+13.1%	+11.6%	+17.5%	+11.8%
	Gross profit (million yen)	2,963	3,691	4,148	4,672	5,417	6,140
	Gross profit margin (%)	78.0%	79.1%	78.6%	79.4%	78.3%	79.4%
	YoY (pt)	+2.9	+1.1	△0.5	+0.8	△1.1	+1.1
	Sales composition ratio (%)	50.6%	49.5%	48.9%	47.2%	47.7%	—
	YoY (pt)	△2.6	△1.1	△0.6	△1.7	+0.5	—
KPI	Number of training sessions conducted	14,224	16,936	18,858	20,596	24,654	—
	YoY (%)	+24.9%	+19.1%	+11.3%	+9.2%	+19.7%	—
	Of which, DX related trainings (times)	621	972	1,252	1,692	2,226	—
	YoY (%)	—	56.5%	28.8%	35.1%	31.6%	—
	Of which, conducted online (times)	6,988	7,338	5,198	4,358	4,173	—
	Online ratio (%)	49.1%	43.3%	27.6%	21.2%	16.9%	—

Quarterly

		1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25	2Q FY25
Sales	Net sales (million yen)	1,831	1,284	1,917	1,881	2,038	1,386
	YoY (million yen)	+260	+134	+304	+330	+206	+102
	YoY (%)	+16.5%	+11.7%	+18.9%	+21.3%	+11.3%	+8.0%
	Gross profit (million yen)	1,454	1,021	1,481	1,460	1,598	1,108
	Gross profit margin (%)	79.4%	79.6%	77.2%	77.6%	78.4%	79.9%
	YoY (pt)	△0.9	△0.1	±0.0	△2.9	△1.0	+0.4
KPI	Number of training sessions conducted	6,724	4,577	6,728	6,625	7,215	4,555
	Of which, private sectors (times)	4,290	3,177	4,467	4,032	4,555	3,230
	Online ratio (%)	19.6%	18.7%	11.4%	18.6%	18.2%	18.5%
	DX related trainings (times)	601	424	598	603	679	481
	Average unit price (thousand yen)	272.4	280.5	285.0	283.9	282.5	304.4

Open Seminars

Yearly

		FY20	FY21	FY22	FY23	FY24	FY25 (Forecast)
Sales	Net sales (million yen)	1,827	2,218	2,617	3,060	3,579	4,040
	YoY (million yen)	+560	+391	+399	+442	+519	+461
	YoY (%)	+44.2%	+21.4%	+18.0%	+16.9%	+17.0%	+12.9%
	Gross profit (million yen)	1,372	1,709	2,029	2,405	2,700	2,920
	Gross profit margin (%)	75.1%	77.0%	77.5%	78.6%	75.4%	72.3%
	YoY (pt)	+13.1	+1.9	+0.5	+1.1	△3.2	△3.1
	Sales composition ratio (%)	24.4%	23.6%	24.3%	24.5%	24.7%	—
	YoY (pt)	△0.4	△0.8	+0.7	+0.2	+0.2	—
KPI	Number of attendees (thousands)	84	101	120	137	159	—
	YoY (%)	+48.8%	+20.7%	+18.1%	+14.3%	+15.9%	—
	Of which, those attend DX related trainings (thousands)	7	11	13	17	21	—
	YoY (%)	—	+60.8%	+15.3%	+27.6%	+22.7%	—
	Of which, those attend online (thousands)	65	84	89	91	98	—
	Online ratio (%)	77.0%	83.1%	74.8%	66.2%	61.6%	—

Quarterly

		1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25	2Q FY25
Sales	Net sales (million yen)	862	713	1,018	984	891	819
	YoY (million yen)	+166	+71	+159	+122	+28	+106
	YoY (%)	+23.9%	+11.1%	+18.6%	+14.2%	+3.3%	+14.9%
	Gross profit (million yen)	661	516	764	758	651	582
	Gross profit margin (%)	76.7%	72.3%	75.0%	77.1%	73.1%	71.1%
	YoY (pt)	△3.3	△3.0	△4.4	△2.0	△3.6	△1.3
Client information	Number of attendees (thousands)	40,277	31,979	42,541	44,531	40,577	35,848
	Online ratio (%)	64.0%	68.9%	52.7%	62.8%	59.4%	64.9%
	Of which, those attend DX related trainings (people)	4,690	4,993	5,455	6,459	6,218	6,498
	No.of trainings conducted (times)	4,036	3,652	3,683	4,503	4,177	4,456
	Average no. of attendees per training (people)	9.9	8.8	11.6	9.9	9.7	8.0
	Average unit price (thousand yen)	21.4	22.3	23.9	22.1	21.9	22.8

■ IT Services

● Yearly

		FY20	FY21	FY22	FY23	FY24	FY25 (Forecast)
Sales	Net sales (million yen)	1,022	1,197	1,304	1,822	1,929	2,010
	YoY (million yen)	+367	+175	+106	+517	+107	+81
	YoY (%)	+56.0%	+17.1%	+8.9%	+39.7%	+5.9%	+4.2%
	Gross profit (million yen)	789	948	1,030	1,424	1,483	1,500
	Gross profit margin (%)	77.2%	79.2%	79.0%	78.2%	76.9%	74.6%
	YoY (pt)	+4.2	+1.9	△0.1	△0.8	△1.3	△2.3
	Sales composition ratio (%)	13.6%	12.7%	12.1%	14.6%	13.3%	—
	YoY (pt)	+0.8	△0.9	△0.6	+2.5	△1.3	—
	Leaf recurring (monthly rev.) (million yen)	435	581	699	976	1,274	—
	Leaf customization sales (million yen)	446	452	385	611	375	—
	Stress check (million yen)	140	163	218	233	282	—
Client information	Number of paid Leaf user organizations	412	522	638	741	860	—
	YoY (organization)	+164	+110	+116	+103	+119	—
	Leaf Active Users (thousand people)	1,756	2,112	2,895	4,070	5,018	—
	YoY (%)	+37.9%	+20.3%	+37.1%	+40.6%	+23.3%	—

● Quarterly

		1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25	2Q FY25
Sales	Net sales (million yen)	400	692	357	479	429	686
	YoY (million yen)	+114	△64	+18	+38	+29	△6
	YoY (%)	+40.0%	△8.5%	+5.5%	+8.8%	+7.3%	△0.9%
	Gross profit (million yen)	304	557	262	359	307	536
	Gross profit margin (%)	76.0%	80.4%	73.5%	75.0%	71.5%	78.1%
	YoY (pt)	+3.5	△0.4	+0.8	△6.7	△4.4	△2.3
	Leaf recurring (monthly rev.) (million yen)	300	290	329	355	340	346
	Leaf customization sales (million yen)	43	210	31	91	27	156
	Stress check (million yen)	57	192	1	32	62	183

■ Other Businesses

● Yearly

		FY20	FY21	FY22	FY23	FY24	FY25 (Forecast)
Sales	Net sales (million yen)	853	1,337	1,586	1,707	2,086	2,220
	YoY (million yen)	+381	+483	+249	+120	+379	+134
	YoY (%)	+80.7%	+56.7%	+18.7%	+7.6%	+22.2%	+6.5%
	Gross profit (million yen)	595	865	1,032	1,110	1,557	1,780
	Gross profit margin (%)	69.7%	64.7%	65.1%	65.1%	74.6%	80.2%
	YoY (pt)	△0.9	△5.0	+0.4	±0.0	+9.6	+5.6
	Sales composition ratio (%)	11.4%	14.2%	14.7%	13.7%	14.4%	—
	YoY (pt)	+2.2	+2.8	+0.5	△1.2	+0.7	—
Product Breakdown	Video sales (Outright Purchase) (million yen)	208	403	471	548	603	—
	Video production (million yen)	135	44	62	95	189	—
	Video rental (million yen)	8	27	39	41	49	—
	Video monthly subscription (STUDIO) (million yen)	149	155	153	172	175	—
	Consulting/Assessment Service (million yen)	131	124	136	203	275	—
	Online Seminar Support Service (million yen)	109	135	203	182	209	—
	Regional Revitalization Service (million yen)	—	103	151	183	209	—
	Web Marketing (million yen)	—	203	221	232	208	—

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

● Quarterly

		1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25	2Q FY25
Sales	Net sales (million yen)	415	819	323	528	404	926
	YoY (million yen)	+98	+220	△22	+82	△10	+107
	YoY (%)	+31.2%	+36.9%	△6.5%	+18.4%	△2.5%	+13.1%
	Gross profit (million yen)	299	632	214	409	314	757
	Gross profit margin (%)	72.2%	77.2%	66.5%	77.4%	77.8%	81.7%
	YoY (pt)	+9.6	+6.2	+7.3	+14.0	+5.5	+4.5
Product Breakdown	Video sales (Outright Purchase) (million yen)	123	281	86	112	122	337
	Video production (million yen)	40	78	28	43	61	89
	Video rental (million yen)	10	15	11	11	12	13
	Video monthly subscription (STUDIO) (million yen)	53	42	47	32	51	39
	Consulting/Assessment (million yen)	51	71	81	71	61	77
	Online Seminar Support Service (million yen)	49	48	50	60	38	37
	Regional Revitalization Service (million yen)	1	101	0	105	3	110
	Web Marketing (million yen)	41	71	45	50	32	130

■ KPIs to focus on for content expansion

● Yearly

	FY20	FY21	FY22	FY23	FY24	FY25 (Forecast)
No. of content creators (people)	172	170	131	120	148	—
Questionnaire feedback for trainings (%)	94.5%	95.9%	95.8%	96.1%	96.1%	—
Number of content items for On-Site Training (cumulative)	3,461	3,794	4,156	4,522	4,883	5,243
Number of content items for Open Seminars (cumulative)	3,296	3,630	3,937	4,401	4,932	5,332
Number of e-learning/video titles (cumulative)	334	544	754	1,011	1,287	1,537

● Quarterly

	1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25	2Q FY25
Questionnaire feedback for trainings (%)	96.0%	96.0%	96.1%	96.1%	96.2%	96.2%
Number of content items for On-Site Training (cumulative)	4,612	4,703	4,793	4,883	4,973	5,063
Number of content items for Open Seminars (cumulative)	4,487	4,706	4,823	4,932	5,070	5,178
Number of e-learning/video titles (cumulative)	1,083	1,151	1,221	1,287	1,346	1,404

■ Sales composition ratio by training theme

● Yearly

Training theme	FY20	FY21	FY22	FY23	FY24
For managers	22.4%	21.6%	21.8%	21.5%	21.4%
Business skills	20.3%	19.8%	18.7%	17.9%	16.7%
DX/OA/IT	7.4%	10.1%	11.6%	14.0%	15.5%
New/younger employees	14.2%	13.5%	13.3%	13.3%	13.5%
Communication/CS	9.0%	8.9%	9.1%	8.8%	8.2%
Harassment/Compliance	7.7%	7.3%	7.9%	7.7%	7.5%
Mid-career employees	5.0%	5.0%	4.8%	4.9%	5.2%
Diversity	1.6%	1.8%	1.7%	2.3%	1.7%
Others	12.4%	12.0%	10.9%	9.7%	10.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

■ KPIs to focus on in system development capabilities

● Yearly

	FY20	FY21	FY22	FY23	FY24
No. of engineers (people)	114	114	123	133	136
Number of paid Leaf user organizations	412	522	638	741	860
No. of videos sold through EC sites (content)	1,422	1,889	1,840	1,882	1,838

● Quarterly

	1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25	2Q FY25
Number of paid Leaf user organizations	778	796	834	860	873	887
No. of videos sold through EC sites (content)	398	821	239	380	311	661

■ KPIs to focus on for sales activities

		FY20	FY21	FY22	FY23	FY24
Productivity	Net sales per employee (thousand yen)	22,193	24,181	25,225	27,148	28,286
	Operating profit per employee (thousand yen)	7,113	8,645	9,220	10,661	11,654
Client Base	No. of clients (annual) (organization)	11,108	12,760	14,420	15,285	16,063
	No. of clients (total) (organization)	36,221	39,699	43,468	47,423	49,561
	No. of WEBinsource subscribers (total) (organization)	15,798	18,669	21,644	24,434	26,993
	No. of inquiries	—	—	5,086	6,052	6,186
	No. of Web pages	19,861	22,902	23,655	25,425	27,512
Number of people	No. of sales reps (people)	180	207	238	264	306
	No. of digital marketers (people)	31	32	33	37	49

■ Trends in sales and number of clients by four segments

	FY20	FY21	FY22	FY23	FY24
Large Enterprise (2,000 employees or more*)					
No. of clients (organization)	857	1,002	1,074	1,147	1,297
YOY (organization)	—	+145	+72	+73	+149
Average net sales per organization (thousand yen)	2,491	2,853	2,945	3,010	3,218
YOY (thousand yen)	—	+362	+92	+65	+207
Sales composition ratio (%)	28.5%	30.4%	29.3%	27.7%	28.8%
Medium Market (300-1,999 employees)					
No. of clients (organization)	2,796	2,884	3,231	3,535	3,802
YOY (organization)	—	+89	+347	+304	+267
Average net sales per organization (thousand yen)	902	1,004	1,042	1,154	1,231
YOY (thousand yen)	—	+102	+37	+112	+76
Sales composition ratio (%)	33.6%	30.8%	31.2%	32.7%	32.3%
Small Medium (299 employees or fewer)					
No. of clients (organization)	4,496	5,267	6,063	6,597	7,018
YOY (organization)	—	+771	+796	+534	+422
Average net sales per organization (thousand yen)	329	379	383	391	402
YOY (organization)	—	+50	+3	+7	+11
Sales composition ratio (%)	19.8%	21.2%	21.5%	20.7%	19.5%
Government agencies and public sectors					
No. of clients (organization)	1,464	1,672	1,897	2,011	2,004
YOY (organization)	—	+207	+225	+114	△7
Average net sales per organization (thousand yen)	930	993	1,016	1,173	1,411
YOY (thousand yen)	—	+63	+22	+156	+238
Sales composition ratio (%)	18.2%	17.6%	17.9%	18.9%	19.5%

* The number of clients and average net sales per organization for each segment are based on the classification by the number of employees for each organization in our client management system at the time of calculation.
Additionally, from FY24, Large Enterprise (LE) is defined as companies with 2,000 or more employees, and past actual results have also been recalculated under the same conditions.

ESG Related Data

E — Environment —

Energy consumption (MWh)	Unit	FY21	FY22	FY23	FY24
Total power usage	thou.Kwh	642.2	754.3	827.8	907.1
Of which, percentage of renewable energy used	thou.Kwh	0	6.9	345.1	675.6
Renewable energy rate	%	0	0.9	41.7	74.5
Purchased non-fossil fuel certificates	thou.Kwh	0	230	0	0
Hot/cold water	GJ	0	0	0	0
CO_2 emission data (t-CO_2)					
Total CO_2 emissions (Scope1+2)	t	283.2	233.8	158.6	83.8
Scope1 *1	t	0	0	0	0
Scope2 *2	t	283.2	233.8	158.6	83.8
SSupply-chain emissions (Scope1+2+3)	t	3,812.7	5,479.8	1,623.4	2,173.8
Scope3 *3	t	3,529.5	5,246.0	1,464.8	2,090.0
Emissions from internal paper use *4	t	87.4	84.6	91.3	326.1
Resource Recycling (t)					
Amount of waste	t	14.5	20.97	17.34	20.38
Of which emissions recycled	t	5.8	8.87	8.72	10.7
Data coverage *5	%	14.7	13.8	13.0	11.3
Water resources (㎥) *5					
Water consumption	㎥	601	1,558	2,894	3,246
Data coverage *5	%	16.4	37.9	58.9	57.6

*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_2 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 at business locations where water usage is monitored.

G — Governance —

Corporate Governance Structure	Unit	FY21	FY22	FY23	FY24
Number of Directors	people	8	8	8	8
Outside Directors(ratio)	people(%)	3 (37.5)	3 (37.5)	3 (37.5)	3 (37.5)
Female Directors(ratio)	people(%)	2 (25.0)	2 (25.0)	3 (37.5)	2 (25.0)
Number of Auditors	people	4	4	3	4
Outside Auditors(ratio)	people(%)	3 (75.0)	3 (75.0)	3 (100)	3 (75.0)
Board Meeting Attendance Rate	%	100	100	100	100
IR Activities					
Total no. of small meetings with investors	times	186	216	211	185
Of which, with overseas investors	times	67	53	38	60

S — Social —

Create with Society	Unit	FY21	FY22	FY23	FY24
Donation amount for the Project to Eliminate Period Poverty*1	thou. yen	300	5,054	1,550	3,264
Number of donation cases for the Project to Eliminate Period Poverty	case	66	956	277	584
Municipalities*2 to which donations are made by the Project	organization	1	62	15	31
Number of clients on mon champ (e-commerce site selling products from welfare organizations)	organization	11	21	67	31
Donations for the community	thou. yen	5,138	5,173	6,201	2,901
Educational support for the community *3 (equivalent amount of money)	thou. yen	1,818	1,818	1,818	11,500

*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	FY21	FY22	FY23	FY24
Number of personnel *1	people	592	647	684	755
Number of employees	people	430	443	476	550
Number of temporary employees (ratio)	people(%)	162 (27.4)	204 (31.5)	208 (30.4)	205 (27.1)
Average age of employees *2	years	36.5	31.8	31.9	36.7
Average working years of employees *2	year	4.4	4.9	5.1	5.0
Average annual salary *2	yen	4,797,650	5,539,505	6,050,400	6,477,104
New Employees					
New employees (number of employees hired within 1 year) *1	people	82	114	133	157
Percentage of total employees*1	%	13.9	17.6	19.4	20.8
Percentage of new female employees *1	%	61	55.3	54.9	50.3
Productivity					
Sales per Employee *1	thou. yen	24,181	25,225	27,148	28,286
Operating profit per employee	thou. yen	8,645	9,220	10,661	11,654
Management participation/Ability to Take on Challenges					
Ratio of employees who hold shares of Insource *3	%	69.6	60.3	59.5	49.1
Average point of "Energy" *4	point	3.24	3.24	3.26	3.27
HR Development					
Training cost per employee	yen	24,181	27,213	27,864	60,226
Training hours per employee	hours	10h43m	22h30m	28h30m	24h51m
Cumulative number of DX training participants	people	681	248	1,064	60
Compliance training attendance rate	%	100	100	100	100
Diversity					
Ratio of female executives	%	25.0	27.3	36.4	16.7
Ratio of female managers	%	37.8	37.4	40.3	39.9
Percentage of women in management positions *5	%	52.6	48.3	56.0	38.1
Ratio of female employees	%	56.1	56.4	57.0	55.6
Gender Wage Gap (All employees) *6	%	71.3	80.4	79.8	72.4
Gender Wage Gap (Full-time employees) *6	%	84.3	90.1	90.0	94.3
Gender Wage Gap(Part-time employees) *6	%	87.5	93.1	79.5	68.3
Ratio of employees with disabilities	%	2.76	2.79	3.08	2.89
Number of seniors (over 60 years old)	people	26	49	55	64
Number of LGBTQ+ *7	people	4	5	5	4
Number of foreign-born people *8	people	3	4	9	5
Number of childcare leave takers (ratio)	people(%)	31 (97.0)	18 (90.0)	19 (70.4)	15 (83.3)
Number of childcare leave takers (female) (ratio)	people(%)	19 (100)	6 (100)	10 (100)	10 (100)
Number of childcare leave takers (male) (ratio)	people(%)	12 (92.0)	12 (86.0)	9 (52.9)	5 (62.5)
Health and Productivity Management*9					
Consultation rate for regular medical checkups	%	100	100	100	-
Percentage applicable to specific health guidance	%	22.7	19.2	17.6	-
Smoking rate among people aged 35 or older	%	14.8	13.4	10.3	-
Percentage of people aged 35 or older with exercise habits	%	17.4	22.5	30.4	-
Ratio of people maintaining an appropriate weight *10	%	63.8	64.2	68.5	-
Stress check uptake rate	%	87.6	96.7	97.7	-
Percentage of employees with high stress levels	%	11.9	11.6	10.3	-
Absenteeism *11	day	3.3	2.8	3.2	-
Presenteeism *12	%	81.9	82.1	85.0	-
Work engagement *13	point	3.3	3.5	3.7	-

*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 based on non-consolidated employees. Salaries include bonuses and other allowances.
*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 will to persevere and find value in work despite difficulties.
*5 The ratio of women promoted to managerial positions: those promoted from non-managerial roles to managerial positions during the period.
*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 employees are employees with foreign nationality, including those who have changed their nationality from foreign nationality to Japanese nationality.
*9 References to FY21, FY22, and FY23 correspond to the fiscal years ending September 2022, 2023, and 2024, respectively.
*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 Scale.

Company's Profile/Stock information

Company's Profile (As of March 31, 2026)

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
Surugadai Headquarters	Dai-2 Ryumeikan Bldg. 5F 3-20-4 Kanda Ogawamachi, Chiyoda-ku. Tokyo 101-0052
Capital	800.62315 million yen
The end of fiscal year	September
Number of employees	759 (Consolidated)
Group Company	Insource Digital Academy Corporation Insource Consulting Corporation Insource Creative Solutions Corporation Insource Research Institute Corporation Mitemo Co., Ltd. Insource Business Rep Corporation Rashiku Corporation

Stock information (As of March 31, 2026)

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	9,192
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
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation

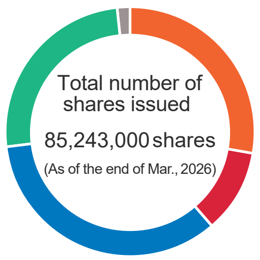
*The Company conducted a stock split on January 1, 2023. The total number of shares authorized to be issued and the total number of shares issued and outstanding are those after the stock split.

Major Shareholders (As of March 31, 2026)

Name of shareholder	Number of stock (thousand shares)	Percentage (%)
Leplus Co.	25,359	30.19
The Master Trust Bank of Japan, Ltd.	5,597	6.66
Takayuki Funahashi	5,480	6.52
Custody Bank of Japan, Ltd.	3,309	3.94
Kumiko Kawabata	3,012	3.58
MSIP CLIENT SECURITIES	2,567	3.05
STATE STREET BANK AND TRUST COMPANY	2,368	2.81
RE FUND 107-CLIENT AC	2,202	2.62
Blake Corporation	1,600	1.90
GOVERNMENT OF NORWAY-CFD	1,569	1.86

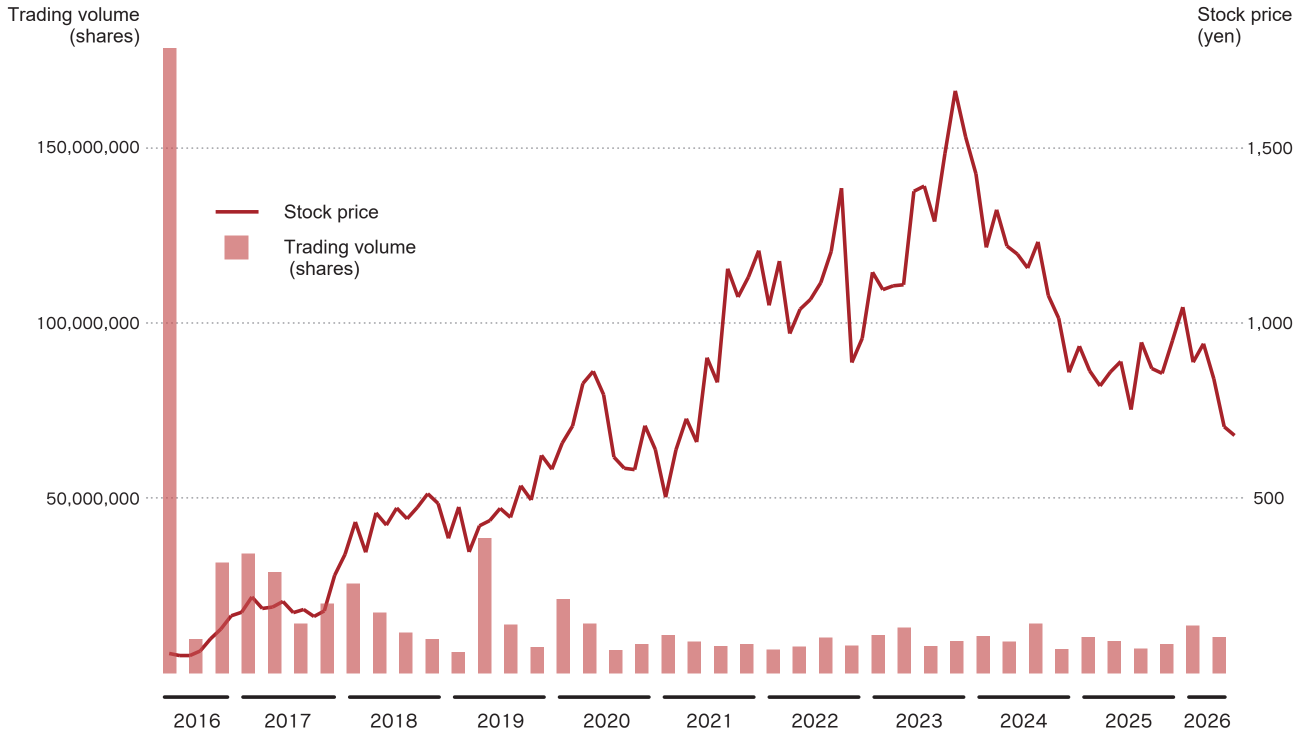
*Shareholding percentages are calculated excluding treasury stock and rounded down to the nearest hundredth.

Shareholders description (As of March 31, 2026)



- Overseas Institutional Investors 27.79%
- Domestic Institutional Investors 11.05%
- Other Business Companies 34.46%
- Individual 25.23%
- Treasury Stock 1.47%

Stock price and trading volume (Tokyo Stock Exchange)



*Results from July 2016 to March 2026
*Although stock splits were conducted on May 1, 2018, September 1, 2019, January 1, 2021, and January 1, 2023, calculations are based on the assumption that such stock splits were conducted at the beginning of FY16

About the Integrated Report

Thank you for taking the time to read the Insource Group Integrated Report 2025.

This Integrated Report provides enhanced information on the Insource Group's strategies and use of generative AI, which we view as an opportunity for business expansion.

We will use this Report as a tool to encourage dialogue among all of our stakeholders and strive to further enhance our corporate value.

IR Website

We constantly disclose our latest financial performance information and other information to our shareholders and investors on our IR website in English. To get more details, please click here:

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

- Financial Statements
- Disclosure Information
- Stock-related information
- IR-related Q&A

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