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November 6, 2023

To Whom It May Concern,

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Notice: Announcement of Three-year Business Plan “Road to Next 2026”

Insource Co., Ltd. (the "Company") hereby announces the outline of three-year business plan “Road to Next 2026” from FY23 to FY25. The details are as below.

1. Consolidated Financial Targets

	FY23 (Forecast)	FY24 (Target)	FY25 (Target)	Unit: million yen FY22 Reference (Actual)
Net sales (YoY)	12,530 (+16.2%)	14,650 (+16.9%)	17,000 (+16.0%)	10,783 (+14.5%)
Operating profit (YoY)	4,590 (+16.5%)	5,520 (+20.3%)	6,500 (+17.8%)	3,941 (+17.0%)
Ordinary profit (YoY)	4,585 (+16.4%)	5,515 (+20.3%)	6,495 (+17.8%)	3,937 (+17.7%)
Net profit (YoY)	3,105 (+16.0%)	3,735 (+20.3%)	4,400 (+17.8%)	2,676 (+19.8%)

2. Basic Policy

- Strengthen the content IP, which has one of the largest training programs in Japan.
- Expand the target client base beyond HR education department.
- Continue to achieve high-growth and operating profit margin of 33% or more.

For FY25, target net sales of 17,000 million yen, CAGR of 16.4%, operating profit of 6,500 million.

3. Key Measures

Based on the above policy, we will aim to realize our financial forecasts and targets under the following three measures.

1. Expand sales per client by responding to a wide range of corporate management issues.
Strengthen contents IP beyond HR education departments such as human capital management, strengthening recruitment, promoting DX, strengthening sales, and strengthening management capabilities (support for listing), and enhance sales activities.
2. Maximize the value of content IP, by increasing the number of clients through improvement in multiple use and delivery
 - i. Accelerate securing partner channels in addition to independent sales channels to strengthen delivery to customers.
 - ii. Overseas expansion through multi-use and multi-language support.
3. Continue to develop and promote sales of “Rising Next”, a new growing field
 - i. Promote sales of existing services and develop new growth areas.
 - ii. Full-scale provision of services for individuals, including responding to reskilling needs.

(Note) The above forecasts for FY23 and targets for FY24/ FY25 are based on information available as of the date of announcement of this document, and actual results may differ from the forecasts and targets due to various factors in the future.

END

Insource Co., Ltd.
FY22 Consolidated Financial Results
(October 1, 2022 to September 30, 2023)
& Three-year Business Plan
“Road to Next 2026”

Monday, November 6, 2023

Takayuki Funahashi, President and CEO
Insource Co., Ltd.

(TSE: 6200)



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Chapter 1 FY22 Consolidated Financial Results

Chapter 2 FY23 Consolidated Financial Forecast & Three-year Business Plan “Road to Next 2026”

<Appendix 1> 4Q FY22 (July - September 2023) Financial Results

<Appendix 2> Company Profile & Insource’s Advantages

<Appendix 3> Expansion of Human Capital

FY22 (22.10-23.9) Results

- Net sales reached 10,783 million yen (+14.5% YoY), reaching the highest sales for 3 consecutive fiscal year.

On-Site Training business	5,275 million	(+ 13.1% YoY)
Open Seminars business	2,617 million	(+18.0% YoY)
IT Services	1,304 million	(+8.9% YoY)
Other Businesses	1,586 million	(+18.7% YoY)
- Gross profit was 8,242 million yen (+14.3% YoY), gross profit margin was 76.4% (-0.2pt YoY), operating profit was 3,941 million yen (+17.0% YoY), the highest for 3 consecutive fiscal year, and operating profit margin was 36.5% (+0.8pt YoY).
- For On-Site training, the number of face-to-face trainings increased. For Open Seminars, the number of attendees increased mainly for newcomers and ChatGPT-related courses. The number of “Leaf” users increased steadily in IT services, video/e-Learning sales increased more than planned, and Online seminar support service and Regional development businesses also grew steadily. On the other hand, sales for private sector for On-Site training and new customization of “Leaf” of IT Services fell short of plan.

Three-year Business Plan "Road to Next 2026" and FY23 (23.10-24.9) Financial Forecasts

- In the FY25, the final year of Three-year Business Plan “Road to Next 2026,” target for net sales is 17 billion yen (CAGR 16.4%), operating profit is 6.5 billion yen (CAGR 18.1%), operating profit margin is 38.2% (+1.7pt vs FY22)
- In the FY23, we will aim to increase sales per client by responding to a wide range of business challenges. Target for net sales is 12.53 billion yen (+16.2% YoY), operating profit is 4.59 billion yen (+16.5% YoY), operating profit margin is 36.6% (+0.1pt YoY)

Chap. 01 FY22 Consolidated Financial Results

Consolidated Profit & Loss Statement -Overview

■ Operating profit increased due to a increase in sales of all businesses and a decline in SG&A expenses rate.

Unit: million yen

	4Q FY22 (Actual)	4Q FY21		FY22 (Actual)	FY21		Comments
		Actual	Change		Actual	Change	
Net sales	2,884	2,545	+13.3%	10,783	9,418	+14.5%	■ Net sales [Full year] Sales increased in all businesses. face-to-face training increased in On-Site Training business and Open Seminars business.
Gross profit	2,236	1,950	+14.7%	8,242	7,214	+14.3%	
Gross profit margin	77.5%	76.6%	+0.9pt	76.4%	76.6%	▲0.2pt	
SG&A expenses	1,102	1,020	+8.1%	4,300	3,846	+11.8%	
SG&A ratio	38.2%	40.1%	▲1.9pt	39.9%	40.8%	▲1.0pt	■ Gross profit margin [Full year] • DX training's in-house developed ratio and the number of trainers under contract increased. • Sales of highly profitable in-house developed e-Learning content expanded. [4Q] • Gross profit increased YoY due to the increase in gross profit of Open Seminars, IT Services, and Other Businesses.
Total personnel expenses *1	895	837	+6.9%	3,445	3,107	+10.9%	
Office-related expenses*2	41	40	+3.5%	170	162	+4.5%	
Office & communication expenses	52	66	▲21.4pt	194	181	+7.4%	
Other expenses	113	76	+48.7%	491	395	+24.3%	
EBITDA	1,165	954	+22.1%	4,063	3,476	+16.9%	■ SG&A expenses [Full year] • Total personnel expenses increased due to an increase in the number of employees.
EBITDA margin	40.6%	37.5%	+2.9pt	37.7%	36.9%	+0.8pt	
Operating profit	1,133	929	+21.9%	3,941	3,367	+17.0%	• Travel expenses increased due to an increase in face-to-face sales activity.
Operating profit margin	39.3%	36.5%	+2.8pt	36.5%	35.8%	+0.8pt	
Ordinary profit	1,133	931	+21.6%	3,937	3,346	+17.7%	
Net profit	772	579	+33.3%	2,676	2,233	+19.8%	

*1 "personnel expenses", "wages, recruitment, training, and benefit expenses", "Outsourcing Expenses", and "Restricted Transfer of Shares (Restricted Stock)" are collectively referred to as "Total personnel expenses". RS for FY22 was 123 million (+1.7% YoY).

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

Consolidated Profit & Loss Statement - By Business

Unit: million yen

		4Q FY22 (Actual)	4Q FY21 Actual change		FY22 (Actual)	FY21 Actual change		Comments
On-Site Training	Net sales	1,406	1,262	+11.5%	5,275	4,665	+13.1%	[Full year] The number of trainings conducted by face-to-face and public sector has increased, but the number of trainings conducted by private companies fell short of plan.
	Gross profit margin	77.7%	78.9%	▲1.2pt	78.6%	79.1%	▲0.5pt	
	Number of trainings conducted	5,039	4,528	+11.3%	18,858	16,936	+11.3%	Although the percentage of online training decreased, average unit price increased due to higher-priced private training and higher profitable DX training.
	Of which, online training	26.1%	40.4%	▲14.3pt	27.6%	43.3%	▲15.8pt	
	Of which, DX-related training	327	298	+9.7%	1,252	972	+28.8%	
Composition ratio 48.9% (49.5% in the previous fiscal year)	Average unit price	279.2	278.7	+0.4	279.7	275.5	+4.2	[4Q] Although the number of trainings for public sector increased, the growth of training for private sector, particularly DX training, is below the target.
Open Seminars	Net sales	724	623	+16.2%	2,617	2,218	+18.0%	[Full year] Total number of attendees increased steadily due to an increase in face-to-face training. Trainings for new comers and ChatGPT performed well, and sales were largely in line with forecasts.
	Gross profit margin	81.3%	78.1%	+3.2pt	77.5%	77.0%	+0.5pt	
	Number of attendees	34,887	28,713	+21.5%	120,330	101,926	+18.1%	[4Q] • The number of attendees per training recovered and profitability improved as a result of optimization of the number of training conducted and stricter decisions on whether or not to hold trainings, which covers gross profit margin decline in 1Q,2Q. • Due to an increase in the number of users of Open Seminars HR smartpacks, average unit price declined.
	Of which, online ratio	69.5%	82.1%	▲12.6%	74.8%	83.1%	▲8.3%	
	Of which, DX training attendees	3,826	3,574	+7.1%	13,795	11,968	+15.3%	
	Composition ratio 24.3% (23.6% in the previous fiscal year)	No. of attendees per training	13.3	11.6	+1.6	11.4	12.4	
	Average unit price per training	21.5	21.7	▲0.1	21.7	21.7	▲0.0	

※ Gross profit margins by business has not been audited by Ernst & Young ShinNihon LLC.

Consolidated Profit & Loss Statement - By Business

		4Q F22 (Actual)	4Q FY21 Actual Change		FY22 (Actual)	FY22 Actual Change		Comments
IT Services	Net sales	327	314	+4.1%	1,304	1,197	+8.9%	[Full year] • Total number of paid subscribers (organizations) for Leaf was strong at 638, with 2.89 million users. Annual recurring revenue (ARR *1) expanded to 811 million yen(+27.4% YoY). • Sales for customization decreased YoY due to fewer new projects. • Maintained gross profit margin by reducing outsourced processing costs and streamlining server operations to offset higher telecommunications costs due to an increase in the number of users.
	Gross profit margin	81.5%	82.4%	▲0.8pt	79.0%	79.2%	▲0.1pt	
	Leaf recurring (Monthly revenue)	193	157	+22.9%	699	581	+20.2%	
	Leaf customization sales	106	133	▲20.1%	385	452	▲14.8%	
	Stress check	27	23	+16.9%	218	163	+33.6%	
	Leaf paid subscribers (organization)	-	-	-	638	522	+22.2%	
	Leaf users (thou.)	-	-	-	2,895	2,112	+37.1%	
Other Businesses	Net sales	426	345	+23.3%	1,586	1,337	+18.7%	[Full year] Other Businesses significantly exceeds forecasts for both net sales and gross profit margin. [4Q] Achieved strong growth in Other Businesses overall despite slower growth in video sales. • Online Seminar Support Service Increase in year-round projects for public sector, etc., and expansion of service areas through improvement of delivery technology. • Regional Revitalization Service Multiple support projects for SMEs in Nagoya City and Wakayama Prefecture, and entrepreneurship education for young people has expanded on consignment.
	Gross profit margin	67.5%	60.5%	+7.0pt	65.1%	64.7%	+0.4pt	
	Video sales	84	83	+1.3%	471	403	+17.0%	
	Rental	9	5	+55.0%	39	27	+41.6%	
	Monthly Subscription (STUDIO)	37	36	+3.5%	153	155	▲1.0%	
	Video Production	21	9	+130.2%	62	44	+39.4%	
	Consulting/ Assessment Service	50	34	+46.7%	136	124	+9.2%	
	Online Seminar Support Service	58	35	+64.8%	203	135	+50.9%	
	Regional Revitalization Service	99	51	+92.3%	151	103	+46.8%	
	Web Marketing	55	40	+36.5%	221	203	+8.9%	
Composition ratio 12.1% (12.7% in the previous fiscal year)								
Composition ratio 14.7% (14.2% in the previous fiscal year)								

※ Gross profit margins by business has not been audited by Ernst & Young ShinNihon LLC.

※ ARR:Annual Recurring Revenue. Calculated by multiplying monthly ordinary revenues for each period end month by 12 times

- Fixed assets increased due to acquisition of company-owned building to reduce office-related expenses such as seminar rooms.

Unit: million yen

	End of FY22 (Actual)	End of FY21		Comments
		Actual	Change	
Current assets	5,135	5,260	▲2.4%	■ Cash and cash equivalents decreased and fixed assets increased due to acquisition of company-owned buildings.
Cash and deposits	3,515	3,827	▲8.2%	
Fixed assets	5,659	3,468	+63.1%	
Total assets	10,795	8,729	+23.7%	
Current liability	2,822	2,559	+10.3%	■ Current liabilities increased due to increase in advances received.
Advances received*	850	730	+16.4%	
Fixed liability	43	44	▲3.4%	■ Net assets increased due to posting of profit.
Net assets	7,929	6,125	+29.5%	
Liabilities and net assets	10,795	8,729	+23.7%	

	FY22	FY21
ROE	38.1%	42.0%

	FY22	FY21
ROIC	34.1%	37.3%

	FY22	FY21
ROA	27.4%	28.8%

※ Advances received are the unused amount of HR smart packs that can be used for services such as Open Seminars and video/e-Learning.

KPI for FY23

■ The number of content and trainers has steadily increased. customer based segment promotions has been strengthened and the number of clicks on email newsletters has increased.

	FY21 (Actual)	FY22 1-3Q (Actual)	FY22 4Q (Actual)	FY22 (Actual) (Achievement rate)	FY22 (Target)	FY23 (Target)
No. of new contracts of WEBinsource (Cumulative no. of organizations)	2,871 (18,669)	2,197 (20,866)	788 (21,644)	2,975 (124.0%)	2,400 (21,069)	2,400 (24,044)
No. of new contents for On-Site Training (cumulative no.)	333 (3,794)	271 (4,065)	91 (4,156)	362 (103.4%)	350 (4,144)	360 (4,504)
No. of new contents for Open Seminars (cumulative no.)	334 (3,630)	195 (3,825)	112 (3,937)	307 (153.5%)	200 (3,830)	200 (4,030)
No. of new contents for e-Learning/videos (cumulative no.)	210 (544)	155 (699)	55 (754)	210 (100.0%)	210 (754)	250 (1,004)
No. of core solution plans*1 (cumulative no.)	36 (267)	30 (297)	11 (308)	41 (102.5%)	40 (307)	To be changed to number of consulting proposals
No. of web-sessions*2 Unit: Thousands of times	-	1,264	395	1,659 (-)	-	To be changed to the number of major page designs
No. of clicks on email newsletters Unit: Click	52,811	64,454	28,517	92,971 (155.0%)	60,000	To be changed to number of inquiries
No. of Trainers*3 Unit: People	315	364	377	377 (100.5%)	375	435
Of which, No. of DX trainers*3 Unit: People	67	78	84	84 (102.4%)	82	107
No. of organizations using assessment Unit: Organization	260	436	164	600 (255.6%)	426	To be deleted due to steady increase
CO2 emissions per person (Scope2)*4 Units: t-CO2	0.73	0.49	0.00 ※5	0.55 ※5 (119.6%)	0.69	To be deleted due to introduction of renewable energy

※1 Core solution plans count is a plan that summarizes several services for resolving issues in individual organizations. ※2 No. of web-sessions is retroactively recalculated due to the commencement of measurement in GA4.

※3 Number of trainers and DX trainers are at the end of each period ※4 CO2 emissions per person are calculated by dividing Scope2 by the average number of employees during the period ※5 Use of renewable energy and non-fossil certificates in some company-owned buildings

Major News from July 2023 (As of November 6, 2023)

In 2023	The news	Business Fields
July	Selected by the City of Yokohama as a "Construction, Operation, and Maintenance of Digital Human Resource Development Training Management System" project	IT Services
	Launch of healthcare ASP "Leaf wellness"	IT Services
	Released additional ChatGPT prompt engineering training (total of 9 in the series developed)	Open Seminars/ DX
August	Selected as a contractor of "e-Learning" training for Yamanashi Prefecture officials - Providing an e-Learning Environment with Leaf Corporate University	IT Services/ Video/e-Learning
	Entered into a business alliance with jinjer Co., Ltd. - Launched sales of Leaf series	IT Services
	Selected as Nara Prefecture's "Promoting Online Learning Project" - Providing an e-Learning Environment with Leaf Corporate University	IT Services Video/e-Learning
	Started sales of assessments by level (for the experienced, strengthening logical thinking, and technical management skills)	Assessment
September	Selected by the Japanese Nursing Association as the operator of the "Construction Project to Deliver Online Training System" -Supporting Lifelong Learning and Reskilling of Nursing Professionals Nationwide with Multi-device LMS "Leaf Lightning"	IT Services
	Developed "DX Literacy Assessment" as a reskilling support service	DX/ Assessment
	Developed two "Excel Basic and Advanced Training" for over 50s as a reskilling support services	Open Seminars/DX
	Launched the Social Production Course, a human resources development academy and team iChi academy specializing in regional revitalization, in collaboration with JR East Marketing & Communications, Inc. (JR Higashi Nihon Kikaku)	Regional Revitalization
	Started introducing renewable energy using hydroelectric power, geothermal energy, etc. at Insource Kyushu Building	(Sustainability)
October	Insource Consulting Corporation(ICO) and Insource Creative Solutions Corporation(ICS) were established	Consulting/ Content development
	Established a new brand for individuals, INSOURCE RESKILLING - Full-scale launch of support for reskilling	Open Seminars/DX
November	Signed a business alliance with Plus Alpha Consulting Co., Ltd. - Expansion of Open Seminars sales and ASP services	Open Seminars/ IT Services

Results and Review of FY22 Sales Strategies

FY22 Sales Strategies

*○=Good, △=So-so, × = Not good

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

Activities	Results	Comments	FY23 Policy
1. Reorganized our urban sales team into a small, elite team. Promoted young employees as leaders (January, 2023)	○	<ul style="list-style-type: none"> Reorganization of the sales team led to an increase in sales activities, with increased sales per rep. (+8% YoY) in 2H. 	<ul style="list-style-type: none"> 19 teams in Tokyo, responsible for the area they are in charge of Improved productivity by eliminating overlapping areas of responsibility and increased sales per client by strengthening visits to LE and MM clients. Expand sales per client through segmented sales by industry, company characteristics. Insource Consulting (ICO) was established to strengthen consulting proposals. Strengthening education, monitoring, and feedback to enhance sales leaders. Continue to complement sales through direct marketing
2. Organized a team with experienced talents (January, 2023)	△	<ul style="list-style-type: none"> New inquiries increased 5% YoY in 2H due to increased sales activities and direct marketing. 	
3. Organized an online sales team of experienced talents who work from home (February, 2023)	△		
4. Introduction of incentive system (May, 2023)	×	<ul style="list-style-type: none"> Proposals for consulting projects increased. 	
5. Strengthen direct marketing (April, 2023)	○	<ul style="list-style-type: none"> Issues remain in terms of overlapping areas of responsibility and lack of growth in acquisition of large projects. 	

Sales KPIs - FY22 Results and FY23 Targets

Unit: million yen

	1H FY22 (Actual)	YoY	2H FY22 (Actual)	YoY	HoH	FY23 (Target)	YoY
Net sales	5,204	115.4%	5,579	113.7%	+375	12,530	116.2%
Operating profit	1,930	115.2%	2,011	118.8%	+81	4,590	116.5%
Sales per sales representative	27.5	98.3%	27.2	108.0%	▲0.3	56.2	102.7%
Operating profit per sales representative	10.2	98.8%	9.7	111.4%	▲0.4	20.5	102.9%
Cumulative number of organizations using WEBinsource (Unit: organizations)	20,088	116.6%	21,644	115.9%	+1,556	24,044	111.1%
Number of WEBinsource acquired (Unit: organizations)	1,419	99.7%	1,556	107.5%	+137	2,400	80.7%
Number of inquiries	2,503	114.2%	2,582	105.8%	+79	6,100	120.0%

Expansion of services for individuals - Responding to reskilling needs **in**source

■ Launch of new brand “Insoure Reskilling”, a full support service for reskilling*.

In addition to nighttime and holiday programs, we have developed a new service to enhance individual skills. Total support for reskilling, such as advice for specific business assistance, review of outcomes, and career consultation are provided (started November 2023)

■ New brand logo



※ What is Reskilling?
“Re-learning” to acquire new skills and knowledge to adapt to changing markets and operations. Essential for achieving career independence

<Background of increasing reskilling demand and our situation>

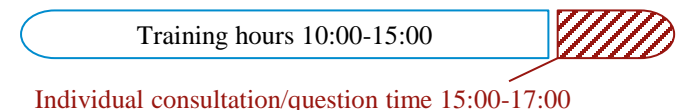
1. Strengthening reskilling as a government policy
In June 2023, the Cabinet decided to expand direct payments to individuals as part of the "Integrated Three-Pronged Labor Market Reforms" to support skills improvement through re-skilling.
2. Increasing need for companies to promote human capital management
Emerging need to enhance human capital by strengthening DX skills, etc. to create growth businesses and improve productivity of existing businesses.
3. Significant increase in Open Seminars attendance by individuals ~1.7 times increase
In FY22, there were 2,624 attendees from “individual applications” of Open Seminars, up 74% from FY18 (1,504 attendees) before COVID-19.

Insoure reskilling (top page) > <https://www.insource.co.jp/reskilling/index.html> (In Japanese)

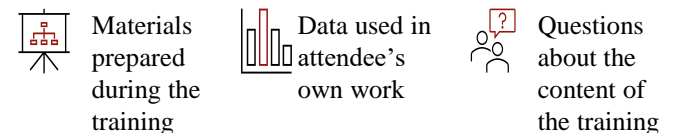
■ New service, the "Insoure Reskilling Premium Course"

Overview	A program that provides thorough support until “I can do it” through training and multiple individual consultations and questioning sessions
Main Targets	Individuals engaged in self-improvement
Examples of courses offered	<ul style="list-style-type: none"> • Practical Power Point course Mastering the “pattern” and “technique” through training and correction (5 days) (203,500 yen including tax) • ChatGPT × Python programming training Automation and Data Analysis (5 days) (203,500 yen including tax) ※ Providing general and useful skills that are required for jobs

▽ Premium Course time schedule



<Examples of inquiries>

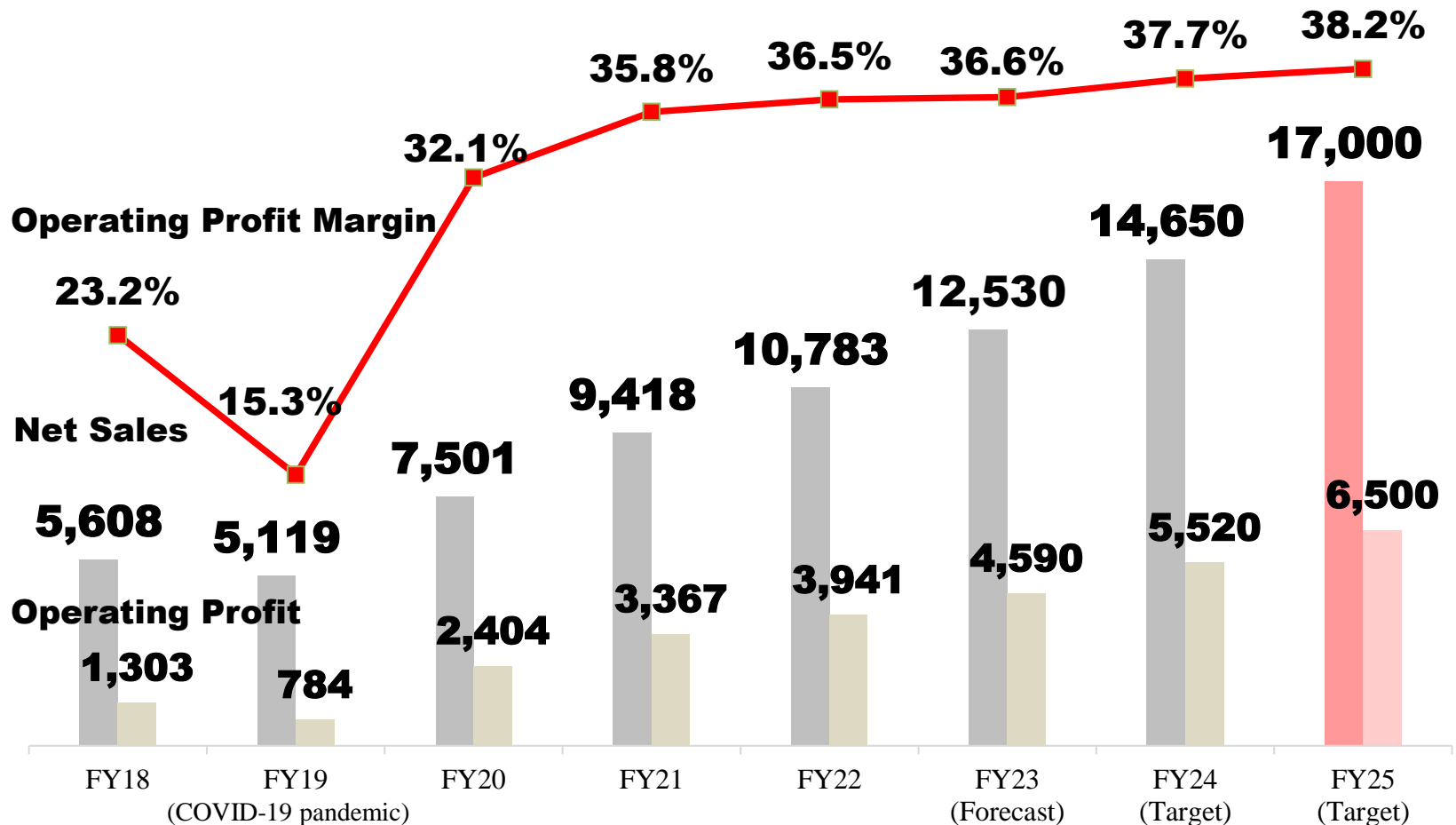


※ Respond individually so that they play an active role in their jobs from tomorrow

Chapter 2 FY23 Financial Consolidated Forecast Three-year Business Plan “Road to Next 2026”

- Targets net sales of 17 billion yen, operating profit of 6.5 billion yen, and operating profit margin of 38.2% in FY25.

Unit: million yen



■ Basic Policy

- Strengthen the content IP, which has one of the largest training programs in Japan.
- Expand the target client base beyond HR education department.
- Continue to achieve high-growth and operating profit margin of 33% or more.
For FY25, target net sales of 17 billion yen, CAGR of 16.4%, operating profit of 6.5 billion.

■ Key measures

1. Expand sales per client by responding to a wide range of corporate management issues.

Strengthen contents IP beyond HR education departments such as human capital management, strengthening recruitment, promoting DX, strengthening sales, and strengthening management capabilities (support for listing), and enhance sales activities.

2. Maximize the value of content IP by increasing the number of clients through improvement in multiple use and delivery.

- Accelerate securing partner channels in addition to independent sales channels to strengthen delivery to customers.
- Overseas expansion through multi-use and multi-language support.

3. Continue to develop and promote sales of “Rising Next”, a new growing field

- Promote sales of existing services and develop new growth areas.
- Full-scale provision of services for individuals, including responding to reskilling needs.

Continue to develop more than 300 programs per year to meet the needs of the times.

Fiscal year	FY19	FY20	FY21	FY22	FY23 onwards
Social situation	Spread of COVID-19	Restricted activities due to the COVID-19	Accelerating the Promotion of Human Capital Management through "Basic Policies 2022"	Emergence of the generating AI Full-scale launch of Regional Revitalization COVID-19 pandemic convergence	Further development of digital utilization Diversification of working styles and mobility of human resources Progress in health management
Themes for development	<ul style="list-style-type: none"> •Correspondence to telework •Crisis management 	<ul style="list-style-type: none"> •DX promotion •Expansion of video content 	<ul style="list-style-type: none"> •Development by corporate size •Career development by generation 	<ul style="list-style-type: none"> •Return to workplace •Reinforcing face-to-face sales 	<ul style="list-style-type: none"> •Respond to full-fledged demand for reskilling (especially DX) •Strengthening multilingual support
Total number of new contents	319	321	333	362	More than 360 programs per year
Example of program	<ul style="list-style-type: none"> •Instructional training for subordinates in telework •Online business negotiation training •Webinar for new graduates 	<ul style="list-style-type: none"> •Series for system engineers •Series -Learning from history and people's life •Office® Series-Learning from Videos 	<ul style="list-style-type: none"> •Training for enterprises •Training for growth companies •Trainings to overcome difficulties (by generation) 	<ul style="list-style-type: none"> •ChatGPT utilization •Character Education series •New Managers Series •Series for a shy person 	<ul style="list-style-type: none"> •Expansion of DX programmes tailored to individual reskilling needs •Strengthen industry-and job-specific programs •Expansion of health management promotion programs •Strengthening multilingual response to regional power

Top 5 of contents genre in each fiscal year

Unit: no. of contents

Rank	FY19		FY20		FY21		FY22	
1	Teletwork COVID-19 measures	42	Digital skills	47	Business skills	43	Communication	40
2	For managers	33	For sales staff	44	Communication	38	Digital skills	32
3	Communication	31	For managers	32	Career/Motivation	36	Business skills	32
4	Digital skills	23	Subordinate guidance and OJT	22	For managers	32	For managers	27
5	For new graduates	23	Compliance	19	Digital skills	30	Subordinate guidance and OJT	23



Expand client base and further enhance content IP

Develop content IP by broadening the range of target clients to include all corporate organizations, administrations, and individuals, extending the scope beyond HR education development.

Target	Corporate HR department				Corporate planning and sales planning departments			Government administration	Individual	
Issues	Human resource development	Personnel/evaluation	Labor/Benefits	Employment	DX promotion	Sales force strengthening	Management capabilities strengthening	Regional revitalization	Reskilling	
Services provided by Insource Group	1.Training/ e-learning/ Assessment •Hierarchy •Communication •Productivity improvement •Career	1.Training/ e-learning/ Assessment •For assessors •MBO •Personal meetings	1.Training/ e-learning Assessment •Harassment •Health management •Labor management	1.Training/ e-learning Assessment •For new graduates	1.Training/ e-learning Assessment •Excel, PPT •Python •DX •Project management	1.Training/ e-learning Assessment •Sales •Marketing •CS improvement	1.Training/ e-learning Assessment •Training for management •Promotion of female employees activities	2.Regional Revitalization	3. Learning support/ Career support •OA skills •ChatGPT •Programming	
	1.HR Tech •Leaf •Leaf corporate university •STUDIO	1.HR Tech •Evaluation sheet to Web •Leaf Eva	1.HR Tech •Stress check support	2.Recruitment site Production 2.Placement /Recruiting	2. Consulting DX Promotion, Sales Strategy, Management Strategy (Mid-term Management Plan)			2.Web Marketing Support •EC website •Digital sales	3. Listing support/ IR support	
	2. Consulting Comprehensive support for realizing human capital management (value enhancement and information disclosure)									
	2.Consulting •Building education system	2.Consulting •Building evaluation system		1. Current main business 2. “Rising Next” (Newly focused business) 3. Planned to be developed and offered in the future						



Strengthen the management base (Contents Development/Sales Force/System Development + Internal human capital)

FY23 Key Themes

1. Marketing

- Segmentation based on client characteristics in addition to company size and industry
- Diversify sales and promotional methods by segment
- Secure sales partners and strengthen cooperation

2. Consulting

Provide medium-to long-term and comprehensive support for management issues such as human capital management, reskilling, and the development of next-generation leaders along with clients.

3. Recruitment and education

- Educate employees thoroughly in four areas: marketing, consulting, project management, and digital utilization.
- Hire limited-area staff actively

Content development

- Content development tailored to customer characteristics
- Owners, traditional companies, and advanced companies etc.
- Service for individuals (Reskilling)

- Develop new services that comprehensively resolve corporate, administrative, and individual issues, not limited to human resource development

- Established ICS on Oct., 2023 to secure highly specialized human resources in Kyushu. Securing new 2025 graduates as well as mid-career hires.

Sales

- Sales activities and direct marketing tailored to customer characteristics
- Expand sales channels through alliances with other companies

- Established ICO on Oct., 2023 and launched a sales force specializing in consulting projects, mainly by Insource executive officers.
- Strengthen systematic and comprehensive proposal-based sales that do not end in a single year.

- Strengthen mid-career recruitment of consulting sales representative
- Hiring front-office sales representative in the Tokyo metropolitan area and Kansai region
- Hiring limited-area staff
Responding to the Z-generation's local orientation

System development

- CRM modification for sales rep.
- Expansion of data maintenance functions and information volume
- Strengthen direct marketing functions
- API collaboration through alliances with other companies

- Consulting proposal automation tool
- Started with a Open Seminars course selection system tailored to the training system of customers

- Hiring engineers in the Utsunomiya area where IMD is located
Responding to the Z-generation's local orientation

Internal human capital

- Knowledge education on customer characteristics
- Educate skill to create target list
- Increase inside sales personnel and educate skills

- Consulting Suggestion Skills Training
- Enhancing consulting framework, and basic skills such as preparation of materials

- Select “Project management” and “digital utilization capabilities” for company-wide education
- Use Leaf Corporate University to strengthen weaknesses - Implementation of assessment by each division and take recommended Open Seminars

Three-year Business Plan “Road to Next 2026”-Targets by business

Sales Targets and Key Measures by Business Segment

Unit: million yen

Business	FY22 (Actual)	FY23 (Forecast)	FY24 (Target)	FY25 (Target)	Key Measures
Overall (Composition ratio) CAGR: 16.4%	10,783 (100.0%)	12,530 (100.0%)	14,650 (100.0%)	17,000 (100.0%)	<ul style="list-style-type: none"> Expand sales per client by responding to a wide range of corporate management issues. Maximize the value of content IP by increasing the number of clients through improvement in multiple use and delivery. Continue to develop and promote sales of “Rising Next”, a new growing field
On-Site Training (Composition ratio) CAGR: 17.2%	5,275 (48.9%)	6,210 (49.6%)	7,300 (49.8%)	8,500 (50.0%)	<ul style="list-style-type: none"> Strengthen consulting and improve sales per client Continue to expand sales force and strengthen education
Open Seminars (Composition ratio) CAGR: 16.0%	2,617 (24.3%)	3,040 (24.3%)	3,530 (24.1%)	4,090 (24.1%)	<ul style="list-style-type: none"> Strengthen sales to individuals to meet needs for reskilling Secure business partners to strengthen distributor sales
DX related (*1) (Composition ratio) CAGR: 34.9%	740 (6.9%)	1,070 (8.5%)	1,400 (12.8%)	1,800 (12.5%)	<ul style="list-style-type: none"> Expand target client and strengthen content development Mid-sized and growing companies, individuals (reskilling), ChatGPT and Python utilization, etc.
IT Services (Composition ratio) CAGR: 17.8%	1,304 (12.1%)	1,630 (13.0%)	1,870 (12.8%)	2,130 (12.5%)	<ul style="list-style-type: none"> Considering 11 Leaf series, promote to appropriate clients and strengthen acquisition of new projects. Add new features and pricing plan to the series launched in FY22 Increase LTV of existing users over 2.89 million (*2)
Other Businesses (Composition ratio) CAGR: 12.8%	1,586 (14.7%)	1,650 (13.2%)	1,950 (13.3%)	2,280 (13.4%)	<ul style="list-style-type: none"> Regional Revitalization –Strengthen SME support, develop tourism DX areas, etc. Online support: Acquire new private-sector projects and consulting to current customers Web Marketing –Expand business scope of website production/system Placement/Recruiting-Improve order rate and strengthen cycle of high compensation per case and secure limited job offers Consulting - Develop consulting and specialist training courses

*1 On-Site Training and Open Seminars related to DX

*2 As of the end of September, 2023
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Sales policy by client segment

- Set targets for sales per client and number of companies for each segment through comprehensive proposals tailored to client characteristics.
- Define new client segment and enhance direct marketing.

Unit: companies

Segment Sales target per client		End of FY22 (Actual)	End of FY23 (Target)	End of FY24 (Target)	End of FY25 (Target)	Key Sales Themes by Segment by Corporate Size
Private sector	LE Large Enterprise businesses 10 million yen or more	70	90	105	125	<ul style="list-style-type: none"> • Company-wide system proposal with consulting perspective • Human capital management support (DX, promotion of women's activities, leader development, system provision) • Reskilling, Career support, Health management
	Large corporations (5,000 employees or more)					
	MM Medium Market Business 5 million yen or more	51	70	85	100	<ul style="list-style-type: none"> • Responding to labor shortages (hiring support and turnover prevention) • Support of the establishment of a systematic company-wide education and evaluation system • Inexpensive DX promotional packaging
	SMB (Small Medium Business) 1 million yen or more	738	890	1,040	1,190	<ul style="list-style-type: none"> • Support top management in solving issues (IR, listing, sales improvement, recruitment support etc.) • Strengthen management-level training and training by level • Compliance training (harassment prevention, etc.)
Medium-sized companies (100 to 299 employees)						
	Customer base for all transactions 0.1 million yen or more	6,325	7,200	8,100	9,000	<ul style="list-style-type: none"> • Promotion of WEBinsource usage • Continuation rate of Open Seminars • "Video Department Store", "Leaf in order", "STUDIO" • Strengthening direct marketing
	All segments					
Public Sector	0.1 million yen or more	2,436	2,700	3,000	3,300	<ul style="list-style-type: none"> • Regional Revitalization • DX in Education (Leaf Series), Stress Check Support Service • Strengthen direct marketing
	All segments					

Size of Related Markets and National Budgets

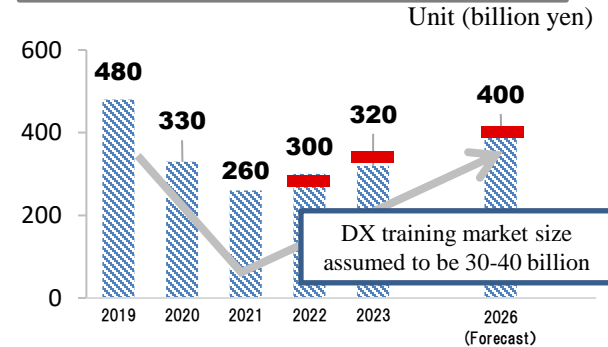
■ Career training Market – Still great potential for growth

- The market size is 320 billion yen in 2023 and over 400 billion yen in 2026 *1. Of which, the DX training market is 35 billion yen in 2023 and 40 billion yen in 2026 *2.
- The market share of Insource is about 2%, and there is a lot of room for growth in the future.

*1 Calculated based on the MHLW's Basic Survey on HR Development and MIC' Labor Force Survey.

*2 Calculated based on Information-technology Promotion Agency, Japan (IPA), "Survey of Enterprises and IT Human Resources for Digital Transformation (DX) Promotion" report and Ministry of Internal Affairs and Communications, "Economic Census - Activity Survey."

Training market size forecast

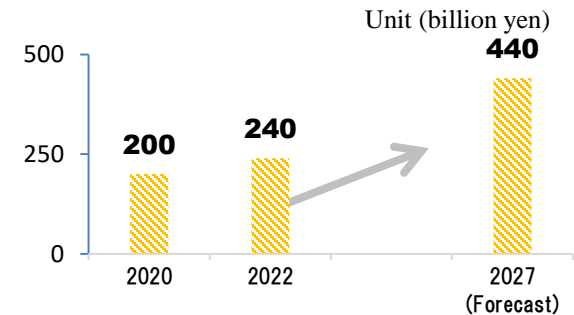


■ HR digitalization market -Expansion is expected

- The market size is 240 billion yen in 2022 and expected to be 440 billion yen in 2027.*3
- The needs to improve the value of human capital and the administration of information disclosure is expected to increase significantly in the future.
- Net sales of "Leaf" for FY22 is 1.3 billion yen and there is a lot of room for growth.

*3 Calculated based on the "Basic Survey of the Information and Communications Industry" by the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry

HR digitalization market forecast

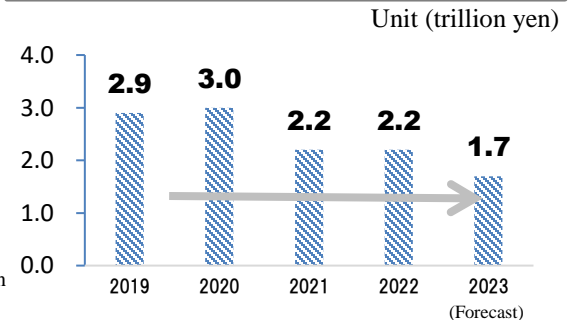


■ National budget related to regional revitalization

- The government promotes regional revitalization projects
- National budget is 1.7 trillion yen in 2023*4 and is expected to continue to grow.
- Specific support and human resource education will be required to create a sustainable and developmental economic cycle in the region in the future, such as management support for small and medium-sized enterprises, support for tourism promotion, and promotion of entrepreneurship.

*4 Calculated based on the "Regional Development Budget" on the website of the Secretariat for Promotion of Regional Revitalization of Japan

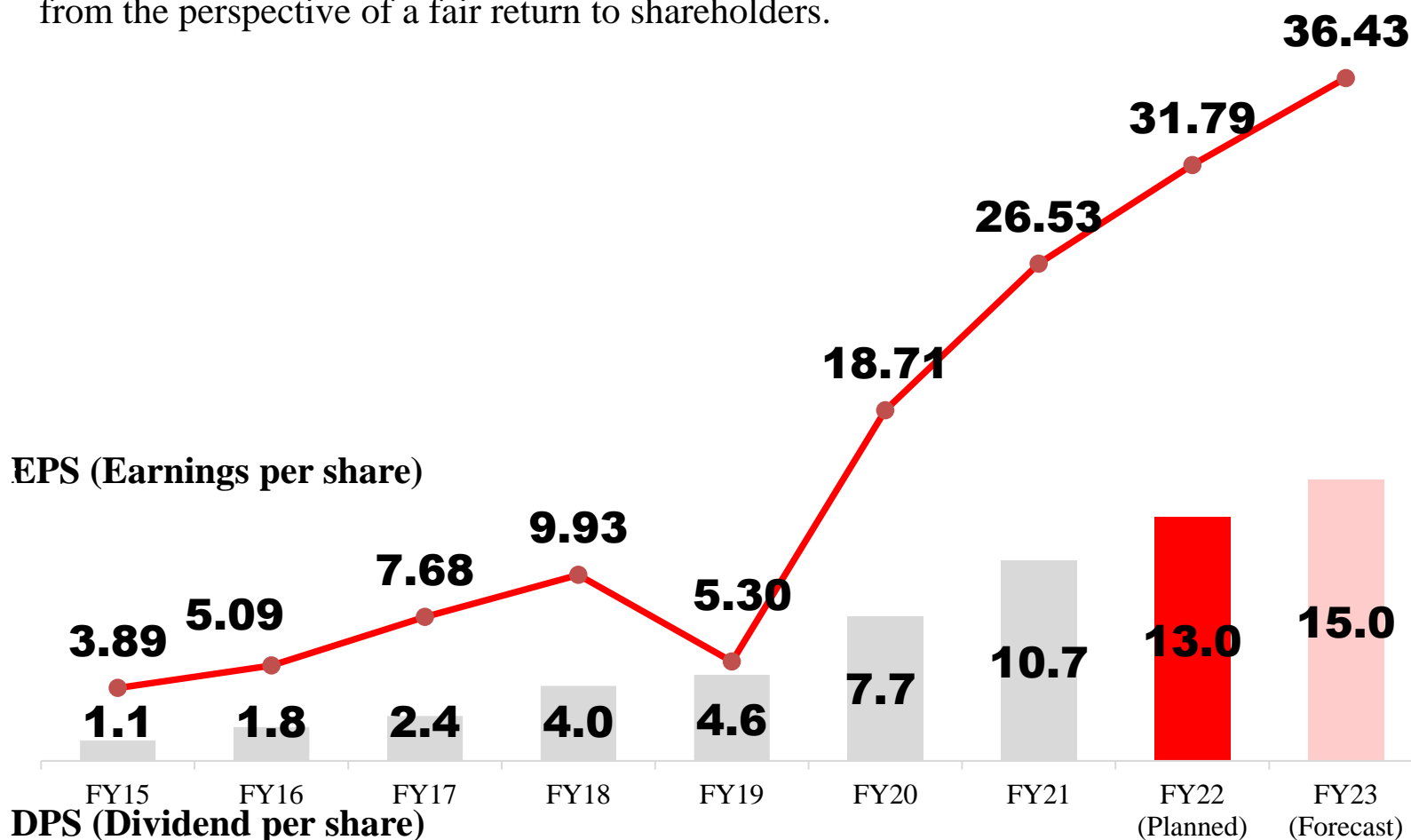
National budget related to regional revitalization



Shareholder Return Policy

- DPR (dividend payout ratio) target of 40% according to business performance.
- Dividend for FY22 is 11.8 times* that of FY15 first listed.
- The Shareholder Benefit Plan will be discontinued as of FY22, from the perspective of a fair return to shareholders.

Unit: yen



(*) We conducted stock splits on May 1, 2018, September 1, 2019, January 1, 2021 and January 1, 2023. The year-end dividend amount reflects this stock split.

■ Management philosophy: Create a society in which all people can enjoy working and feel fulfilled

■ Materiality and long-term indicators

	Materiality	Actions	KPI	FY21	FY22	FY23
Solving Social Issues through Business Activities	1.Increase productivity through career development education (Strengthening of organization)	Unify organizational and personal orientation, resolve issues, and improve productivity through training business	Training business No. of annual attendees	640,000	720,000	2 million
	2.Acquisition of basic skills to play an active role in diverse environments (Strengthening of individuals)	Leveraging IT and enhancing personal skills through the provision of DX training	OA/IT/DX training attendees (Open Seminars)	11,968	13,795	50,000
	3.Development of learning content tailored to each individual and organization	Development and accumulation of content in response to social issues and needs	Total no. of content	3,794	4,156	5,000
	4.Provision of educational infrastructure	Improve productivity and provide fair educational opportunities through the provision of IT	Cumulative video content Annual no.of Open Seminars conducted Leaf users	544 8,000 2,112,000	754 10,000 2,895,000	1,500 15,000 7 million
ESG	E Responding to climate change	Carbon neutral emissions from business	Scope1+2 (t-CO2)	283	237	140
	S Excellent performances of diverse employees	Create a workplace where diverse human resources can thrive	Ratio of Female Executive Officer Female Manager Ratio	0% 37.8%	0% 37.4%	50% 50%
	S Community Relations	Solve local issues	No. of Regional Revitalization projects No. of public sector supporting period poverty	24 46	36 62	100 100
	G Strengthening governance	Ensuring diversity in management	Ratio of women in the Board of Directors	25%	25%	50%

*Targets for 2030 are subject to change as business conditions and management plans are revised or changed in the future.

<Appendix 1> 4Q FY22 Details by Business

Consolidated Profit & Loss Statement - Overview

Unit: million yen

	4Q FY21 (Actual)	1Q FY22 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	YoY	
Net Sales (QoQ)	2,545 (+182)	2,586 (+41)	2,617 (+30)	2,694 (+77)	2,884 (+189)	+339	+13.3%
Gross Profit (QoQ)	1,950 (+184)	1,957 (+7)	2,026 (+68)	2,021 (▲5)	2,236 (+215)	+286	+14.7%
(Gross profit margin)	(76.6%)	(75.7%)	(77.4%)	(75.0%)	(77.5%)	(+0.9pt)	
Operating profit (QoQ)	929 (+166)	893 (▲36)	1,036 (+143)	877 (▲159)	1,133 (+255)	+203	+21.9%
(Operating profit margin)	(36.5%)	(34.5%)	(39.6%)	(32.6%)	(39.3%)	(+2.8pt)	
Ordinary profit (QoQ)	931 (+176)	891 (▲40)	1,034 (+143)	878 (▲155)	1,133 (+254)	+201	+21.6%
Net profit (QoQ)	579 (+62)	610 (+30)	707 (+97)	584 (▲122)	772 (+188)	+193	+33.3%

Unit: million yen

	4Q FY21 (Actual)	1Q FY22 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	YoY	
Net sales (QoQ)	1,262 (▲18)	1,397 (+135)	1,008 (▲389)	1,461 (+453)	1,406 (▲55)	+144	+11.5%
Gross profit (QoQ) (Gross profit margin)	995 (▲11) (78.9%)	1,103 (+108) (79.0%)	808 (▲294) (80.2%)	1,142 (+333) (78.2%)	1,093 (▲49) (77.7%)	+97 (▲1.2pt)	+9.8%
No. of trainings conducted (times) (QoQ)	4,528 (▲89)	5,103 (+575)	3,496 (▲1,607)	5,220 (+1,724)	5,039 (▲181)	+511	+11.3%
Of which, no. of online training (composition ratio)	1,829 (40.4%)	1,791 (35.1%)	1,173 (33.6%)	921 (17.6%)	1,313 (26.1%)	▲516	▲29.2%
Average unit price (unit: thou.yen) (QoQ)	278.7 (+1.5)	273.9 (▲4.8)	288.5 (+14.5)	280.1 (▲8.4)	279.2 (▲0.9)	+0.4	+0.2%

*Our gross profits by business were not audited by Ernst & Young ShinNihon LLC.

Unit: million yen

	4Q FY21 (Actual)	1Q FY22 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	YoY	
Net sales (QoQ)	623 (+12)	631 (+7)	553 (▲78)	709 (+156)	724 (+15)	+100	+16.2%
Gross profit (QoQ) (Gross profit margin)	486 (+18) (78.1%)	491 (+4) (77.8%)	401 (▲89) (72.6%)	548 (+147) (77.4%)	588 (+39) (81.3%)	+101 (+3.2pt)	+20.9%
No. of attendees (QoQ)	28,713 (+2,145)	29,954 (+1,241)	25,818 (▲4,136)	31,008 (+5,190)	34,887 (+3,879)	+6,174	+21.5%
Of which, no. of online training (composition ratio)	23,563 (82.1%)	24,418 (81.5%)	21,496 (83.3%)	19,850 (64.0%)	24,230 (69.5%)	+667	+2.8%
No. of attendees per training (QoQ)	11.6 (▲1.0)	11.4 (▲0.2)	9.5 (▲1.9)	11.7 (+2.1)	13.8 (+2.1)	+2.1	+18.4%
Average unit price per training (unit: thou.yen) (QoQ)	21.7 (▲1.3)	21.0 (▲0.6)	21.4 (+0.1)	22.8 (+1.4)	21.5 (▲1.3)	▲0.1	▲0.6%

*Our gross profits by business were not audited by Ernst & Young ShinNihon LLC.

Unit: million yen

	4Q FY21 (Actual)	1Q FY22 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	YoY	
Net sales (QoQ)	314 (+118)	213 (▲100)	522 (+308)	240 (▲282)	327 (+87)	+13	+4.1%
<Breakdown>							
Recurring Sales (Monthly Revenue) (QoQ)	157 (+12)	162 (+5)	168 (+5)	175 (+7)	193 (+17)	+35	+22.9%
Sales per month※1	53	55	56	59	67	+14	+27.4%
Average unit price /Organization (unit: thou. yen)	102.4	99.6	98.1	97.1	102.8	+0.3	+0.3%
Leaf customization	133	22	194	61	106	▲26	▲20.1%
Stress check	23	28	160	2	27	+3	+16.9%
Gross profit ※2 (QoQ) (Gross profit margin)	258 (+116) (82.4%)	147 (▲111) (69.2%)	428 (+280) (82.0%)	187 (▲240) (78.1%)	266 (+79) (81.5%)	+7 (▲0.8pt)	+3.1%

*1 Monthly subscription fees for the last month of each quarter are shown

*2 Our gross profits by business were not audited by Ernst & Young ShinNihon LLC.

Monthly Subscription Model (Unit: organization)	4Q FY21 (Actual)	1Q FY22 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	YoY
Leaf paid subscribers	522	551	588	612	638	+116 +22.2%
(QoQ)	(+24)	(+29)	(+37)	(+24)	(+26)	
Leaf users (Unit: thousand people)	2,112	2,438	2,552	2,722	2,895	+782 +37.1%
(QoQ)	(+72)	(+326)	(+113)	(+169)	(+173)	
On-the-web appraisal form services	165	168	184	190	201	+36 +21.8%
(QoQ)	(+10)	(+3)	(+16)	(+6)	(11)	
Services based on Individual Contract	4Q FY21 (Actual)	1Q FY22 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	YoY
Leaf No. of Customization	52	11	54	19	38	▲14 ▲26.9%
(QoQ)	(+34)	(▲41)	(+43)	(▲35)	(+19)	
No. of Stress Check Support Service Delivered	70	91	326	13	65	▲5 ▲8.1%
(QoQ)	(+52)	(+20)	(+235)	(▲313)	(+52)	

Other Businesses (“Rising Next”)

Unit: million yen

		4Q FY21 (Actual)	1Q FY22 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	YoY	
	Net sales (QoQ)	345 (+69)	343 (▲1)	533 (+189)	283 (▲249)	426 (+142)	+80	+23.3%
	Gross profit* (QoQ) (Gross profit margin)	209 (+60) (60.5%)	215 (+5) (62.5%)	388 (+172) (72.8%)	142 (▲245) (50.1%)	287 (+145) (67.5%)	+78	+37.4% (+7.0pt)
<Breakdown>								
Outright Purchase	Net sales	83	119	198	69	84	+1	+1.3%
	No. of Videos	364	538	887	327	345	▲19	▲5.2%
Rental	Net sales	5	12	10	6	9	+3	+55.0%
	No. of Viewers	2,894	4,028	3,493	3,066	3,542	+648	+22.4%
Monthly Subscription (STUDIO)	Net sales	36	39	35	41	37	+1	+3.5%
	No. of User IDs (Unit : thou. IDs)	70	73	79	82	85	+15	+21.8%
Video Production	Net sales	9	4	21	14	21	+12	+130.2%
	No. of Contents	43	18	23	15	23	▲20	▲46.5%
Consulting/ Assessment Service	Net sales	34	23	35	26	50	+16	+46.7%
	No. of Organizations	59	63	70	54	81	+22	+37.3%
Online Seminar Support Service	Net sales	35	45	54	45	58	+22	+64.8%
	No. of Organizations	60	94	86	34	68	+8	+13.3%
Regional Revitalization Service	Net sales	51	2	47	2	99	+47.5	+92.3%
	No. of Projects	5	3	12	6	15	+10	+200.0%
Web Marketing	Net sales	40	39	56	70	55	+14	+36.5%

* Our gross profits by business were not audited by Ernst & Young ShinNihon LLC.

<Appendix 2> Company Profile & Advantages of Insource



Company Profile

- **Company name** Insource Co., Ltd. (Code number: 6200)
- **Tokyo Headquarters** Insource Dokanyama Bldg. 4-19-12 Nishi Nippori, Arakawa-ku, Tokyo
- **Capital** 800,623 thousand yen
- **Foundation** November 2002
- **Representative Director** Takayuki Funahashi, Representative Director, President and CEO
 Joined Sanwa Bank (now Mitsubishi UFJ Bank) in 1988. Had been in charge of the systems development department (management accounting, sales, marketing) and the personal finance department (new product development). After working in a distribution industry, established Insource Co., Ltd. and became its representative director.

Affiliated Companies

Mitemo Co., Ltd

- Regional Revitalization Business
- Workshops/ Consulting ▪ e-Learning
- Production of Training Materials

Rashiku Corporation

- Recruitment Support Business

MIRAISOUZOU & COMPANY, Inc.

- On-Site Training Business

Insource Digital Academy Corporation

- Training Business of HR with Digital Skills
 (AI/ Support for Machine Learning Applications, Support for Utilizing RPA, Improving OA/IT Skills and Business Skills)

Insource Marketing Design Corporation

- Website Promotion, Web page Creation, System Development

Insource Business Rep Corporation

- Support Service for Training Management

Insource Consulting Corporation (since October, 2023)

- HR strategy, Consulting, Professional development

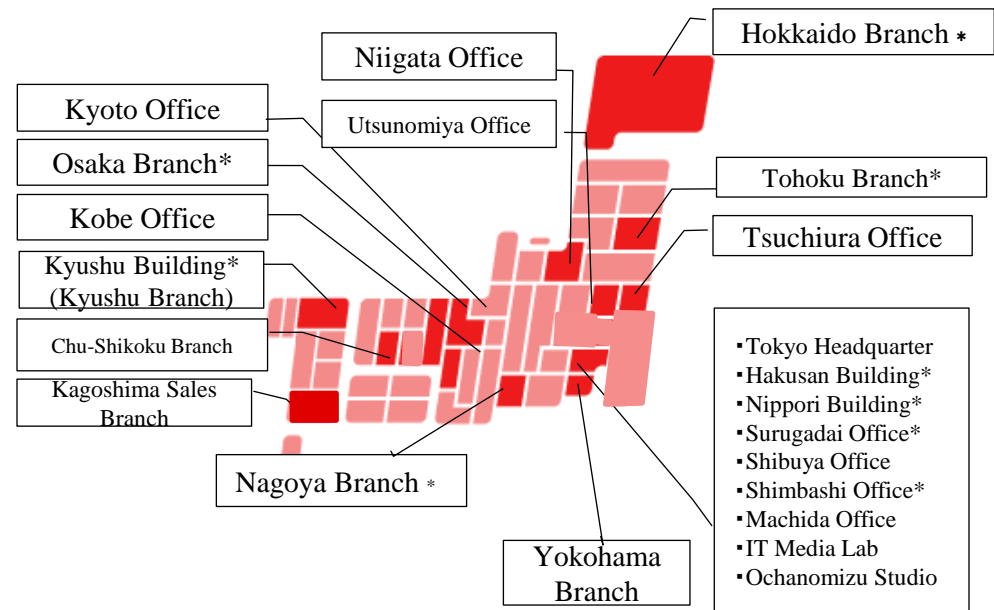
Insource Creative Solutions Corporation (since October, 2023)

- Training content and video production, website production, consulting

Business Locations: 22

*As of the end of September, 2023

*Branches with Seminar Rooms



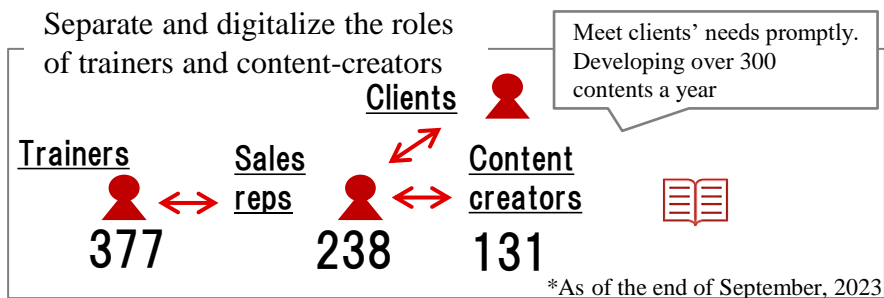
Seminar Rooms: 44 Classrooms in 6 Cities

Online Training Booths: 115Booths

- High quality services both face-to-face and online training make it possible to practice what you learned the very next day.
- Digitalization of the operation process for training management allows us to provide more training programs with better quality and high frequency.
- High level of client satisfaction with: Contents **95.8%** / Trainers **93.8%** *As of the end of Sep., 2023

On-Site Training (Y22 Sales ratio: 48.9%, FY21: 49.5%)

Offer On-Site Trainings tailored to organizations' needs



Annual total number of trainings conducted/attendees

18,858 times **605** thousand attendees

Out of the total number of trainings conducted online:

5,198 times **229** thousand attendees

*October, 2022 - September, 2023



Open Seminars (FY22 Sales ratio: 24.3%, FY21: 23.6%)

Offer Open Seminars starting from one person

- Seminars are held online frequently and nationwide
- More than 3,500 types of courses, including those offered by business partners, have been provided and new courses will be 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 number of trainings conducted / attendees

10,518 times **120** thousand people

Among them, the total number of trainings conducted online:

6,574 times **89** thousand people

*October, 2022 - September, 2023



IT Services (1-3Q FY 22 Sales ratio: 12.1%, FY21 12.7%)

Leaf (HR support system, LMS)

The number of Leaf paid subscribers/ users

638 organizations **2.89** million people

*As of the end of September, 2023

Stress Check Support Service

Cumulative number of organizations and examinees

over 2,000 organizations **over 2** million employees

*As of the end of June, 2023



Other Businesses (FY22 Sales ratio: 14.7%, FY21: 14.2%)

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

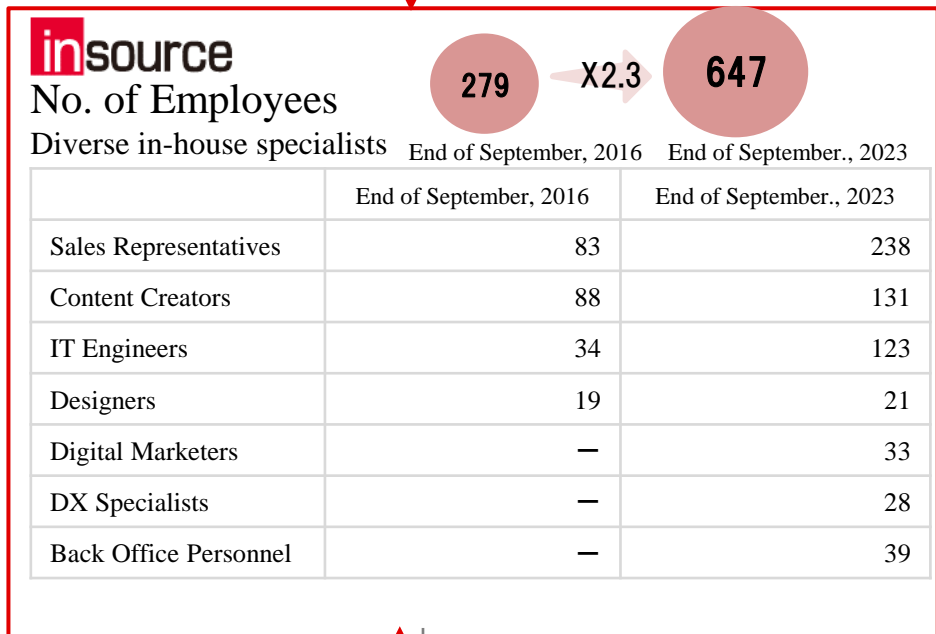


Stakeholders of Insource

Numerical comparison between 2016 (listed on TSE Mothers) and today

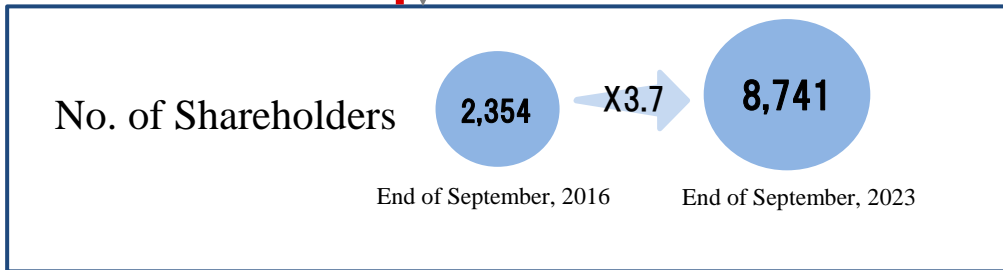
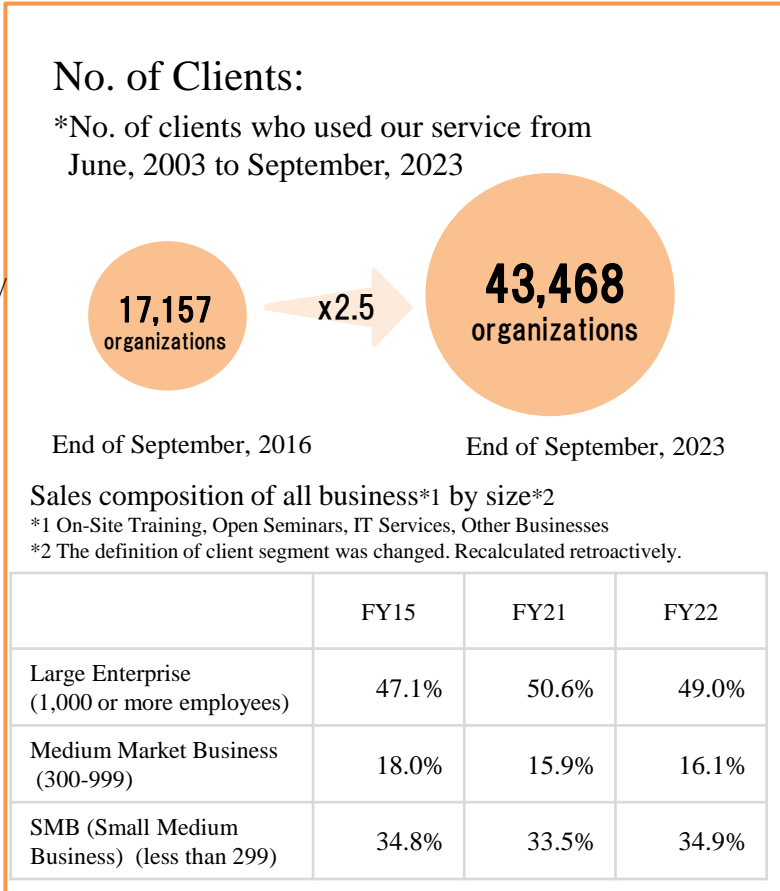


In cooperation



Funds Returns

Products/
Services



No. of Shares Held	End of September, 2016	End of September, 2023
Overseas Investors	4.7%	19.1%
Domestic Investors	9.4%	26.2%
Domestic Corporations	45.3%	33.7%
Individual/Others	40.6%	20.9%

Clients and Quarterly Sales Composition Ratio

Clients composition ratio by industry

The number of clients who used our services in the past year (October, 2022 to September, 2023)

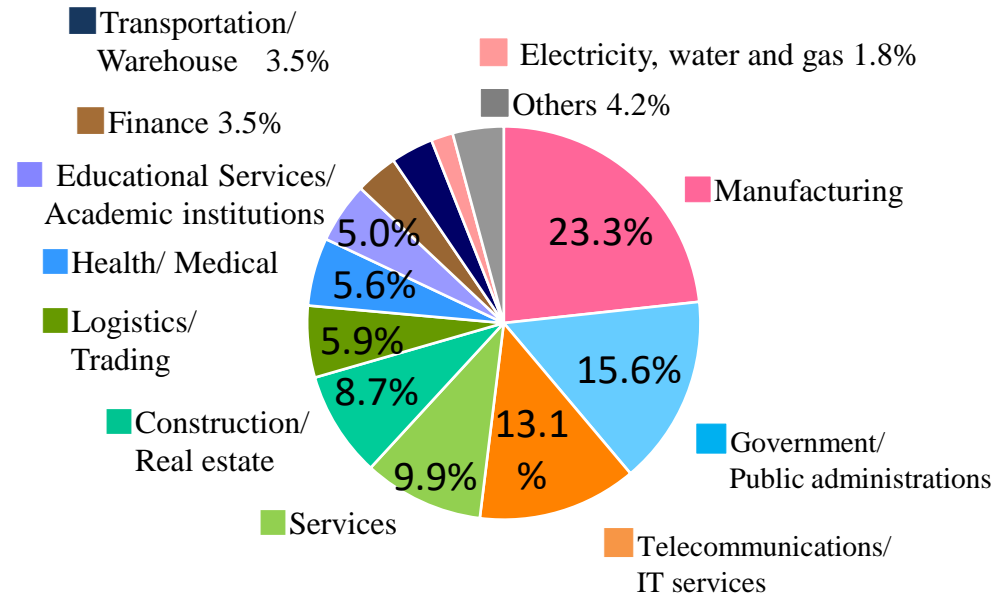
14,420 organizations

[Reference]

The number of clients who have used our services since our foundation

43,468 organizations

The number of clients who used our services in FY22



Sales composition ratio and progress rate by quarter

Unit: million yen

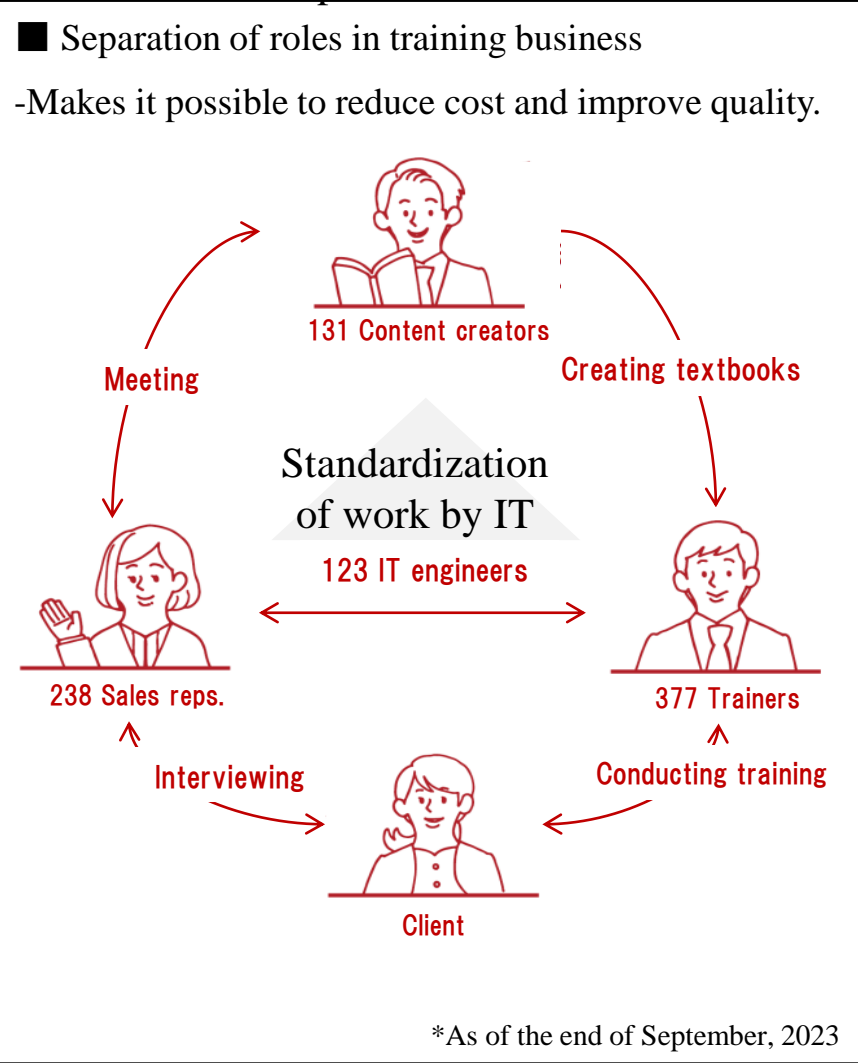
% represents composition ratio & progress rate

■ 1Q ■ 2Q ■ 3Q ■ 4Q

	1Q	2Q	3Q	4Q	Total
FY22 Composition ratio	24.0%	24.3%	25.0%	26.7%	10,783
	2,586	2,617	2,694	2,904	
FY21 Composition ratio	23.3%	24.6%	25.1%	27.0%	9,418
	2,192	2,317	2,362	2,545	
FY20 Composition ratio	24.2%	24.8%	24.9%	26.1%	7,501
	1,814	1,859	1,870	1,956	

(1) High Ability to Develop Various Contents and Services

- Separate the roles by digitalization and realize in-house development of content



- Quickly develop a great selection of training contents and web services

An in-house agile team of 131 content creators and 123 IT engineers develop various up-to-date contents in responsive to social changes and client needs.

■ No. of training classified by business types

On-Site trainings Open Seminars Videos / e-Learning

4,156 **3,937** **754**

*As of the end of September, 2023

■ Classified by genre

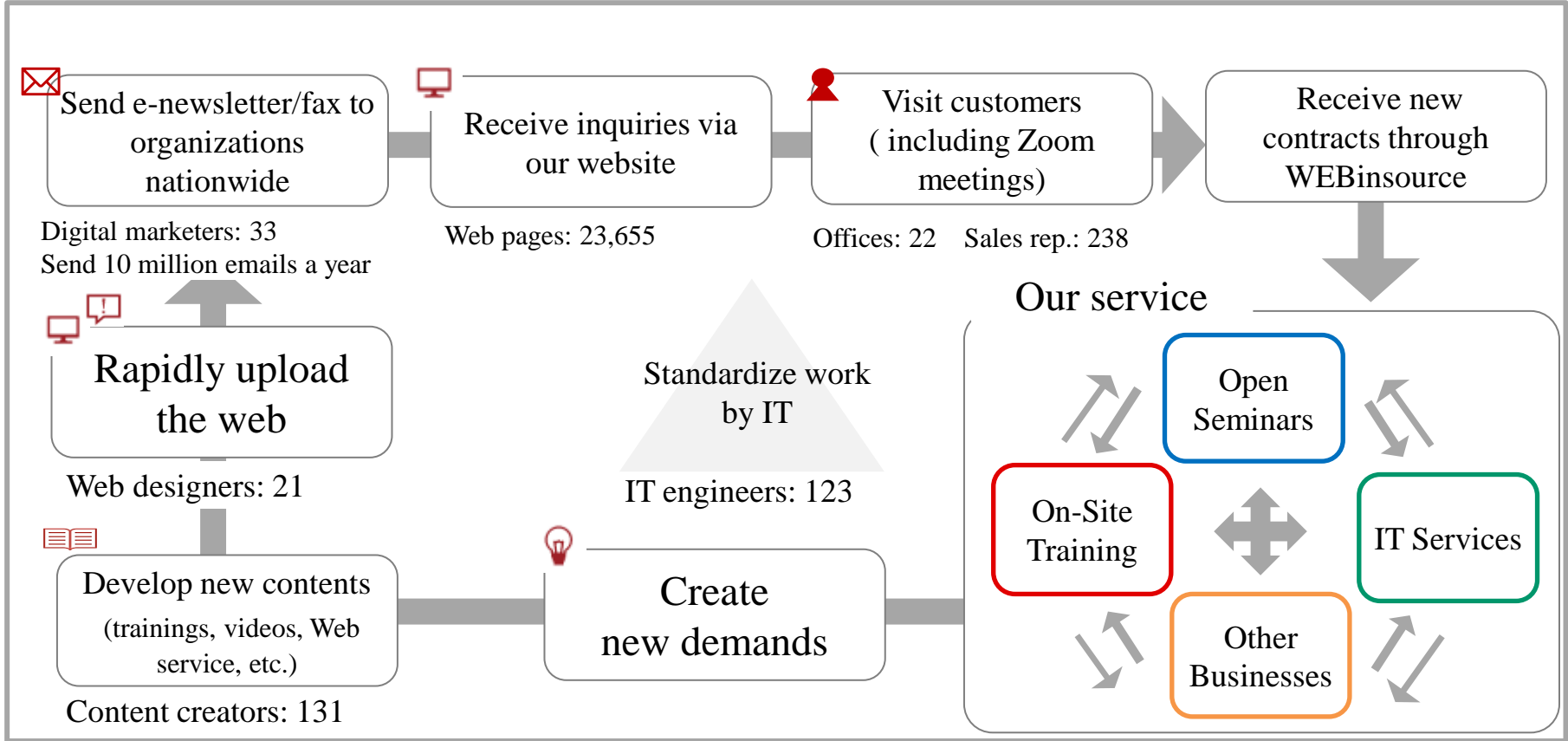
Theme	FY18		FY22		
	No.	Composition ratio	No.	Composition ratio	Sales growth ratio
For managers	1	21.7%	1	21.8%	+65%
Business skills	2	21.4%	2	18.7%	+44%
For new and younger employees	4	13.1%	3	13.3%	+66%
DX/OA/IT	8	6.4%	4	11.6%	+199%
Communication/ CS	3	12.0%	5	9.1%	+24%
Harassment prevention/ Compliance	5	7.5%	6	7.9%	+72%
For mid-career employees	6	4.6%	7	4.8%	+73%
Diversity	7	1.9%	8	1.7%	+44%
Others		11.5%		10.9%	+55%
Total		100.0%		100%	+64%

*As of the end of September, 2023

(2) Strong Sales Force to Expand Business

Business Flow of Insource

- Expanding sales DX by using IT to utilize all data generated in the sales process



*As of the end of September, 2023

⇒238 sales representatives and approximately 20,000 web pages created by 33 digital marketers are cooperated for efficient sales activities.

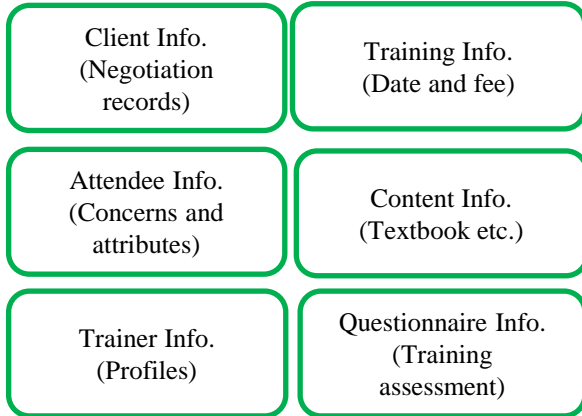
(3) IT Capability - Self-developed System

■ We have promoted systemization for work efficiency since foundation and some service is sold to other companies.

■ We sell our services on EC sites. System/Online service is also available.

■ In-house system development

Create a database of all kinds of information to standardize operations.



The system to manage client information, training operations, and contents etc. was developed.

■ Sold via EC sites “Video Department Store” and WEBinsource (membership site)



■ Leaf (HR support system)

- New version was launched to support human capital management



We can handle human capital management!



※Large Enterprise: 1,000 or more employees,
Medium Market Business :300-999 employees,

<Lineups of Leaf Series> SMB (Small Medium Business): Less than 299 employees

Name	Target client
Leaf (education management/LMS)	LE
Leaf Lightning (specialized in e-Learning)	MM/SMB
Leaf inorder (distribution of video content)	MM/SMB
Leaf Eva (personnel evaluation)	MM/SMB
Leaf Human Capital Management	LE
Leaf Management (human resources information management)	MM/SMB
Leaf My STORY (activating internal communication)	MM/SMB
Leaf Corporate University	LE/MM
Leaf wellness	MM/SMB

FY22 ESG Highlights

- Policy: Aim for ESG and sustainable performance improvement with ESG+P (Performance) management.
- Evaluation: MSCI ESG rating is “AA” and our educational business and internal training are evaluated.



Status of Major Disclosures and Initiatives

- Dec., 2022 Published Sustainability page
- Mar., 2023 Certified as an Excellent Health Management Corporation
- May, 2023 Acquired “Kurumin”(*) certification
- June, 2023 Published Integrated Report 2022 (Japanese ver.) (English ver. released in July, 2023)
 - More content on future sustainable growth, including DX training and ESG initiatives
 - Described human capital management based on 4,424 human capital disclosure indicators from 450 companies

■ Topics

Signed the United Nations Global Compact (UNGC) (May 22, 2023)
 We are committed to 10 principles in 4 areas: human rights, labor, environment, and anti-corruption



*Kurumin: A certification system for companies that meet certain criteria as a "company that supports child-rearing" based on the Law for Measures to Support the Development of the Next Generation

Actions

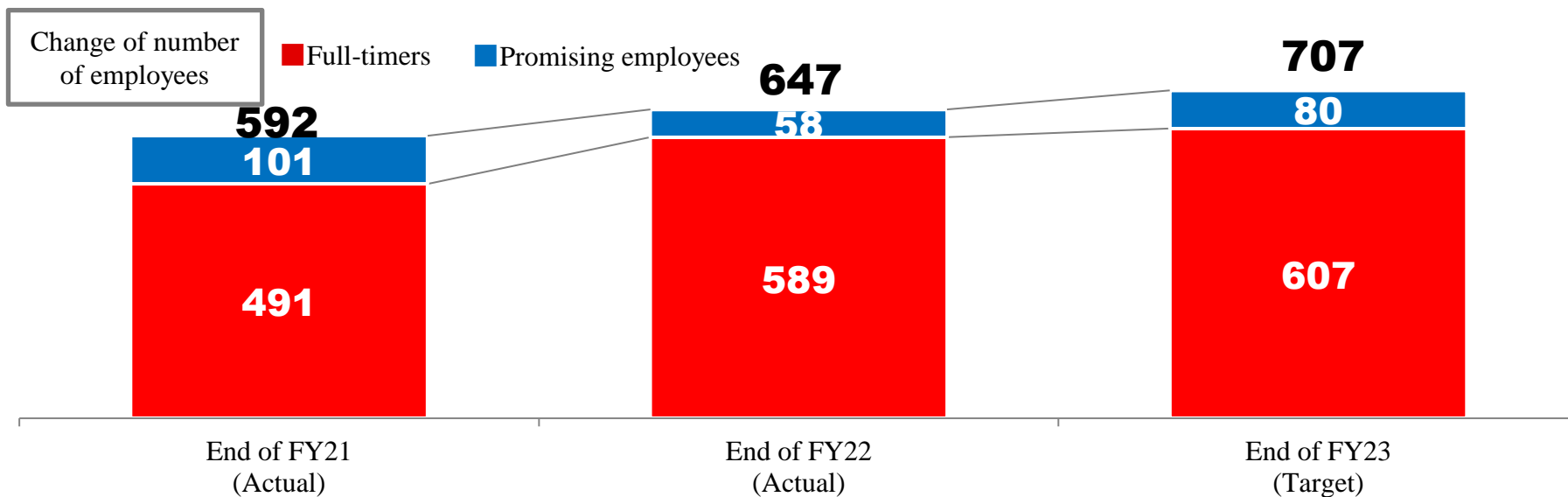
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|--|---|
| <ul style="list-style-type: none"> ■ E Efforts to Reduce CO2 | <ul style="list-style-type: none"> Started introducing renewable energy from September, 2023 (Kyushu Building) Provided electronic textbooks in training business 61,000 people used them in FY22, reducing CO2 emissions by 8.4 tons |
| <ul style="list-style-type: none"> ■ S Establishment of Health and Productivity Management System | <ul style="list-style-type: none"> Establishment of Health Management Promotion Committee |
| <ul style="list-style-type: none"> Strengthening measures to support period poverty | <ul style="list-style-type: none"> 18 companies donated and provided sanitary products to 62 municipalities in FY22 |
| <ul style="list-style-type: none"> ■ G Strengthen risk management system | <ul style="list-style-type: none"> Identified, assessed, and integrated sustainability risks with general risks |

<Appendix 3> Expansion of Human Capital

Number of Employees

- Net increase of 55 employees in FY22 (28 new graduates, 27 mid-career employees)
- Promising employees (Seed investment in human capital) are personnel who have joined the company within one year after graduation or within six months after mid-career hiring.
Particularly for new graduates, we are training them as new core human resources equipped with both DX and sales skills

Consolidated number of employees	End of FY21 (Actual)	End of FY22 (Actual) (YoY)	Achievement rate (% of increase target)	End of FY22 (Target) (YoY)	End of FY23 (Target) (YoY)
<u>Total number of employees*</u>	592	647 (+55)	97.7%	662 (+70)	707 (+60)
<u>Of which, promising employees*</u>	101	58	50.0%	116 (+15)	80 (+22)



* Number of employees does not include directors, corporate auditors and executive officers.

* Promising employees (Seed investment in human capital) refers to personnel who have joined the company within one year after graduation or within six months after mid-career hiring

Diversity Disclosure

Female employees account for 56.4% of the entire employees and 37.4% of managerial positions, and many seniors are also active.

Acquired 2 stars in “Eruboshi”, and “Kurumin” certification*. Selected under the “2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program”.

*Eruboshi: A program under which the Minister of Health, Labor and Welfare certifies companies that have made excellent efforts to promote the advancement of women, based on the Law for the Promotion of Women's Activities.

Kurumin: A certification system for companies that meet certain criteria as a "company that supports child-rearing" based on the Law for Measures to Support the Development of the Next Generation.

	Total	Female employees
No. of employees*2	647	365 56.4%
No. of managerial positions	211	79 37.4%



<Private Sectors>
Ratio of female employees in managerial positions:
12.9% *1
(Source: The Gender Equality Bureau of the Cabinet Office (2023))

Foreign nationals*4	4	Seniors (aged over 60)	49	LGBTs	5	People with disabilities	11 Disability employment rate: 2.79% *3
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Workforce by job function

(including those who are holding two or more posts concurrently)

- Diverse specialists work at Insource *5

<Private Sectors>
• Legal employment rate: **2.30%**
• Actual employment rate: **2.25%**
(Source: “2022 Disability Persons' Employment Status” released by the Ministry of Health, Labour and Welfare)

Content Creators	131	Sales Representatives	238	IT Engineers	123	Back Office Personnel	39
Digital Marketers	33	DX Specialists	28	Designers	21	Service Operators	69

*1 Administrative and managerial workers include board members, managers or above, administrative civil servants. *2 Directors, auditors and corporate officers are excluded.

*3 Non-consolidated (Insource only) *4 “Foreign nationals” refers to employees with foreign nationalities. This includes foreign nationals who have acquired Japanese citizenship. *5 Number of employees by job category is calculated by duplicating those who hold concurrent positions.

Human capital disclosure items that Insource focuses on (excerpt)

- Continue to place the highest priority on sales and operating profit per employee, which are directly linked to financial performance expansion, and continue to promote and improve them at the same time.
- Continue to promote the creation of an organization where diverse human resources can work comfortably and promote D, E&I to secure a stable supply of excellent human resources.
- Increase the number of employee shareholders to foster a desire to improve company performance, increase engagement, and raise awareness of management participation.

Category	Items	FY20	FY21	FY22	Remarks
Performance	Sales per employee (thousand yen)*	22,193	24,181	25,225	Calculated based on the average number of employees (excluding temporary employees) during the period
Performance	Operating profit per employee (thousand yen)*	7,113	8,645	9,220	Calculated based on the average number of employees (excluding temporary employees) during the period
Performance	Average points of "Energy"	3.24	3.24	3.24	"Energy" is the ability to have a strong will and to see the value in continuing to work despite difficulties. Maximum 5 points. Calculated using our assessment test tool "giraffe"
Performance	Training hours per employee	15h44m	10h43m	22h30m	Total hours of training and e-learning courses (excluding study sessions)
Performance	Total number of DX training attendees	201	681	248	Total number of participants in each fiscal year
Performance	Percentage of employees' experience with the company's services	100%	100%	100%	Calculated based on use of Leaf and attendance at Open Seminars and e-learning
D, E&I	Number of management positions (Percentage of female employees)	156 (34.6%)	185 (37.8%)	211 (37.4%)	
D, E&I	Number of managerial appointments (Percentage of female employees)	43 (44.2%)	38 (52.6%)	29 (48.3%)	Number of non-managerial employees promoted to managerial positions
D, E&I	Number and rate of employees taking maternity leave*	100%	100%	100%	The percentage indicates the ratio calculated by the actual number of acquirers to those eligible for acquisition during the period.
	Number and rate of employees taking paternity leave*	46.2%	92.3%	86.0%	
Employee engagement	Percentage of employees who hold shares of Insource *	66.6%	69.6%	72.0%	Aggregate employee stock ownership plan participants and RS (restricted stock compensation) holders

* Recalculate retroactively by reviewing employee definitions

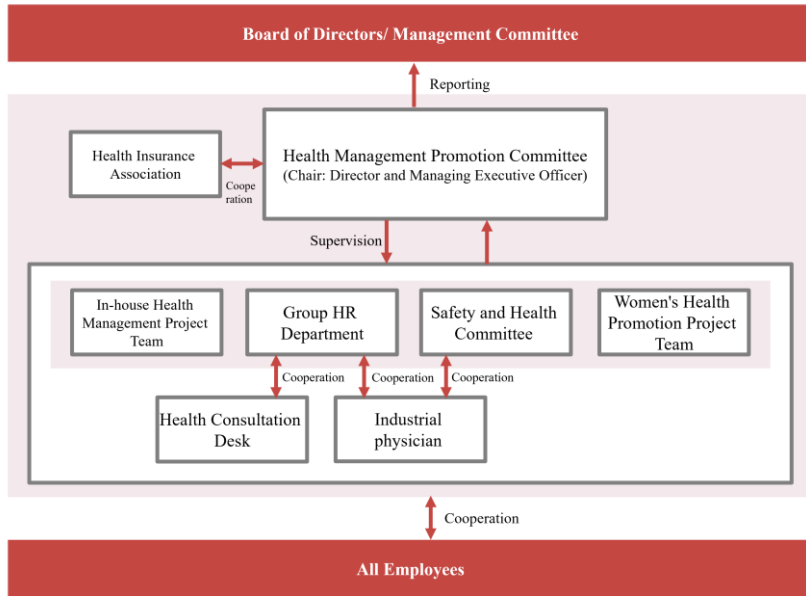
(Reference) Strengthening Health Management Initiatives

Significantly strengthened initiatives in FY23

- Established a promotion committee and strengthened company-wide efforts

System - Established Health Management Promotion Committee in October, 2023

Health and Productivity Management System



Key Issues and Targets - Focus on improving secondary medical checkup uptake and smoking prevention

Classification	Item	Unit	FY19	FY20	FY21	FY24 Target
Medical checkups and examination	Consultation rate for regular medical checkups	%	100	100	100	100
	Secondary medical checkup uptake	%	-	-	-	100
	Percentage applicable to specific health guidance	%	22.0	19.8	22.7	20.0
Lifestyle habits	Smoking rate over 40 years old *1	%	16.5	16.0	14.8	5.0
	Percentage of people aged 40 or older with exercise habits	%	15.9	15.1	17.4	19.0
	Ratio of people maintaining an appropriate weight (Persons with a BMI of 18.5 to less than 25)	%	-	66.4	63.8	67.0
Mental health	Stress check uptake rate	%	89.0	87.2	87.6	100
	Percentage of employees with high stress levels	%	9.1	11.1	11.9	10.0
Labor productivity	Absenteeism *1	Day	-	-	3.3	3.0
	Presenteeism *2	%	-	-	81.9	85.0
	Work engagement *3	Point	-	-	3.3	3.5

We have also expanded our services to promote health literacy

- Provide information to each business partner (e-mail newsletter)
- e-Learning on health-management promotion
- Medical checkup management system x Healthcare contents “Leaf wellness”
- Training and assessment for well-being improvement
- Stress check support service
- Project to eliminate period poverty (improvement of local welfare)

- 1 Percentage of employees smoking between 8:00 and 20:00.
- 2 Percentage of employees who have submitted a leave of absence report among all employees.
- 3 Deviation values measured by an original questionnaire using the SPQ (Single-Item Presenteeism Questionnaire, University of Tokyo, 1-item version).
- 4 Deviation measured by an original questionnaire using the shortened 3-item version of the Utrecht Work Engagement Scale



Human Capital Management and Insource Services

- Two challenges for companies concerning human capital management are “increasing the value of human capital” and “disclosing information on human capital.”
- Major issues which Japanese companies are facing based on disclosure information: 5 themes and 7 items (based on Insource’s research)
 1. Improvement in business performance (DX promotion, next-generation leader development, new business)
 2. D,E&I (Diversity, Equity and Inclusion) 3. Employee engagement 4. Health, safety & sanitation 5. Strengthening governance

	Company Implementation Matters	Problems anticipated in the implementation	Insource Services ※ Customized for unique items
STEP 1	Set Indicators	<ul style="list-style-type: none"> ▪ Create unique indicators in line with management strategy → indicators that lead to increased corporate value 	<ul style="list-style-type: none"> ▪ Consulting service Check and analyze human capital linked to business performance, etc.
STEP 2	Collect and organize data	<ul style="list-style-type: none"> ▪ Easy to disclose information ▪ Consolidate data scattered across multiple systems 	<ul style="list-style-type: none"> ▪ Leaf series Leaf Management/Leaf Human Capital Management/Leaf Corporate University <Example>Manage training attendance time data
STEP 3	Determine investment policy for human capital	<ul style="list-style-type: none"> ▪ Show the gap through As is-To be (current situation and desired state) ▪ Choose best talents to invest 	<ul style="list-style-type: none"> ▪ Assessment/Leaf Corporate University Develop and provide original assessments such as “giraffe”/tiered tests/engagement diagnostics, etc.
STEP 4	Implement education to achieve the goal	<ul style="list-style-type: none"> ▪ Develop and implement unique educational program ▪ Use e-learning to increase the implementation rate of education. 	<ul style="list-style-type: none"> ▪ Training (On-Site Training , Open Seminars, e-Learning, video) Meet diverse training needs by various methods, period, budget, etc. ▪ LMS “Leaf” /Leaf Corporate University
STEP 5	Evaluate educational effectiveness and incorporate into disclosure indicators	<ul style="list-style-type: none"> ▪ Need to evaluate the effectiveness of the unique education 	<ul style="list-style-type: none"> ▪ Assessment/Leaf Corporate University Compare with the historical data with the above STEP2-3