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To Whom It May Concern,

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Notice: Revision of Remuneration Amount for Directors & Introduction of Restricted Stock Compensation Plan

Insource Co., Ltd. (the “Company”) hereby announces that at a meeting of its Board of Directors held today, it resolved to revise the amount of remuneration for directors and introduce the restricted stock compensation plan (hereinafter the “compensation plan”) as part of the review of the compensation plan for directors. The relevant proposal (hereinafter the “proposal”) will be placed on the agenda for the Ordinary General Meeting of Shareholders (hereinafter the “meeting”), which will be held on December 17, 2021, as described below.

1. Revision of Remuneration Amount for Directors

The amount of remuneration for the Company’s directors was approved at the 14th Ordinary General Meeting of Shareholders held on December 21, 2016 as an annual amount of 180 million yen or less (including 10 million yen or less for outside directors).

In accordance with the review of the compensation plan for officers, we plan to ask for the approval of our shareholders at the meeting to revise the annual amount of remuneration for directors to 200 million yen or less (including 20 million yen or less for outside directors).

2. Purpose of the Introduction of the Compensation plan

(1) Purpose

Under the compensation plan, restricted stock will be allocated to the Company’s directors (excluding outside directors, hereinafter referred to as “eligible directors”), for the purpose of providing them with incentives to continuously improve the value of the Company and to further share the value with shareholders.

(2) Conditions

Since this compensation plan involves the payment of monetary claims as compensation to the eligible directors for the grant of restricted stock, the introduction is subject to the approval of the shareholders for the payment of such compensation at the meeting.

At the General Meeting of Shareholders, the Company plans to seek the approval of its shareholders for the establishment of a compensation quota for the eligible directors with respect to the restricted stock within the range of the compensation amount which described in “1” (Revision of Remuneration Amount for Directors).

3. Outline of the Compensation plan

The eligible directors will pay all of the monetary compensation claims paid by the Company under the compensation plan as contribution in kind and receive the issuance or disposal of the Company’s common stock.

The total amount of compensation to be paid to the eligible directors shall be within 40 million yen per year within the range of the revised amount of remuneration, and the total number of shares of the Company’s common stock to be issued or disposed of under this plan shall be within 17,500 shares per year. (The number of shares to be issued or disposed of may be reasonably adjusted in the event of unavoidable circumstances requiring adjustment of the number of shares, such as a stock split or reverse stock split of the Company’s common stock.)

The amount to be paid in for restricted stock to be issued or disposed of under the compensation plan shall be determined by the Board of Directors of the Company based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the day of the resolution of the Board of Directors of the Company (or the closing price of the most recent business day if no trading is conducted on the same day), to the extent that the amount is not particularly advantageous to the eligible directors who will subscribe to such restricted stock.

In order to realize the sharing of shareholder value over the medium to long term, which is one of the purposes of introducing the compensation plan, the period of restriction on transfer is set at three years from the date of delivery of restricted stock.

The Board of Directors of the Company will determine the specific timing and allocation of the payment to each eligible director.

In the event that the Company issues or disposes of shares of the Company's common stock under this compensation plan, the Company and the eligible directors shall enter into an allotment agreement of restricted stock (hereinafter referred to as the "Allotment Agreement"), which shall include the following matters

- ① The eligible directors may not transfer, grant security interests in, or otherwise dispose of the common stock of the Company allotted to them under the Allotment Agreement for a predetermined period of time.
- ② If certain events occur, the Company may acquire the relevant common stock without compensation.

(Reference)

The Company plans to allot the same restricted stock as the compensation plan to the Company's executive officers and representative directors of the Company’s subsidiaries on the condition that the proposal is approved at the General Meeting of Shareholders.

END