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November 4, 2022

To Whom It May Concern,

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Notice: Announcement of three-year business plan “Road to Next 2025”

Insource Co., Ltd. (the "Company") hereby announces the outline of three-year business plan “Road to Next 2025” from FY22 to FY24. The details are as below.

1. Consolidated Financial Targets

	FY22 (Forecast)	FY23 (Target)	FY24 (Target)	Unit: million yen FY21 Reference (Actual)
Net sales (YoY)	11,050 (+17.3%)	12,940 (+17.1%)	15,180 (+17.3%)	9,418 (+25.6%)
Operating profit (YoY)	3,730 (+10.8%)	4,440 (+19.0%)	5,300 (+19.4%)	3,367 (+40.1%)
Ordinary profit (YoY)	3,720 (+11.2%)	4,430 (+19.1%)	5,290 (+19.4%)	3,346 (+38.5%)
Net profit (YoY)	2,540 (+13.7%)	3,030 (+19.3%)	3,620 (+19.5%)	2,233 (+42.2%)

2. Policy of the business plan

- Provide high value-added services and continue to achieve high growth and an operating margin of 33% or higher.
- Aim for net sales of 15,180 million yen and operating profit of 5,300 million yen in FY24.

3. Core Measures

The company will take three key points to realize the business targets based on the above policy.

- (1) Extend services related to human capital management in a diversified manner
 - ① Provide HR trainings to improve human capital value (DX training, etc.)
 - ② Provide human capital management tools (Leaf Human Capital Management, etc.)
 - ③ Provide consulting and assessment services for human capital management

- (2) Develop and promote sales in new growth areas (next business besides trainings and IT Services)
 - Decide regional revitalization businesses as the new growth areas and invest funds and HR

- (3) Strengthen initiatives for ESG priority items
 - Address environmental (CO2 reduction) and social issues in particular

(Note) The above forecasts for FY22 and targets for FY23/ FY24 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.
FY21 Consolidated Financial Results
(October 1, 2021 to September 30, 2022)
& Three-year Business Plan
“Road to Next 2025”

Friday, November 4, 2022

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

(TSE: 6200)



株式会社インソース

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Chapter 1 FY21 Consolidated Financial Results & FY22 Forecast

Chapter 2 Three-year Business Plan “Road to Next 2025”

<Appendix 1> 4Q FY21 (July - September 2022) Financial Results

<Appendix 2> FY21 ESG Initiatives

<Appendix 3> Company Profile & Insource’s Advantages

FY21 (October 2021 - September 2022) Results

- Net Sales: 9,418 million yen (+25.6% YoY)
Open Seminars: 2,218 million yen (+21.4% YoY)
Other Businesses: 1,337 million yen (+56.7% YoY)
- On-Site Training: 4,665 million yen (+22.8% YoY)
IT Services: 1,197 million yen (+17.1% YoY)
- Gross profit: 7,214 million yen (+26.1% YoY)
Operating profit : 3,367 million yen (+40.1% YoY)
- Gross profit margin: 76.6% (+0.3pt YoY)
Operating profit margin: 35.8% (+3.7pt YoY)
- In FY21, we established a sales structure tailored to client segments and developed new services. Both numbers of On-Site Training conducted and attendees at Open Seminars increased significantly. Also, we achieved record sales and profits due to strong performance of profitable DX trainings as well.

Three-year Business Plan “Road to Next 2025” and FY22 Financial Forecast (October 2022 to September 2023)

- For FY24, the final year of the three-year business plan, our targets are as follows;
Net Sales: 15,180 million yen (CAGR +17.2%), Operating profit: 5,300 million yen (CAGR +16.3%),
Operating profit margin: 34.9% (-0.8pt vs FY21)
- For FY22, our estimates are as follows by providing diversified services related to human capital management;
Net Sales: 11,050 million yen (+17.3% YoY), Operating profit: 3,730 million yen (+10.8% YoY),
Operating profit margin: 33.8% (-2.0pt YoY)

Chapter 1 FY21 Consolidated Financial Results & FY22 Forecast

Consolidated Profit & Loss Statement - Overview

Unit: million yen

	FY19 (Actual)	FY20 (Actual)	FY21 (Actual)	YoY	FY22 (Forecast)	YoY
Net sales (YoY)	5,119 (▲488)	7,501 (+2,381)	9,418 (+1,917)	+25.6%	11,050 (+1,631)	+17.3%
Gross profit (YoY) (Gross profit margin)	3,643 (▲315) (71.2%)	5,721 (+2,077) (76.3%)	7,214 (+1,492) (76.6%)	+26.1% (+0.3pt)	8,580 (+1,365) (77.6%)	+18.9%
Operating profit (YoY) (Operating profit margin)	784 (▲519) (15.3%)	2,404 (+1,619) (32.1%)	3,367 (+963) (35.8%)	+40.1% (+3.7pt)	3,730 (+362) (33.8%)	+10.8%
Ordinary profit (YoY) (Ordinary profit margin)	795 (▲502) (15.5%)	2,416 (+1,621) (32.2%)	3,346 (+929) (35.5%)	+38.5% (+3.3pt)	3,720 (+373) (33.7%)	+11.2%
Net Profit (YoY) (Net profit margin)	445 (▲389) (8.7%)	1,571 (+1,125) (20.9%)	2,233 (+662) (23.7%)	+42.2% (+2.8pt)	2,540 (+306) (23.0%)	+13.7%

Consolidated Profit & Loss Statement - By Business

Training business and IT Services business are expected to remain strong in FY22.

As for Other Businesses, we will invest in future growth in advance.

Unit: million yen

		FY20 (Actual)	FY21 (Actual)	YoY	FY22 (Forecast)	YoY
On-Site Training	Net Sales (YoY)	3,797 (+1,073)	4,665 (+867)	+22.8%	5,480 (+814)	+17.5%
	Composition ratio: 49.5% (FY20 50.6%)	Gross profit (Gross profit margin)	2,963 (78.0%)	3,691 (79.1%)	+24.6% (+1.1pt)	4,410 (80.5%)
Open Seminars	Net Sales (YoY)	1,827 (+559)	2,218 (+391)	+21.4%	2,620 (+401)	+18.1%
	Composition ratio: 23.6% (FY20 24.4%)	Gross Profit (Gross profit margin)	1,372 (75.1%)	1,709 (77.0%)	+24.5% (+1.9pt)	2,060 (78.6%)
IT Services	Net Sales (YoY)	1,022 (+367)	1,197 (+175)	+17.1%	1,500 (+302)	+25.2%
	Composition ratio: 12.7% (FY20 13.6%)	Gross Profit (Gross profit margin)	789 (77.2%)	948 (79.2%)	+20.0% (+1.9pt)	1,240 (82.7%)
Other Businesses	Net Sales (YoY)	853 (+381)	1,337 (+483)	+56.7%	1,450 (+112)	+8.4%
	Composition ratio: 14.2% (FY20 11.4%)	Gross Profit (Gross profit margin)	595 (69.7%)	865 (64.7%)	+45.4% (▲5.0pt)	870 (60.0%)

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

Consolidated Profit & Loss Statement - Breakdown of SG&A expenses

- SG&A to sales ratio declined 3.4pt YoY to 40.8% due to sales increase and curbed personnel expenses in the first half of the year.
- Office-related expenses decreased 10.8% YoY due to the lower ground rent after purchasing the company's own buildings and closing some seminar classrooms.
- As for FY22, SG&A ratio is expected to rise to 43.9% due to increase in number of employees.

Unit: million yen

Breakdown of SG&A	FY19 (Actual)	FY20 (Actual)	FY21 (Actual)	Increase/ Decrease	YoY	FY22 (Forecast)
Personnel expenses*1	2,260	2,615	3,107	+491	+18.8%	3,925 (+818)
Of which, RS*2	0	60	121	+61	+101.4%	125 (+4)
Office-related expenses *3	130	182	162	▲19	▲10.8%	165 (+3)
Office & communication expenses	178	156	181	+24	+16.0%	210 (+29)
Others	287	363	395	+32	+8.9%	550 (+155)
Total SG&A	2,859	3,317	3,846	+529	+16.0%	4,850 (+1,006)
(SG&A ratio)	(55.9%)	(44.2%)	(40.8%)	(▲3.4pt)	-	(43.9%)

*1 Personnel expenses include wages, recruitment, training, benefit expenses, and outsourcing expenses.

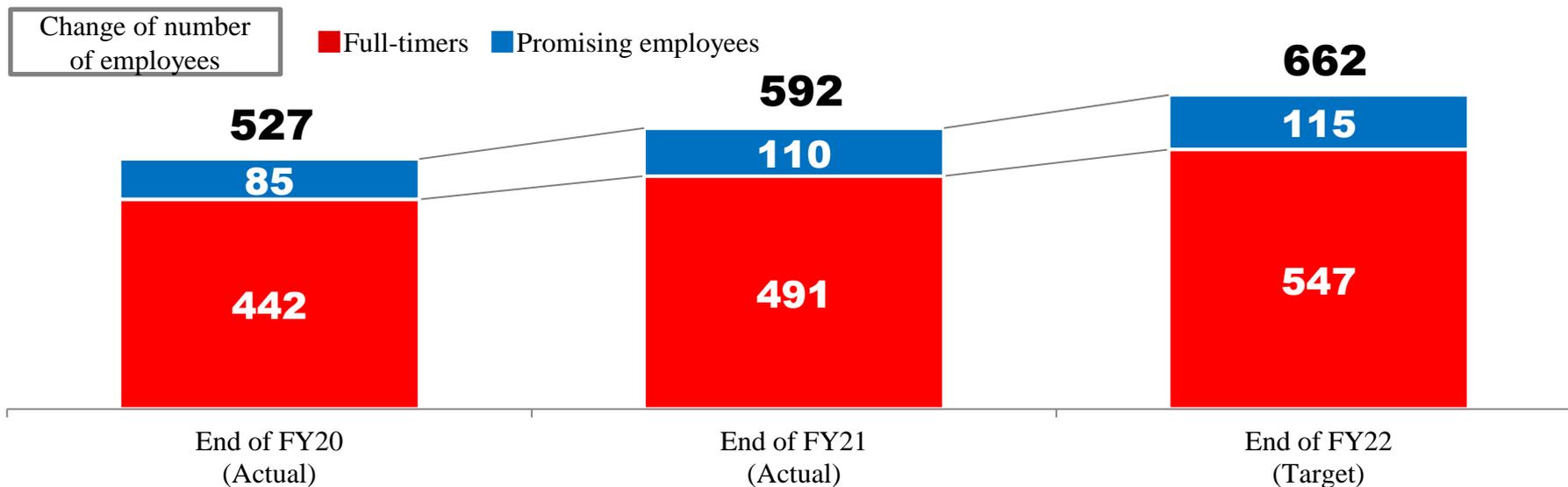
*2 Restricted stock.

*3 Office-related expenses include ground rent, fixed asset tax of the company's buildings, real estate acquisition tax, and depreciation of property, plant and equipment.

Human Capital - Number of Employees

- The number of employees are expected to increase by 70 (40 new graduates and 30 mid-career workers) in FY22.
 - 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.
- Especially 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 FY20 (Actual)	End of FY21 (Actual) (vs end of FY20)	Achievement rate against FY21 target	End of FY21 (Target) (vs end of FY20)	End of FY22 (Target) (vs end of FY21)
<u>Total number of employees*</u>	527	592 (+65)	92.9%	597 (+70)	662 (+70)
<u>Of which, promising employees*</u>	85	101 (+16)	101.0%	100 (+15)	116 (+15)



* 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

Human Capital - Diversity Disclosure

- Ratio of female employees in managerial positions: 37.8% Employment rate of people with disabilities: 2.76%
- Acquired 2 stars in “Eruboshi” certification*. Selected under the “2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program”.

*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.



	Total	Female employees
No. of employees*2	592	332 56.1%
No. of managerial positions	185	70 37.8%

<Private Sectors>
Ratio of female employees in managerial positions:
13.3% *1
(Source: The Gender Equality Bureau of the Cabinet Office (2021))

Foreign nationals *4	3	Seniors (aged over 60)	26	LGBTs	4	People with disabilities	10 Disability employment rate: 2.76% *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: **2.3%**
• Actual employment rate: **2.20%**
(Source: “2021 Disability Persons' Employment Status” released by the Ministry of Health, Labour and Welfare)

Content Creators	170	Sales Representatives	207	IT Engineers	114	Back Office Personnel	38
Digital Marketers	32	AI/RPA Engineers	24	Designers	21		

(As of the end of September, 2022, Consolidated)

*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 client, which are directly linked to financial performance expansion, and continue to promote and improve them at the same time.
- Increase employee shareholders to foster a desire to improve business performance and to raise awareness of management participation.
- Continue to promote the creation of an organization where diverse human resources can work comfortably and secure a stable pool of excellent human resources.

Category	Items	FY19	FY20	FY21	Remarks
Productivity	Sales per employee (thousand yen)	16,410	21,371	24,264	Calculated based on the average number of employees (excluding temporary employees) during the period
Productivity	Operating profit per employee (thousand yen)	2,514	6,850	8,638	Calculated based on the average number of employees (excluding temporary employees) during the period
Management participation	Percentage of employees who hold shares of Insource	37.1%	76.7%	80.5%	Aggregate employee stock ownership plan participants and RS (restricted stock compensation) holders
Management participation	Number of management positions (Percentage of female employees)	121 28.0%	156 34.6%	185 37.8%	
Management participation	Number of managerial appointments (Percentage of female employees)	25 36.0%	43 44.2%	38 52.6%	Number of non-managerial employees promoted to managerial positions
Ability to take on challenges	Average points of "Energy"	3.23	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"
Training	Training hours per employee	17h57m	15h44m	10h43m	Total hours of training and e-learning courses (excluding study sessions)
Training	Total number of DX training attendees	159	201	681	Total number of participants in each fiscal year
Training	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
Diversity	Number and rate of employees taking <u>maternity leave</u>	9 (100%)	8 (100%)	19 (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 <u>paternity leave</u>	8 (25%)	13 (46%)	13 (92%)	

Consolidated Balance Sheets

- Current assets increased due to an increase in cash and deposits. Fixed assets increased due to the acquisition of the company-owned buildings.
- Increase in current liabilities is due to an increase in accounts payable.
- Net assets increased due to profit recognition.

Unit: million yen

vs end of FY20

	End of FY19 (Actual)	End of FY20 (Actual)	End of FY21 (Actual)	Increase/ decrease	
Current assets	3,025	3,759	5,260	+1,501	+39.9%
Of which, cash and deposits	2,219	2,624	3,827	+1,203	+45.9%
Fixed assets	1,319	3,007	3,468	+461	+15.4%
Total assets	4,344	6,766	8,729	+1,963	+29.0%
Current liabilities	1,379	2,202	2,559	+357	+16.2%
Of which, Advances received *	595	599	730	+131	+22.0%
Fixed liabilities	81	63	44	▲19	▲29.7%
Net assets	2,883	4,500	6,125	+1,625	+36.1%
Total liabilities And net assets	4,344	6,766	8,729	+1,963	+29.0%

* Advances received are the unused amount of the “HRD Smart Pack”(our unique point service) that can be used for services such as Open Seminars and e-learning/Videos

Consolidated Cash Flows

- C/F from operating activities: Due to the recording of income.
- C/F from investing activities: Due to the acquisition of company-owned buildings.
- C/F from financing activities: Due to increase in dividends.

Unit: million yen

	FY20 (Actual)	FY21 (Actual)	Increase/ Decrease
C/F from operating activities	2,356	2,544	+187
C/F from investing activities	▲1,544	▲687	+857
Free C/F	812	1,856	+1,044
C/F from financing activities	▲408	▲655	▲246
Depreciation	124	134	+10
Goodwill amortization	11	17	+6

New Services Launched in FY21

“Value Pack” of Open Seminars and “Easy Orders” for e-learning/Videos contributed to strong result.

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

	New Services	Target Levels	Release Date
On-Site Training	Turnover Prevention Training	All Levels	January, 2022
	Workshops about how to overcome difficulties	All Levels	June, 2022
Open Seminars	“Value Pack” (Educational Plans for Medium and SMB Businesses)	SMB	January, 2022
	3-Hour Webinar Series “ENERGY SESSION”	Large Enterprise	June, 2022
IT Services	Leaf Lightning (e-learning specialized system)	Medium Business/ SMB	October, 2021
	Leaf inorder (e-learning unlimited viewing service)	SMB	March, 2022
	Leaf Eva (Easy personnel evaluation system)	SMB	March, 2022
e-learning/Videos	Video Contents for the 2022 Legal Revision	All Levels	January, 2022
	Easy Orders (Simple customization of training materials)	Large Enterprise/ Medium Business	June, 2022
Others	Recruitment Accelerator (Website production service for recruitment)	Medium Business/ SMB	March, 2022
	Support Service for Personnel Assessment Interview	Large Enterprise/ Medium Business	April, 2022

■ Added 5 new items (marked with ★) as priorities

	FY20 (Actual)	1 - 3Q FY21 (Actual)	4Q FY21 (Actual)	FY21 (Actual & Achievement rate)	FY21 (Target)	FY22 (Target)
Cumulative No. of new contracts of WEBinsource (organizations)	2,306 (15,798)	2,173 (17,971)	698 (18,669)	2,871 (119.6%)	2,400 (18,198)	2,400 (21,069)
No. of new contents for On-Site Training (Cumulative no.)	321 (3,461)	258 (3,719)	75 (3,794)	333 (111.0%)	300 (3,761)	350 (4,144)
No. of new contents for Open Seminars (Cumulative no.)	437 (3,296)	261 (3,557)	73 (3,630)	334 (111.3%)	300 (3,596)	200 (3,830)
No. of new contents for e-learning/videos *1 (Cumulative no.)	248 (334)	162 (496)	48 (544)	210 (100.0%)	210 (544)	210 (654)
No. of core solution plans *2 (Cumulative no.)	60 (231)	27 (258)	9 (267)	36 (102.9%)	35 (266)	40 (307)
No. of web-sessions (Unit: thou. times)	2,010	1,329	474	1,804 (83.9%)	2,135	2,000
No. of clicks on email newsletters ★ (Unit: click)	56,390	-	-	52,811 (-)	-	60,000
No. of trainers *3 ★ (Unit: people)	340	311	315	315 (-)	-	375
No. of DX trainers *3 ★ (Unit: people)	52	-	-	67 (-)	-	82
No. of organizations using assessment (Unit: organizations) ★	-	-	-	260 (-)	-	426
CO2 emissions per employee*4★ (unit: t-CO2)	0.74	-	-	0.73 (-)	-	0.69

*1 The number of new contents for e-learning and video are those developed by the Company only (excluding partners).

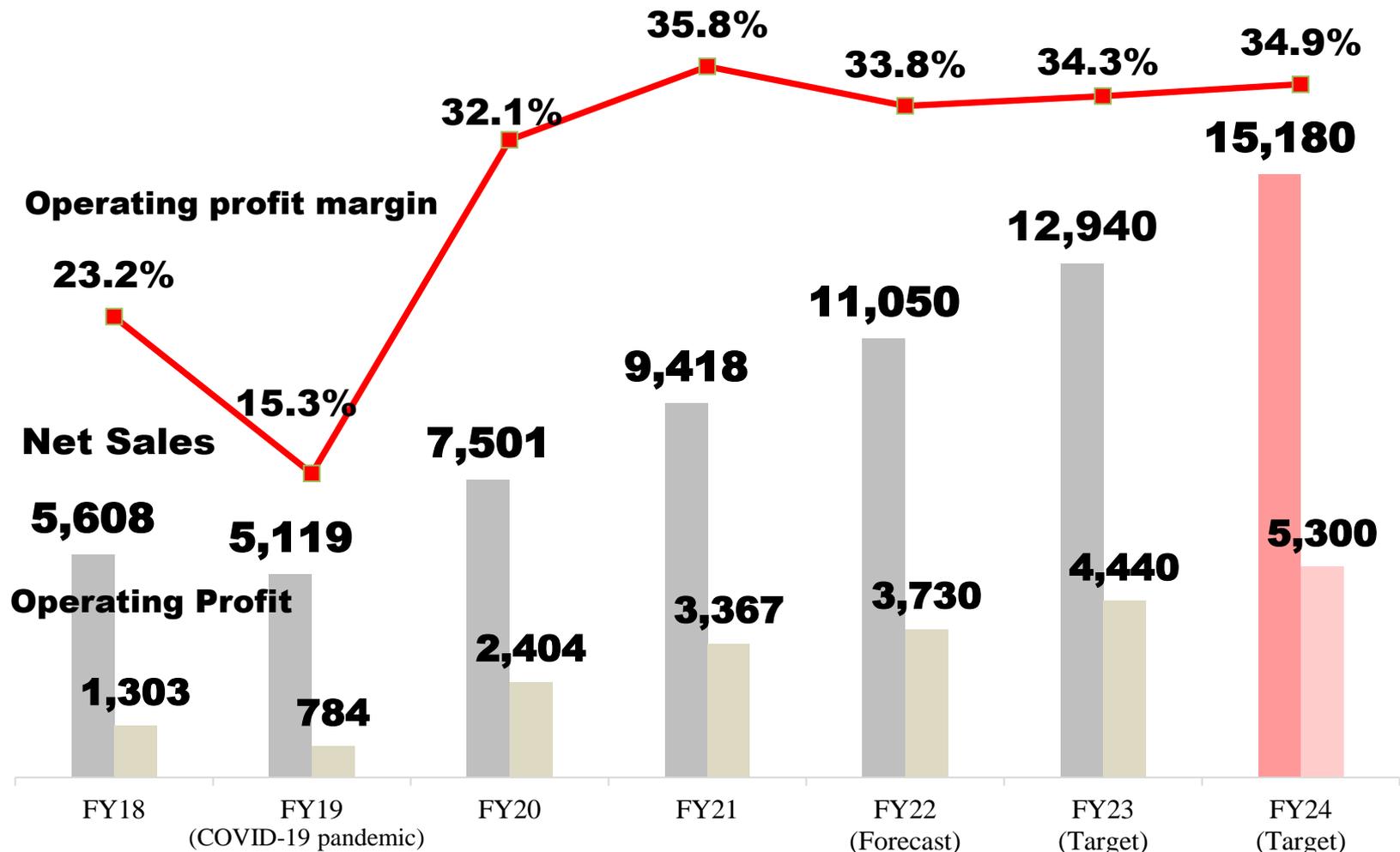
*2 Core solution plan: A packaged plan that combines multiple services to solve the various issues (issues by type, by industry, by job title, etc.) of each organization at the same time. (known as a package plan, formerly)

*3 The number of trainers is as of the end of each fiscal period. *4 Calculated by dividing CO2 emissions from electricity use (Scope2) by the average number of employees during the fiscal year.

Chapter 2 Three-year Business Plan “Road to Next 2025”

■ This 3-year business plan targets net sales of 15,180 million yen, operating profit of 5,300 million yen, and an operating profit margin of 34.9% in FY24

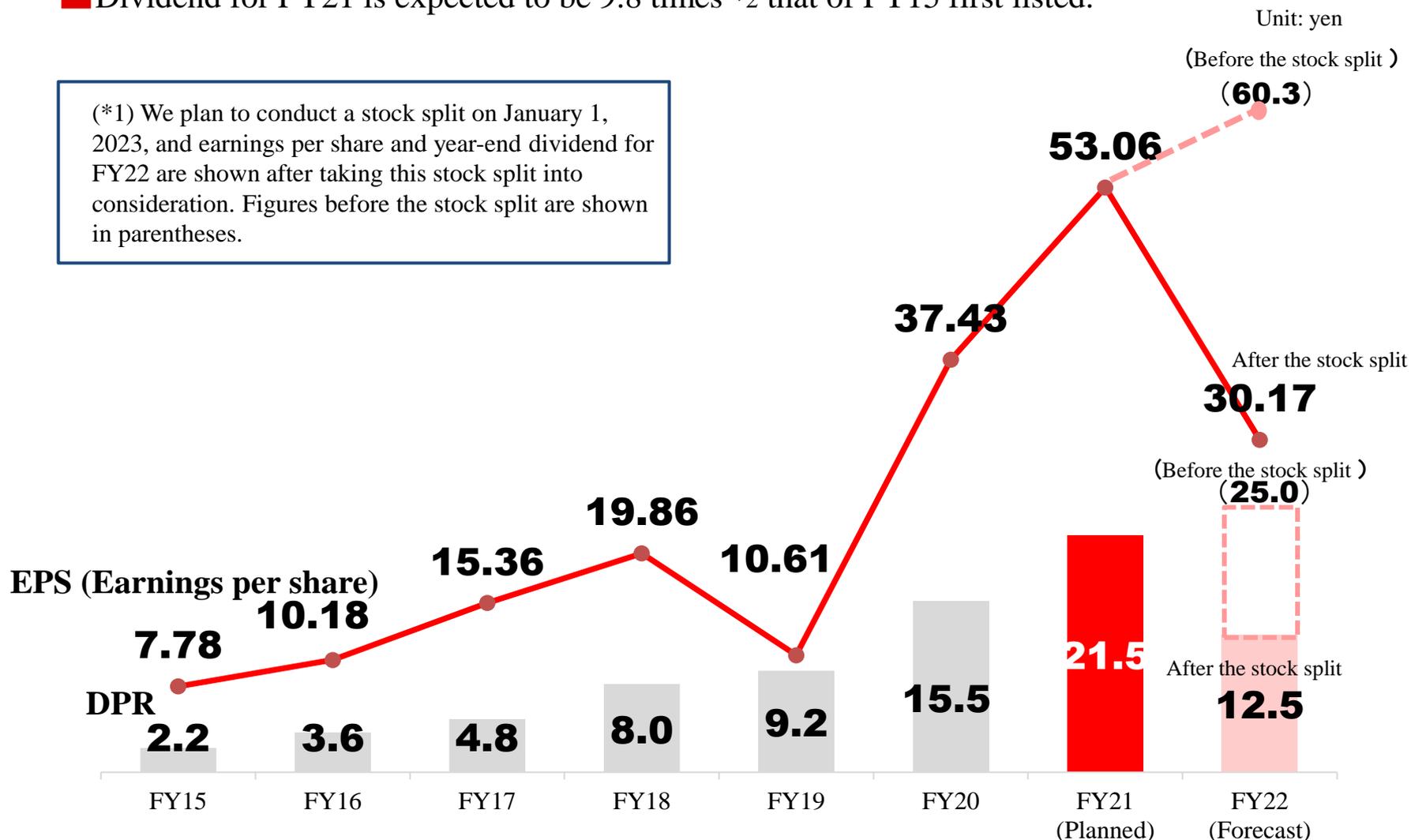
Unit: million yen



Shareholder Return Policy

- DPR(dividend payout ratio) target of 40% according to business performance.
- Dividend for FY21 is expected to be 9.8 times *2 that of FY15 first listed.

(*1) We plan to conduct a stock split on January 1, 2023, and earnings per share and year-end dividend for FY22 are shown after taking this stock split into consideration. Figures before the stock split are shown in parentheses.



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

■ Basic Policy

Provide high value-added services and continue to achieve high growth and an operating margin of 33% or higher.

Aim for net sales of 15,180 million yen, operating profit of 5,300 million yen in FY24.

■ Key Measures

1. Ride the wave of human capital management and extend services in a diversified manner.
 - (1) Provide HR trainings to improve human capital value (DX training, etc.)
 - (2) Provide human capital management tools (Leaf Human Capital Management, etc.)
 - (3) Provide consulting and assessment services for human capital management
2. Develop and promote sales in new growth areas (next business besides Training and IT Services)
 - Name new growth areas as “Rising Next” and invest funds and HR
3. Strengthen initiatives to address ESG priorities
 - Address environmental (CO2 reduction) and social issues in particular

Three-year Business Plan “Road to Next 2025” -Target by business segment

Unit: million yen

		FY21 (Actual)	FY22 (Forecast)	FY23 <Target>	FY24 <Target>
Overall	Net Sales (YoY)	9,418 (+1,917)	11,050 (+1,631)	12,940 (+1,890)	15,180 (+2,240)
	Gross profit (Gross profit margin)	7,234 (76.6%)	8,580 (77.6%)	10,080 (77.9%)	11,890 (78.3%)
On-Site Training	Net Sales (YoY)	4,665 (+867)	5,480 (+814)	6,400 (+920)	7,490 (+1,090)
	Gross profit (Gross profit margin)	3,691 (79.1%)	4,410 (80.5%)	5,160 (80.6%)	6,070 (81.0%)
Open Seminars	Net Sales (YoY)	2,218 (+391)	2,620 (+401)	3,130 (+510)	3,740 (+610)
	Gross profit (Gross profit margin)	1,709 (77.0%)	2,060 (78.6%)	2,460 (78.6%)	2,940 (78.6%)
IT Services	Net Sales (YoY)	1,197 (+175)	1,500 (+302)	1,810 (+310)	2,150 (+340)
	Gross profit (Gross profit margin)	948 (79.2%)	1,240 (82.7%)	1,500 (82.9%)	1,790 (83.3%)
Other Businesses	Net Sales (YoY)	1,337 (+483)	1,450 (+112)	1,600 (+150)	1,800 (+200)
	Gross profit (Gross profit margin)	865 (64.7%)	870 (60.0%)	960 (60.0%)	1,090 (60.6%)

*Gross profit by business segment has not been audited by EY ShinNihon LLC.

Three-year Business Plan “Road to Next 2025” – vs previous plan

■ Three-year Business Plan “Road to Next 2024” issued on November 4, 2021

	FY20 (Actual)	FY21 (Forecast)	FY22 (Target)	FY23 (Target)	CAGR (Target)
Net Sales	7,501	8,900	10,800	12,800	+19.5%
Operating Profit	2,404	2,600	3,130	3,710	+15.6%
Ordinary Profit	2,416	2,600	3,130	3,710	+15.6%
Net Profit	1,588	1,770	2,140	2,530	+17.2%



■ Three-year Business Plan “Road to Next 2025” issued on November 4, 2022

	FY21 (Actual)	FY22 (Forecast)	FY23 (Target)	FY24 (Target)	CAGR (Target)
Net Sales vs previous plan	9,418 +518	11,050 +250	12,940 +140	15,180	+17.2%
Operating Profit vs previous plan	3,367 +767	3,730 +600	4,440 +730	5,300	+16.3%
Ordinary Profit vs previous plan	3,346 +746	3,720 +590	4,430 +720	5,290	+16.5%
Net Profit vs previous plan	2,233 +464	2,540 +400	3,030 +500	3,620	+17.5%

■ Road to Next 2025

1. Net Sales

- 1) Rise in sales in the training business (On-Site training and Open Seminars) responding to the momentum of the recovery of face-to-face trainings in FY21 and growing HR development needs such as human capital management and reskilling (DX education, etc.)
- 2) As for IT services business, we will continue to promote the superiority of Leaf as a customizable ASP, and aim to expand sales as a human capital management tool.
- 3) Revise sales in Other Businesses by newly positioning human capital-related services and regional revitalization as new growth areas.

2. Operating Profit

- 1) Although the online ratio is expected to decline, the gross profit margin has been revised upward in light of the improved sales in the On-Site training business (increase in the ratio of private-sectors and DX training) and cost reductions in the Open Seminars business and IT Services business in FY21.
- 2) Operating profit has been revised upward to reflect the increase in sales and improvement in the gross profit margin, as well as an improvement in the labor cost ratio due to higher productivity.

- Two main issues for companies in human capital management

1: “Value enhancement of human capital”

2: “Information disclosure of human capital”

- We provide support in three areas: HR training, human capital management tools, and consulting and assessment.

- Expansion of human capital is linked to each company's management strategy

Disclosure of human capital information includes common items that can be compared with other companies and unique items that are linked to management strategies.

< Examples of unique human capital disclosure items (Research by Insource as of October 2022) >

Category	Name of Item	Name of Company
HR development	Challenge-taking index	Sojitz Corporation
HR development	Ratio of managers under 30	Eisai Co., Ltd.
Diversity	Number of LGBT training attendees	MARUI GROUP CO., LTD.
Employee engagement	Frequency of meetings between factory personnel managers and factory managers and the labor union	SUZUKI MOTOR CORPORATION
Employee engagement	Number of bone marrow donors taking special leave	Astellas Pharma Inc.

-> We provide both services that resolve issues common to each company and customizable services linked to unique strategies at a low cost in training, management tools and consulting and assessment.

■ We provide services in all processes of human capital value improvement and information disclosure.

We offer packaged versions quickly and competitively, as well as customized versions tailored to unique needs.

	Items to be implemented in companies	Challenges to be addressed	Services that Insource can provide *Tailored to customers' requests
STEP 1	Set indicators of human capital disclosure	<ul style="list-style-type: none"> ▪ Create indicators in line with the management strategy ->To increase corporate value 	<ul style="list-style-type: none"> ▪ Consultation in the analysis of human capital linked to business performance 
STEP 2	Collect and compile disclosure data	<ul style="list-style-type: none"> ▪ Make it easy to human capital disclosure ▪ Aggregate, collect and save data from multiple systems <Example>Manage and collect data on training hours 	<ul style="list-style-type: none"> ▪ Leaf human capital management, Leaf Management (Simple to operate, collect and save data) ▪ Leaf My STORY (Collect data) ▪ Leaf (Manage training hours)   
STEP 3	Decide on a policy of investing in human capital to improve scores on disclosure indicators	<ul style="list-style-type: none"> ▪ Grasp the gap between "As is-To be" (the current situation and the desired state) ▪ Select human resources for investment 	<p>Assessment (Develop original system)</p> <ul style="list-style-type: none"> ▪ giraffe (Grasp the engagement and enthusiasm) ▪ Test for different levels (Grasp working abilities)   
STEP 4	Conduct trainings to achieve the goals	<ul style="list-style-type: none"> ▪ Design and conduct original training programs ▪ Increase training implementation rates with e-learning education 	<ul style="list-style-type: none"> ▪ On-Site training, Open Seminars, e-learning, videos - Meet requests on the method, period or budget ▪ Diverse curriculum for reskilling such as career training, DX promotion, and leaders development for reskilling ▪ Leaf (E-learning and training management)     
STEP 5	Reflect training effectiveness and disclosure indicators	<ul style="list-style-type: none"> ▪ Measure effectiveness of unique trainings with customized assessment 	<ul style="list-style-type: none"> ▪ Original assessment 

■ Sales Target for FY24 (vs FY21)

Unit: million yen

Business	Sales Target for FY24	vs FY21	CAGR
▪ On-Site Training	7,490	+2,825	+17.1%
▪ Open Seminars	3,740	+1,522	+19.0%

■ Current status and measures to achieve goals

1. Current status

(1) The Company's market share in the career education market is around 2% (See slide 33).

We assume that there is significant room for growth.

(2) Demand for HR training services is expected to increase due to the needs to increase the value of human capital.

(3) The number of face-to-face trainings is increasing significantly as a result of getting used to new normal with COVID-19.

(4) Large-scale DX trainings are expected to increase.

(5) Sales targeted for each client segment have been strong since the start in FY21.

2. Measures

(1) Strengthen personnel expansion

(2) Continue to strengthen the development of new contents related to human capital management and a flexible customization system tailored to the unique needs of each client.

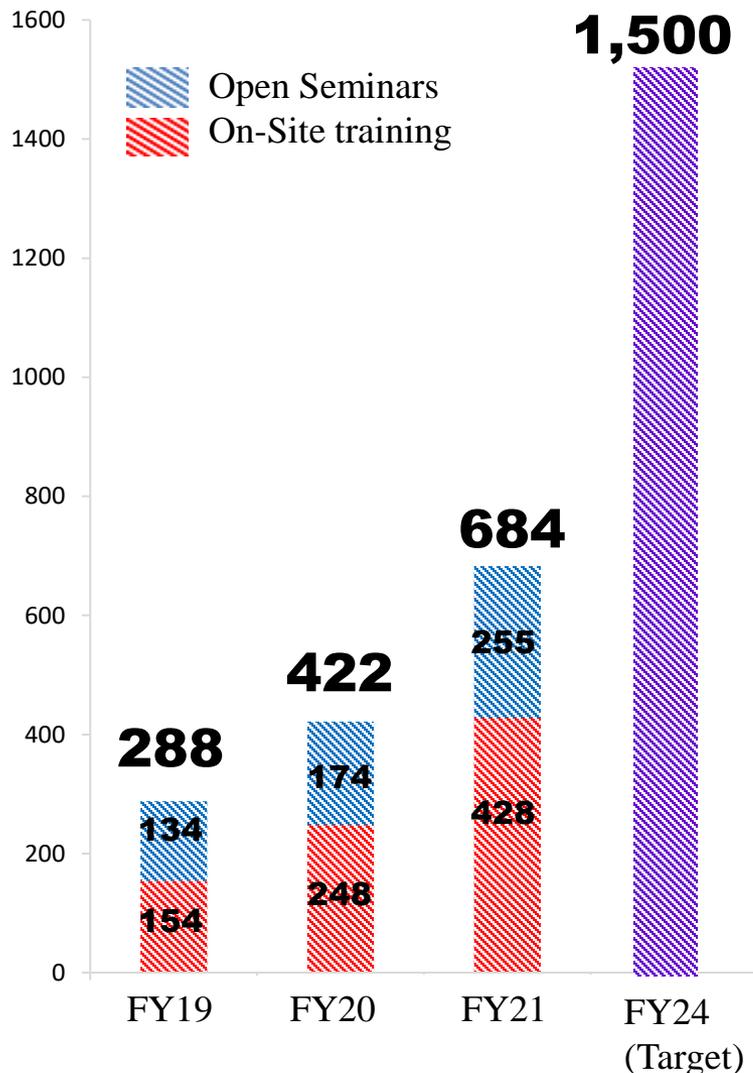
(3) Develop contents in highly specialized fields to meet growing reskilling needs.

-> Expand training and e-learning/video's lineup in fields such as DX, legal, finance/accounting, data/statistical analysis, marketing, etc.

1 – (4) DX Training - Most promising field for FY24

Sales for DX training

Unit: million yen



■ Sales Target for FY24 vs FY21
1,500 million yen (+816 million yen)

■ Current status and measures to achieve goals

1. Current status

- (1) The DX training market is estimated to be 40 billion yen in 2025 (See slide 33).
- (2) For On-Site Training, we have been chosen to partner with several private companies in the finance, manufacturing, food and beverage industry, distribution, service, and other industries. Full-year and large-scale projects have started and are in full swing from the 4Q FY21.
- (3) The number of attendees at the Open Seminars, especially at the “Python Academy,” has been increasing.

2. Measures

- (1) Expand sales of year-round, large-scale projects for large and medium-sized companies based on our experience gained in FY21.
- (2) Recruit trainers in line with the speed of growth of the business.
- (3) Develop a packaged service of successful cases by FY21 and promote them in Open Seminars.
- (4) Expand Python Academy to the B-to-C field.

1 – (5) IT Service - The Strategy for Growth of Leaf

■ Sales Target for FY24 (vs FY21)

2,150 million yen (+952 million yen), CAGR +21.5%

■ Current status and measures to achieve goals

1. Current status

- (1) The size of the HR Technology market is estimated at 420 billion yen in 2025 (see slide 33).
- (2) Leveraging its advantage as a "SIer with a customizable platform", IT Services Business is growing with mainly targeting large companies.
The number of users has exceeded 2.11 million* due to a significant increase in the need for video education under the COVID-19 pandemic.
- (3) Current challenge for large companies is to increase the value of human capital and disclosure of information, and we need to provide services to meet their needs.

2. Measures

(1) New launch of human capital disclosure system

Human capital disclosure requires a great deal of effort to collect, organize, and manage dispersed data.

⇒ Leaf Human Capital Management-for HR, management and IR departments will be newly launched. (scheduled for winter 2022)

<Main Feature>

- Integrated management and listing of all information by connecting to other companies' current systems
- Easily calculate training hours by Leaf
- Possible to set up original items for human capital management.

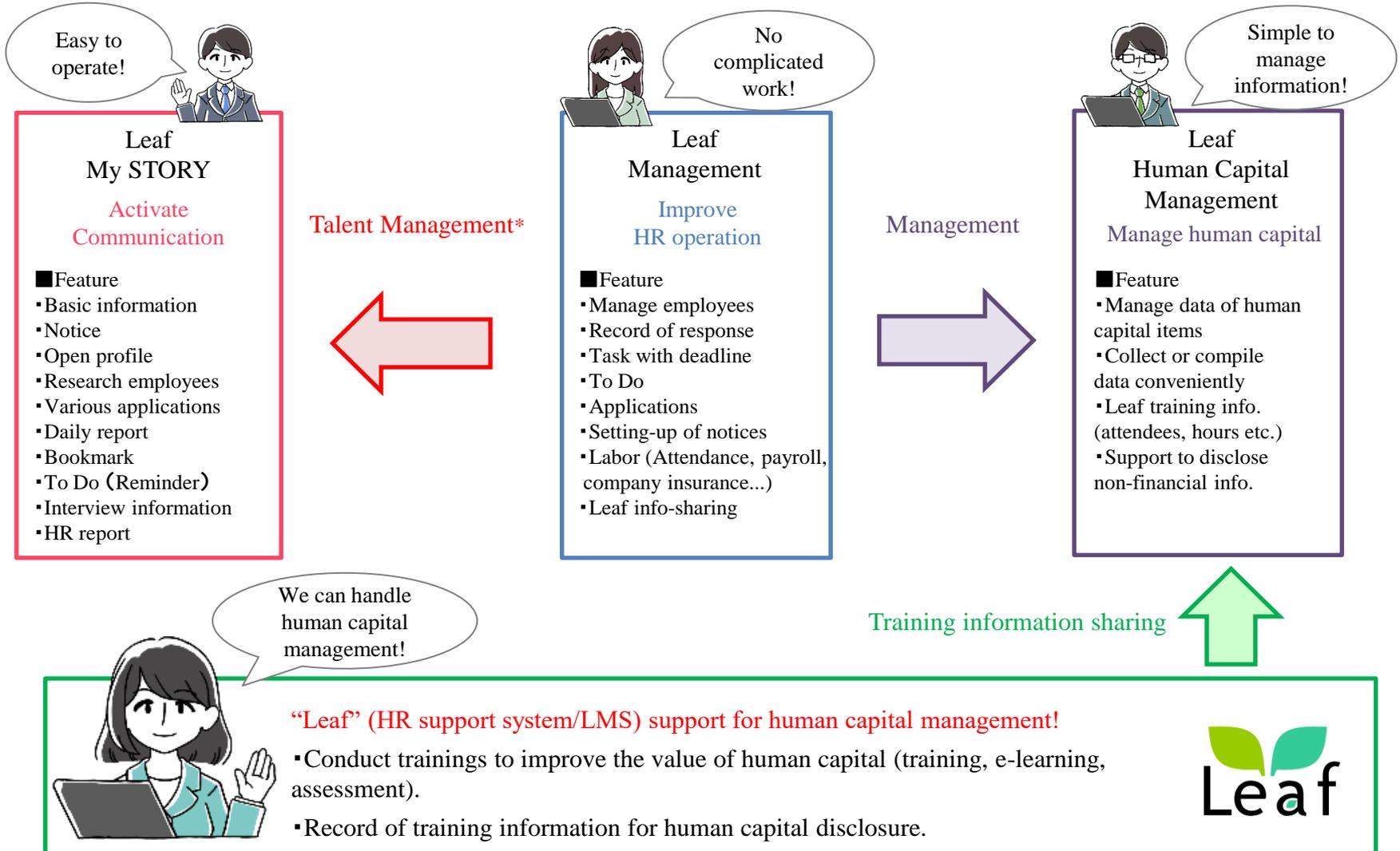
- (2) Further expand sales of "Leaf," (LMS, HR support system), mainly to large companies to support them in enhancing the value of human capital.
E-learning is effective in improving the implementation rate of HR training. Demand for "Leaf" is also expected to increase.

-> Support effective implementation of all processes in human capital value improvement and information disclosure through full use of the “Leaf” and “Leaf Family”.

*As of the end of Sep., 2022

1 – (6) IT Service - Leaf for Human Capital Disclosure

“Leaf My STORY”, “Leaf Management”, “Leaf Human Capital management”
 -Support human capital information management



*Visualize and analyze the abilities of talents to make strategic investment.

Price list for “Leaf Management”, “Leaf My STORY”, “Leaf Human Capital Management”

	Basic Fee	Remarks
Leaf Management  Improve HR operation - Streamlining the management of complex employee information	100 yen/person (Monthly)	1. All prices exclude tax. 2. Free charge of initial cost*1 for clients using “Leaf” 3. Additional charges for customization. 4. Three-month free trial*2 for clients using the Smart Pack for HR Development.
Leaf My STORY  Activate communication - Employee information can be disclosed to each other and used for career interviews, etc. career interviews, etc.	100 yen/person (Monthly)	
Leaf Human Capital Management  Manage human capital - Consolidate and centralize information by linking with LMS "Leaf" and other companies' systems.	Starting from 900,000 yen/company (Annually)	

*1: 20,000 yen (tax not included) and more for "Leaf Management" and "Leaf My STORY".
100,000 yen (tax not included) and more for "Leaf Human Capital Management"

*2: Subject to only “Leaf Management” and “Leaf My STORY”.

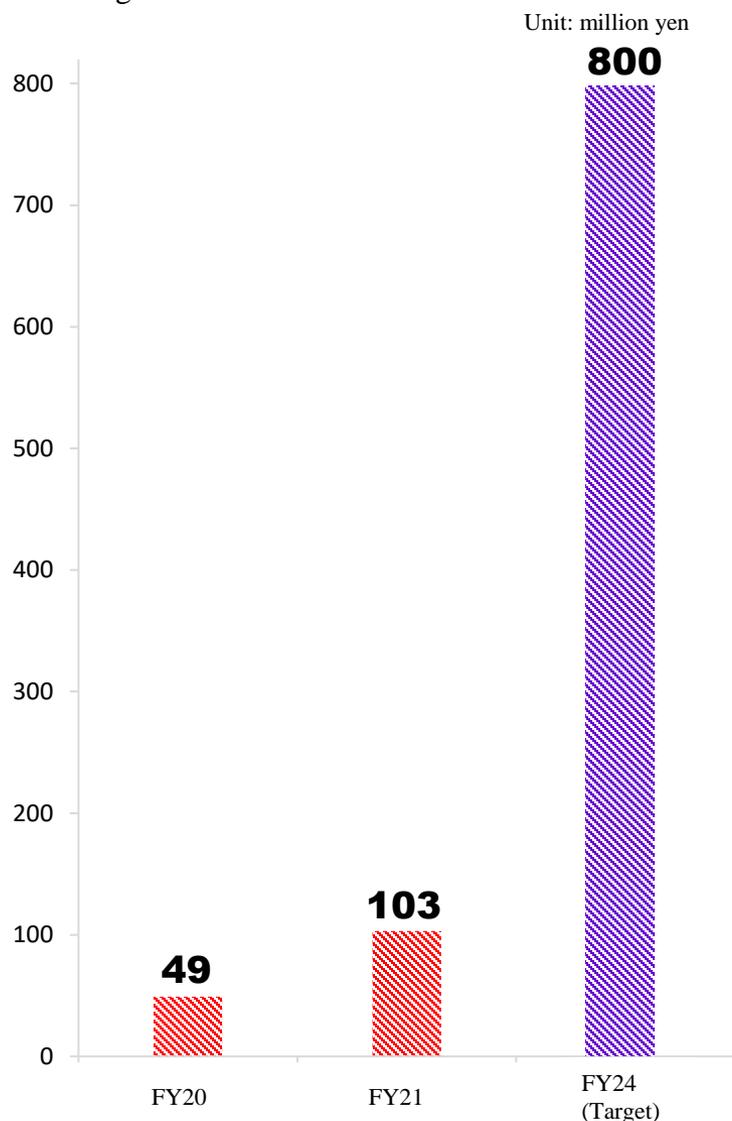
2 – (1) “Rising Next” business strategy (Other Businesses)

FY24 sales target of Other Businesses (vs FY21):
1,800 million yen (+463 million yen), CAGR +10.4% (Incl. e-learning, video production, consulting, and assessment)

Aiming to capture new business opportunities and solve social issues in a wider range of fields, we have named a new growth field "Rising Next" and are stepping up development and sales promotion.

Business	Services	Activities in FY21	Measures through FY24
Regional Revitalization (see slide 29) 	Support for local economy revitalization projects co-created by public-private sectors aiming at maintaining and enhancing the vitality of local governments (Regional branding)	<p>■+210.2% YoY due to big contracts</p> <ul style="list-style-type: none"> ▪Several business contracts from government-designated city (Nagoya) ▪New business contracts from Central government ministries (Ministry of the Environment and Japan Tourism Agency) and prefectures (Wakayama-ken and Miyazaki-ken) 	<p>■Expand services and the number of clients</p> <ul style="list-style-type: none"> ▪Accumulate business models for problem solving in local economies by strengthening sales in major cities ▪Develop low-cost packaged services to expand target clients ▪Support business development of community-based companies
Online seminar support service 	<ul style="list-style-type: none"> ▪Support for online implementation of training and seminars ▪Operation management service for online training and seminars 	<p>■Significant growth with 124.6% YoY</p> <ul style="list-style-type: none"> ▪Improvement in cost per client ▪Establishment of operation flow and system ▪Improvement of streaming level (hybrid) 	<p>■Enforce sales and expand services for continued growth</p> <ul style="list-style-type: none"> ▪Improvement in cost per client and profit margins ▪Implementation of high-difficulty streaming such as other companies' shareholder meetings, etc. ▪Expansion of new services and sales coverage
Web marketing 	<p>Support service for web marketing</p> <ul style="list-style-type: none"> ▪Online promotion ▪Website building ▪System development ▪Online store building 	<p>■Strengthen products and sales marketing aiming for sales increase</p> <ul style="list-style-type: none"> ▪Product development of packaged services (3 services including a custom website) ▪New business contracts in cooperation with Insource sales team ▪Expansion of existing clients to other divisions and departments 	<p>■Targeting and sales enforcement</p> <ul style="list-style-type: none"> ▪Areas around Tokyo: Leverage Insource's client base ▪Regional area: Enforce sales with low-cost services
Recruitment support 	<ul style="list-style-type: none"> ▪Recruitment support business ▪Support service for mid-career recruitment 	<p>■Targeting and force enhancement</p> <ul style="list-style-type: none"> ▪Targeted recruitment for high income individuals ▪Industry research for executive recruiting ▪Mid-career recruiting to strengthen the workforce 	<p>■Enhance the quality of job postings to improve order closing rate</p> <ul style="list-style-type: none"> ▪Strengthen relationships to secure undisclosed job openings ▪Secure job openings in affinity industries

Sales of Regional Revitalization



■ FY24 sales target vs FY21: 800 million yen (+ 697 million yen)

■ Current status and measures to achieve goals

1. Current status

- (1) National budget related to regional revitalization is 2.2 trillion yen (see slide 33), and is expected to continue.
- (2) Activities in FY21
 - Contracted several projects from Nagoya (government-designated city)
 - Contracted new projects from Central government ministries (Ministry of the Environment and Japan Tourism Agency) and prefectures (Wakayama-ken and Miyazaki-ken).

2. Measures

- (1) Set major cities (prefectures, government-designated cities etc.) as priority areas. The entire Insource Group will disseminate information, make proposals and increase the number of successful business models that address diverse issues in local economies.
- (2) Develop and provide low-cost packaged services besides major cities. Strengthen service and system development as well as expand lineup to flexibly meet the needs.
- (3) Support large community-based companies (finance, energy and telecommunications, etc.) in developing regional revitalization projects based on our knowledge.

3. Strengthen ESG Initiatives

Activities in FY21

Measures through FY24

Environment

- Environmental activity initiatives and framework
 - (1) Establishment of CO2 Reduction Subcommittee (Chair: Director, Managing Executive Officer)
 - (2) Establishment of long-term environmental targets (Scope2 in FY29 : 50% lower vs FY19)
 - (3) TCFD compliance – Assessment of climate-related risks and opportunities
 - (4) Commencement of electronic training textbook service

- Reduction of GHG emissions and proactive information disclosure
 - (1) Introduction of renewable energy and in-house procurement
 - (2) Continuation of energy and resource conservation activities (electricity and paper use)
 - (3) Promotion of electronic training textbook – GHG reduction in the value chain
 - (4) TCFD compliance and information disclosure

Social

- First step towards commercialization of welfare business
 - (1) Commencement of new project to support “Period Poverty”
 - (2) Establishment of e-commerce website “mon champ”
 - (3) Signed an “Agreement on Comprehensive Collaboration” with Arakawa Ward to address community issues.

- Expansion of welfare business focused on “Period Poverty” FY24 sales target: 10 million yen
 - (1) Utilize Insource’s client base to build relationships
 - (2) Promote activities to eliminate “Period Poverty”
 - (3) Build further sustainable support in the welfare field

Governance

- Transferred to the Prime Market Listing and responded to Corporate Governance Code
 - (1) Publication of Integrated Report 2021 (Japanese and English)
 - (2) Establishment of Nomination and Remuneration committee and sustainability committee
 - (3) Personnel increase (1 external director and 1 external auditor)
 - (4) Transition to the Prime Market Listing

- Enhancement of the quality of stakeholder engagement
 - (1) Proactively disclose non-financial information on a monthly basis
 - (2) Establish a sustainability page and disclose information
 - (3) Publish Integrated Report 2022 in the first half of FY22
 - (4) Continue to respond to Corporate Governance Code including succession planning

- Strengthening sales by client segment led to high growth and will continue to strengthen sales.
 - Sales and content departments collaborate to develop and provide new products targeted to each segment.
 - Activate meetings for each client segment and information sharing.
 - > Significant progress in product development facilitating deeper client interactions.

- Strengthen group-wide collaboration and training of sales representatives
 - Provide comprehensive proposals to meet the needs of "human capital management," "DX," "reskilling," etc., and improve sales capabilities of non-training products, such as IT Services and other services.
 - Strengthen training of sales staff - Actively recruit both new graduates and mid-career individuals, and continue to improve their skills through in-house training using "Leaf" to quickly turn them into a competitive force.

Client Segment		FY21 Actual (*) Number of clients (YoY) Cost per client(YoY)	FY24 Forecast Number of clients (vs FY21) Cost per client (vs FY21)	Key sales themes for three-year business plan
Large Enterprise	Large (5,000 or more people)	2,129 clients (+12.3%)	2,600 clients (+22.1%)	<ul style="list-style-type: none"> ▪ Human capital management support (education, systems, consulting) ▪ New themes such as DX, reskilling, etc. ▪ Support for solving issues in each department ▪ Compliance training
	Second-tier large (1,000-4,999 people)	1,700 thousand yen (+7.1%)	2,000 thousand yen (+17.6%)	
Medium business	Medium (300-999 people)	1,842 clients (+10.8%) 830 thousand yen (+16.6%)	2,250 clients (+22.1%) 900 thousand yen (+8.4%)	<ul style="list-style-type: none"> ▪ Provide one-stop service (Web marketing, etc.) ▪ Provide company-wide systematic education/support for building an evaluation system ▪ Strengthen development of new services for this specific segment
SMB (Small Medium Business)	Second-tier medium (100-299 people)	5,425 clients (+17.8%)	6,700 clients(+23.5%)	<ul style="list-style-type: none"> ▪ Support top management in solving issues ▪ Management-level training, communication ▪ Compliance training (harassment prevention, etc.)
	Small (50-99 people)	412 thousand yen (+2.7%)	450 thousand yen (+9.2%)	

*The number of clients and cost per client are calculated only for private companies with transaction amounts of at least 1 yen.

Challenges

1. Secure HR

As in FY21, there is a shortage of human resources essential for growth in all job categories. Particularly, development of multi-skilled personnel with sales, service development and IT skills is in urgent need.

2. Expand products and services in line with the times

Need to quickly develop training content and services of interest to society such as human capital management and reskilling

3. Recruit and cultivate new trainers

Urgent to recruit and cultivate new trainers (Especially in DX field) due to sales increase

Measures

1. Strengthen diversified HR recruitment and training

- (1) Recruit more new graduates.
- (2) Encourage staff to become multi-skilled with IT capabilities by strengthen in-house training.
- (3) Conduct recruitment activities at departments other than HR department.

2. Enhance close cooperation of service development and sales

- (1) Special team for each client segment
 - Assign sales representatives and content creators.
- (2) Staff reshuffle and in-house studying group
 - Cultivate multi-skilled staff with sales, content-creating, and IT technologies.
- (3) DX Training
 - Cultivate more 100 programming personnel over the next three years.
- (4) Integrate sales management and digital marketing departments.

3. Strengthen the recruitment system and build a framework for trainer training

- (1) Increase the number of personnel in the trainer recruitment and training department
- (2) Assign people in charge of trainer training at each sales office.

Size of Related Markets and National Budgets

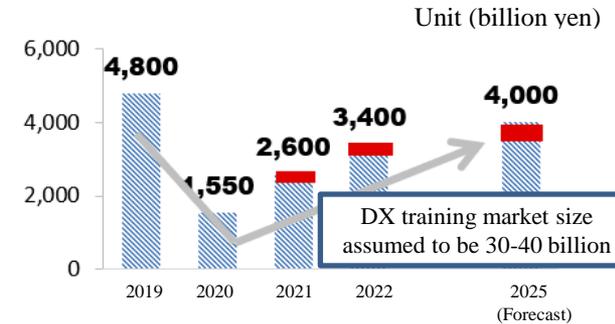
■ Career training Market – Still great potential for growth

- Market size is expected to be 340 billion yen in 2022 and over 400 billion yen in 2025 *1. Of which, the DX training market is expected to be 32 billion yen in 2022 and 40 billion yen in 2025 *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

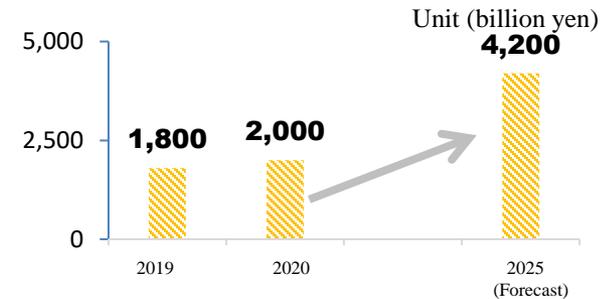


■ HR digitalization market -Expansion is expected

- Market size is 200 billion yen in 2020 and expected to be 420 billion yen in 2025.*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 FY21 is 1.2 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

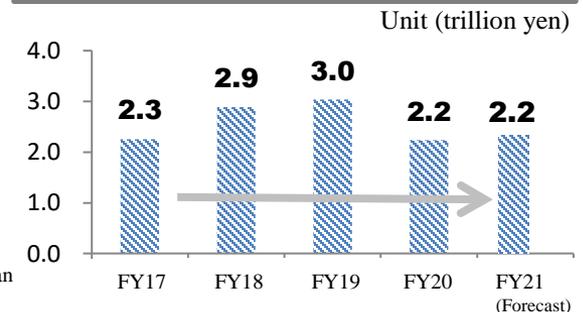


■ National budget related to regional revitalization

- The government promotes regional revitalization projects
- Market size is 2.2 trillion yen in 2022*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



<Appendix 1> 4Q FY21 (July - September 2022) Financial Results

4Q FY21 (July - September 2022) Consolidated Financial Results

- Net sales was 2,545 million yen (+30.1% YoY), gross profit was 1,950 million yen (+31.6% YoY), gross profit margin was 76.6% (+0.9pt YoY), operating profit was 929 million yen (+38.3% YoY), operating profit margin was 36.5% (+2.2pt YoY).
- With minor impact from the 7th wave of COVID-19 infection, strong performance in both On-Site Training and Open Seminars businesses was seen, and increase in profitable DX training led to record quarterly sales, gross profit, and operating profit.

4Q FY21 (July - September 2022) Details by Business

- On-Site Training (Net sales: 1,262 million yen, +34.1% YoY)
The impact from the 7th wave of COVID-19 infection was minor; face-to-face training increased and profitable DX training increased significantly.
- Open Seminars (Net sales: 623 million yen, +34.2% YoY)
Total number of attendees increased due to growing demand for face-to-face training and strong performance of DX training such as “Python Academy.”
- IT Services (Net sales: 314 million yen, +4.4% YoY)
Annual recurring revenue (ARR) of "Leaf" increased steadily, but net sales remained at the same level as the previous year due to the delay in delivery of customization orders.
- Other Businesses (Net sales: 345 million yen, +38.0% YoY)
Steady growth in highly profitable video and e-learning, and sales of BAS Corporation which became a group company in June, contributed to the increase.

Consolidated Profit & Loss Statement Overview

Unit: million yen

	4Q FY20 (Actual)	1Q FY21 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	YoY	
Net Sales (QoQ)	1,956 (+86)	2,192 (+235)	2,317 (+124)	2,362 (+45)	2,545 (+182)	+588	+30.1%
Gross Profit (QoQ)	1,481 (+67)	1,678 (+197)	1,819 (+140)	1,765 (▲53)	1,950 (+184)	+468	+31.6%
(Gross profit margin)	(75.7%)	(76.6%)	(78.5%)	(74.7%)	(76.6%)	(+0.9pt)	
Operating profit (QoQ)	672 (+197)	775 (+103)	899 (+123)	762 (▲136)	929 (+166)	+257	+38.3%
(Operating profit margin)	(34.4%)	(35.4%)	(38.8%)	(32.3%)	(36.5%)	(+2.2pt)	
Ordinary profit (QoQ)	665 (+187)	765 (+100)	893 (+127)	755 (▲137)	931 (+176)	+266	+40.1%
Net profit (QoQ)	422 (+96)	522 (+100)	613 (+90)	517 (▲95)	579 (+62)	+157	+37.4%

On-Site Training Business

- Face-to-face training increased in both the private and public sectors, and the total number of training conducted increased.
- Gross profit margin increased, especially due to an increase in high unit price training for private sector and profitable DX training.

Unit: million yen

	4Q FY20 (Actual)	1Q FY21 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	YoY	
Net Sales (QoQ)	940 (▲77)	1,248 (+308)	874 (▲374)	1,280 (+405)	1,262 (▲18)	+321	+34.1%
Gross profit (QoQ)	734 (▲63)	990 (+255)	698 (▲291)	1,006 (+307)	995 (▲11)	+260	+35.5%
(Gross profit margin)	(78.1%)	(79.3%)	(79.9%)	(78.6%)	(78.9%)	(+0.8pt)	
No. of trainings conducted (times) (QoQ)	3,525 (▲286)	4,807 (+1,282)	2,984 (▲1,823)	4,617 (+1,633)	4,528 (▲89)	+1,003	+28.5%
Of which, no. of online training (composition ratio)	2,036 (57.8%)	2,321 (48.3%)	1,798 (60.3%)	1,390 (30.1%)	1,829 (40.4%)	▲207	▲10.2%
Average unit price (unit:thou.yen) (QoQ)	266.8 (▲0.3)	259.8 (▲7.1)	293.1 (+33.3)	277.2 (▲15.8)	278.7 (+1.5)	+11.8	+4.4%

Open Seminars Business

- Total number of trainees increased due to an increase in the number of attendees for face-to-face training and strong performance of DX training such as “Python Academy”.
- Gross profit margin increased by 4.5 pt YoY due to an increase in the total number of attendees and progress in in-house production of DX training programs. Quarterly sales and gross profit reached record highs.

Unit: million yen

	4Q FY20 (Actual)	1Q FY21 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	YoY	
Net Sales (QoQ)	464 (▲48)	507 (+42)	476 (▲30)	610 (+133)	623 (+12)	+158	+34.2%
Gross profit (QoQ) (Gross profit margin)	345 (▲40) (74.3%)	391 (+46) (77.3%)	362 (▲29) (76.0%)	468 (+105) (76.7%)	486 (+18) (78.1%)	+141 (+3.7pt)	+41.0%
No. of attendees (QoQ)	21,846 (▲195)	24,440 (+2,594)	22,205 (▲2,235)	26,568 (+4,363)	28,713 (+2,145)	+6,867	+31.4%
Among above, no. of online training (composition ratio)	18,870 (86.4%)	21,121 (86.4%)	20,047 (90.3%)	20,006 (75.3%)	23,563 (82.1%)	+4,693	+24.9%
No. of attendees per seminar (QoQ)	12.2 (▲1.1)	12.8 (+0.5)	12.5 (▲0.2)	12.6 (+0.1)	11.6 (▲1.0)	▲0.6	▲4.8%
Average unit price per seminar (unit: thou.yen) (QoQ)	21.2 (▲1.9)	20.7 (▲0.5)	21.4 (+0.7)	22.9 (+1.5)	21.7 (▲1.3)	+0.4	+2.1%

- The number of Leaf paid subscribers grew to 522 organizations with 2.11 million users, and monthly subscription fees (MRR*1) expanded to 53 million yen and annual recurring revenue (ARR*2) to 636 million yen (+21.1% YoY).
- Deliveries of some customization orders were delayed from 4Q FY21 to 1H FY22.

Unit: million yen

	4Q FY20 (Actual)	1Q FY21 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	YoY	
Net Sales (QoQ)	301 (+128)	203 (▲97)	483 (+280)	196 (▲287)	314 (+118)	+33	+4.4%
◀Breakdown▶							
Leaf Monthly Subscription (QoQ)	128 (+17)	137 (+9)	141 (+3)	145 (+3)	157 (+12)	+29	+22.7%
Sales per month*3	43	46	47	49	53	+9	+21.1%
Average unit price /Organization (unit: thou. yen)	104.6	107.9	104.0	98.8	102.4	▲2.1	▲2.1%
Leaf Customization	153	34	235	48	133	▲20	▲13.1%
Stress check	18	31	106	3	23	+4	+22.8%
Gross Profit *4 (QoQ)	246 (+140)	147 (▲99)	399 (+251)	142 (▲256)	258 (+116)	+12	+5.0%
(Gross profit margin)	(81.9%)	(72.3%)	(82.6%)	(72.7%)	(82.4%)	(+0.5pt)	

*1 MRR: Monthly Recurring Revenue *2 ARR: Annual Recurring Revenue. Calculated by multiplying the MRR of the last month of each term by 12.

*3 Monthly usage fees (Recurring Revenue) for the last month of each quarter. *4 Our gross profit margins by business were not audited by Ernst & Young ShinNihon LLC.

Monthly Subscription Model (Unit: organization)	4Q FY20 (Actual)	1Q FY21 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	YoY
Leaf paid subscribers	412	432	470	498	522	+110 +26.7%
(QoQ)	(+37)	(+20)	(+38)	(+28)	(+24)	
Leaf Users (Unit: thousand people)	1,756	1,848	1,932	2,040	2,112	+355 +20.3%
(QoQ)	(+141)	(+92)	(+84)	(+107)	(+72)	
On-the-web appraisal form services	128	134	151	155	165	+37 +28.9%
(QoQ)	(+12)	(+6)	(+17)	(+4)	(+10)	

Services based on Individual Contract	4Q FY20 (Actual)	1Q FY21 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	YoY
Leaf No. of Customization	58	17	75	18	52	▲6 ▲10.3%
(QoQ)	(+39)	(▲41)	(+58)	(▲57)	(+34)	
No. of Stress Check Support Service	43	102	277	18	51	+8 +18.6%
(QoQ)	(+31)	(+59)	(+176)	(▲259)	(+33)	

Other Businesses

- Highly profitable e-learning/videos: Needs grew steadily and sales increased by 53.4% YoY. BAS Corporation, which became a group company in June, 2022, contributed to sales, and net sales increased by 38.0% YoY.

Unit: million yen

	4Q FY20 (Actual)	1Q FY21 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	YoY	
Net Sales (QoQ)	250 (+83)	233 (▲17)	482 (+249)	275 (▲206)	345 (+69)	+95	+38.0%
<Breakdown> e-learning/ Video Production (QoQ)	115 (+6)	108 (▲6)	311 (+203)	138 (▲173)	176 (+38)	+61	+53.4%
Consulting/Online seminar support service/ Assessment service (QoQ)	79 (+33)	57 (▲21)	74 (+16)	57 (▲16)	70 (▲16)	▲9	▲11.6%
Web marketing (QoQ)	40 (+40)	54 (+13)	61 (+6)	46 (▲14)	40 (▲6)	+0	+0.0%
Gross Profit* (QoQ) (Gross profit margin)	154 (+31) (61.9%)	149 (▲5) (64.0%)	358 (+209) (74.3%)	148 (▲210) (53.8%)	209 (+60) (60.5%)	+54 (▲1.3pt)	+35.1%

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

* Recalculated web marketing sales for FY21

Other Businesses KPIs

Unit of Net Sales : million yen		4Q FY20 (Actual)	1Q FY21 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	YoY	
<e-learning/Videos>								
Outright Purchase	Net Sales	58	53	176	89	83	+24	+42.3%
	No. of Videos	288	271	869	385	364	+76	+26.4%
Rental	Net Sales	3	6	10	4	5	+2	+99.5%
	No. of Viewers	1,507	4,138	3,763	3,584	2,894	+1,387	+92.0%
Monthly Subscription (STUDIO)	Net Sales	40	43	29	45	36	▲4	▲10.2%
	No. of User IDs (Unit : thou. IDs)	54	58	61	66	70	+15	+28.5%
Video Production Solution	Net Sales	12	5	18	11	9	▲3	▲26.9%
	No. of Contents	23	36	66	21	43	+20	+87.0%
Consulting/ Assessment Service	Net Sales	34	31	37	20	34	▲1	▲0.4%
	No. of Organizations	71	76	71	54	59	▲12	▲16.9%
Online Seminar Support Service	Net Sales	45	26	36	37	35	▲9	▲20.3%
	No. of Organizations	48	68	68	45	60	+12	+25.0%
Regional Revitalization Service	Net Sales	19	3	44	3	51	+32	+167.4%
	No. of Organizations	15	4	10	5	5	▲10	▲66.7%

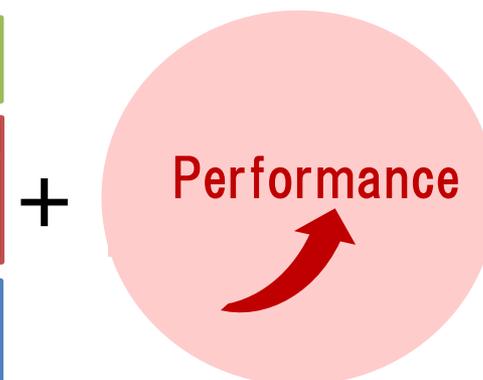
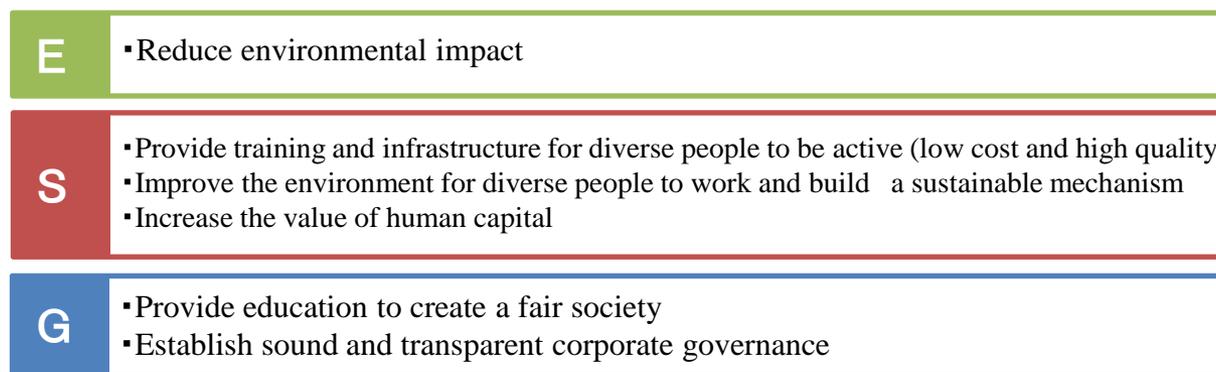
<Appendix 2> FY21 ESG Initiatives

■ Our mission is to help working people solve social issues.

■ Insource Group’s mission

-We will continue to improve its performance (P) while being focusing on ESG

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



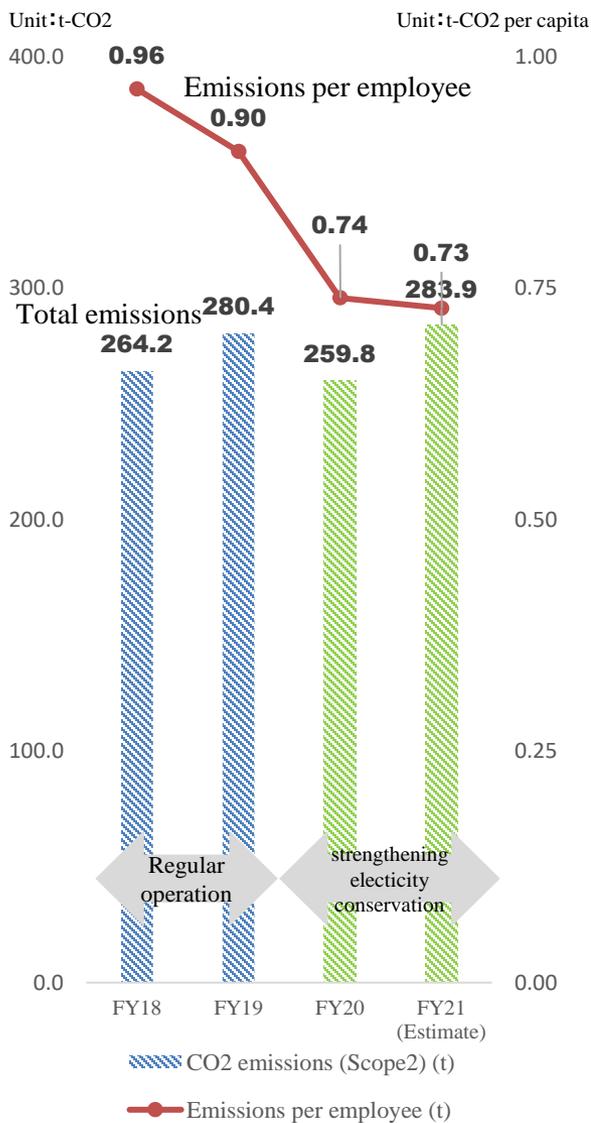
■ Received the second highest rating of AA in MSCI Rating

- As of June, 2022, Insource has received the second highest rating of AA.
- The recognition represents that our training business, strong security measures and internal education to improve productivity were especially highly evaluated.



*THE USE BY INSOURCE CO., LTD. OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES (“MSCI”) DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF INSOURCE BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED ‘AS-IS’ AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.

CO2 Emissions from Business Activities*



*Temporary employees are excluded

FY21 Achievement

1. System Development February, 2022

- Established CO2 Reduction Subcommittee (Chair: Director, Managing Executive Officer)
- Establish long-term environmental goals
 - Scope2 in FY29 : 50% lower (140t-CO2) vs FY19

2. Started electronic training textbook service April, 2022

- Started “electronic training textbook service” for training businessF
- Amount of CO-2 reduction as of the end of September, 2022 : 2.92t (Annual target: 5t, Achievement rate: 58.3%)

3. CO2 Emissions from Business Activities (Scope2)*

- Total CO2 emissions increased by 9.3% YoY due to increase in number of employees and full-scale operation of Omori Studio
- Emissions per employee decreased 1.5% YoY by integrating business sites, taking heat shielding measures, and strengthening electricity conservation.

Scope2 CO2 Emissions	FY18	FY19	FY20	FY21 (estimate)
CO2 emissions (Scope2) (t)	264.2	280.4	259.8	283.9
YoY	+18.8%	+6.1%	▲7.3%	+9.3%
Emissions per employee (t)	0.96	0.90	0.74	0.73
YoY	▲0.0%	▲2.1%	▲22.1%	▲1.5%
Electricity usage Mwh	599.0	635.7	589.2	643.7

Future Plans

- Consider introduction of renewable energy - Significant reduction of Scope 2 in our own buildings
- Continue the company-wide power saving project - Reduce Scope 2 per capita
- Enhance TCFD compliance and information disclosure
 - Scenario Analysis, Scope 3 calculation

*Greenhouse gas emissions from business activities: total of Scope 1 (CO2 emissions from in-house combustion) and Scope 2 (CO2 emissions from electricity use). Scope 1 is calculated as 0 because we do not have our own combustion equipment/facilities.

FY21 Achievement

September, 2022

Started the Project to Eliminate Period Poverty

We collect donations from corporations to provide sanitary products to local governments. Each donation amount is from 300,000yen.

Donations 4 corporations (as of October, 2022)

Donated to 13 local governments (Board of Education, Social Welfare Councils)

How it is used Placed in restrooms at elementary and junior high schools and distributed to those in need



October, 2021

Started e-commerce site "mon champ"

Launched a specialty store featuring high-quality products from welfare organizations. 25 kinds of products from 4 organizations are available.



November, 2021

Concluded an “Agreement on Comprehensive Collaboration” with Arakawa Ward, Tokyo

Provided our educational services to support single-parent families since December, 2021 (6 times in total).

Future Plans

Systemize and expand the project to eliminate period poverty

Continue to pursue new business opportunities and social contribution possibilities in the welfare sector

FY21 Achievement

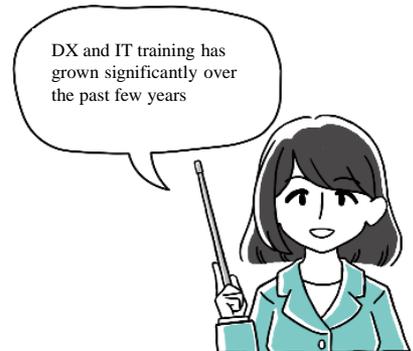
- May, 2022 Released the Integrated Report

Features

- Describes the ability to adapt to changes in the environment by changing ourselves and the ability to expand sales and reduce costs at the same time
- Includes illustrations and QA-style explanations created by in-house designers to make it easy to understand

Main Contents

- Introduction of Insource's business and overview of each business section
- Explanation of key points of response to the COVID-19 pandemic
- Description of the culture, content and system development capabilities of Insource and the management base of the company



Insource Integrated Report 2021 (Japanese)

<https://www.insource.co.jp/resource/pdf/ir/integratedreport2021.pdf>

Insource Integrated Report 2021 (English)

https://www.insource.co.jp/resource/pdf/ir/integratedreport2021_eng.pdf

- December, 2021
 - One external director and one external auditor were added (Ratio of external directors among 8 directors: 37.5%)
- December, 2021
 - Established voluntary Nomination and Compensation Committee
- December, 2021
 - Introduced a restricted stock compensation plan for directors
- April, 2022
 - Moved to the Prime Market
- July, 2022
 - Established Sustainability Committee (Chair: Director and Managing Executive Officer)
 - Worked with task forces to implement E/S/G projects

Future Plans

- Enhance disclosure of non-financial information in integrated reports and on the web
- Continue Corporate Governance Code responses, including development of a succession plan

<Appendix 3> Company Profile & Insource's Advantages



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

- E-learning, Platform business
- Production of Training Materials
- Workshops/ Consulting
- Regional Revitalization Business

Rashiku Corporation

- Recruitment Support Business

MIRAI SOUZOU & 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

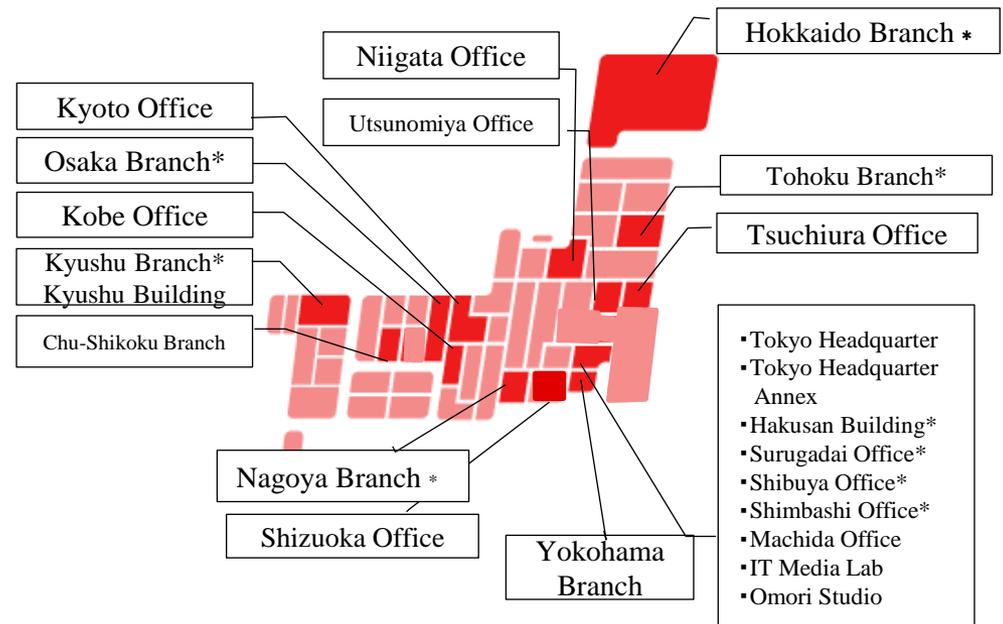
BAS Corporation

- Call center service, setup service, IT support service

Business Locations: 22

*As of the end of September, 2022

*Branches with Seminar Rooms



Seminar Rooms: 32 Classrooms in 6 Cities

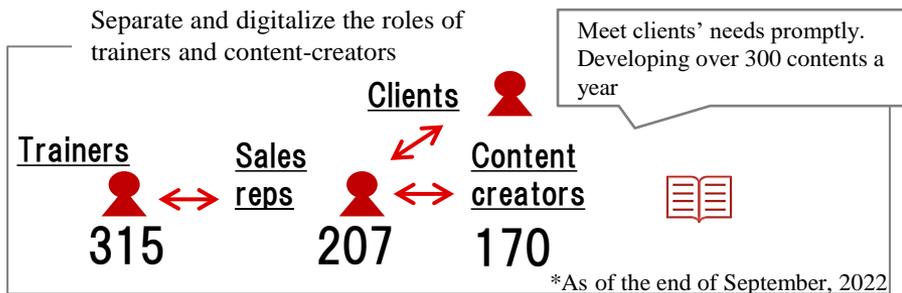
Online Training Booths: 110 Booths

- 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 **95.9%** / Trainers **93.8%**

*As of the end of September, 2022

On-Site Training (FY21 Sales ratio: 49.5%, FY20: 50.6%)

Offer On-Site Trainings tailored to organizations' needs



Annual total number of trainings conducted/attendees

16,936 times **540** thousand attendees

Out of the total number of trainings conducted online:

7,338 times **237** thousand attendees



Open Seminars (FY21 Sales ratio: 23.6%, FY20: 24.4%)

Offer Open Seminars starting from one person

Seminars are held online frequently and nationwide

- More than 3,000 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/ No. of attendees

8,253 times **101** thou. people

Among them, the total number of trainings conducted online:

5,879 times **84** thou. people

*Oct., 2021-Sep., 2022



IT Services (FY 21 Sales ratio: 12.7%, FY20 13.6%)

- Leaf (HR support system, LMS)
- Stress Check Support Service

*LMS (Learning Management System): The system required for managing e-learning



Other Businesses (FY21 Sales ratio: 14.2%, FY20: 11.4%)

- e-learning/Videos sales and production
- Consulting, Assessment Services, Online Seminar Support Service, Regional Revitalization Service
- Supporting web promotion
- Call center service, IT support service



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



↑ In cooperation ↓



	End of Sep. 2016	End of Sep., 2022
Sales Representatives	83	207
Content Creators	88	170
IT Engineers	34	114
Designers	19	21
Digital Marketers	—	32
AI/RPA Engineers	—	24
Back office Personnel	—	38

Funds ↑ Returns ↓

Products/
Services →



No. of Shares Held	End of Sep., 2016	End of Sep., 2022
Overseas Investors	4.7%	23.7%
Domestic Investors	9.4%	24.9%
Domestic Corporations	45.3%	33.2%
Individual/Others	40.6%	18.2%

Clients and Quarterly Sales Composition Ratio

Clients composition ratio by industry

The total number of clients who used our services in the past year (October, 2021 to September, 2022)

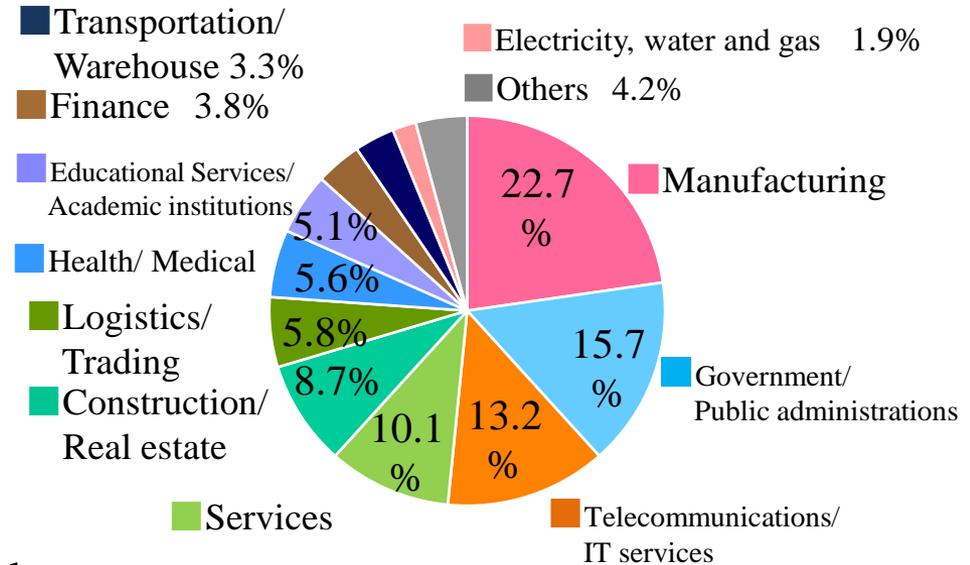
12,760 organizations

[Reference]

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

39,699 organizations

The total number of clients who used our services in the past year

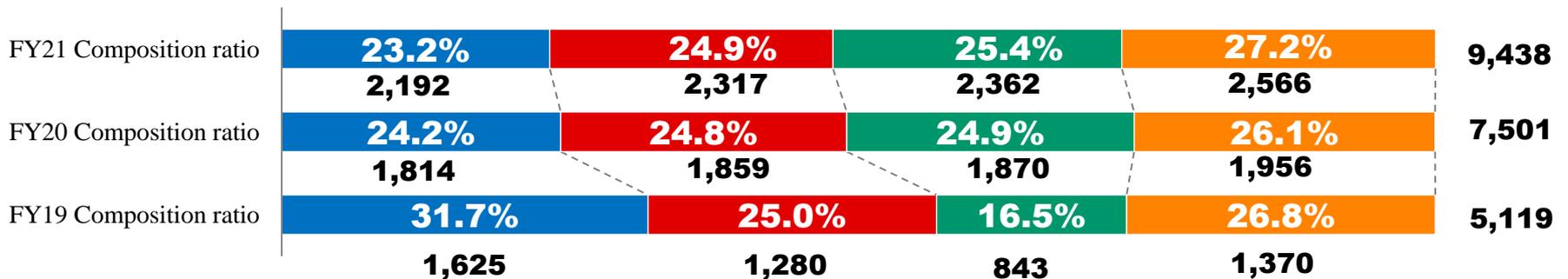


Sales composition ratio and progress rate by quarter

Unit: million yen

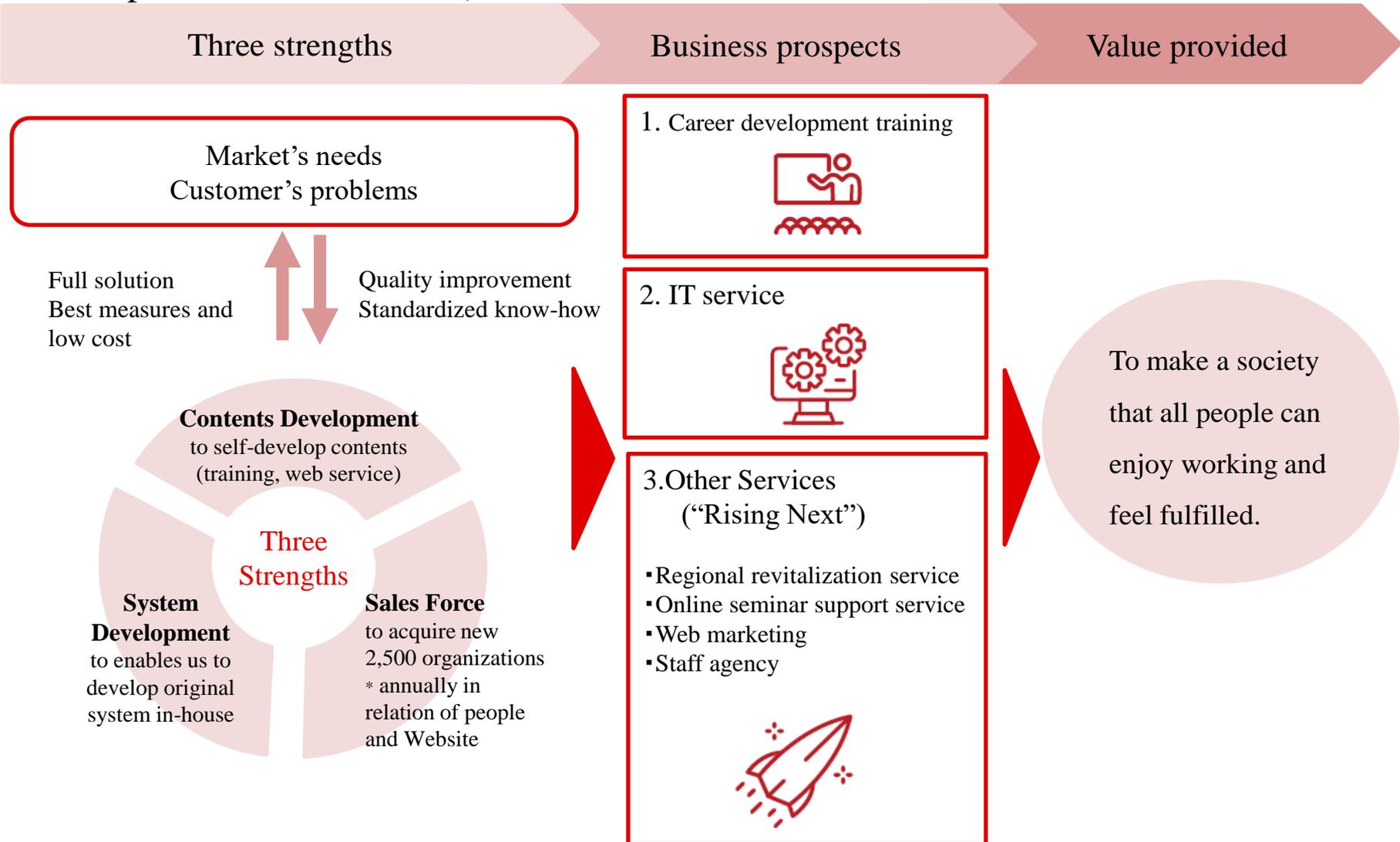
% represents composition ratio & progress rate

■ 1Q ■ 2Q ■ 3Q ■ 4Q



Advantages of Insource

Insource always keep evolving focusing on three strengths (Contents Development, System Development and Sales Force).

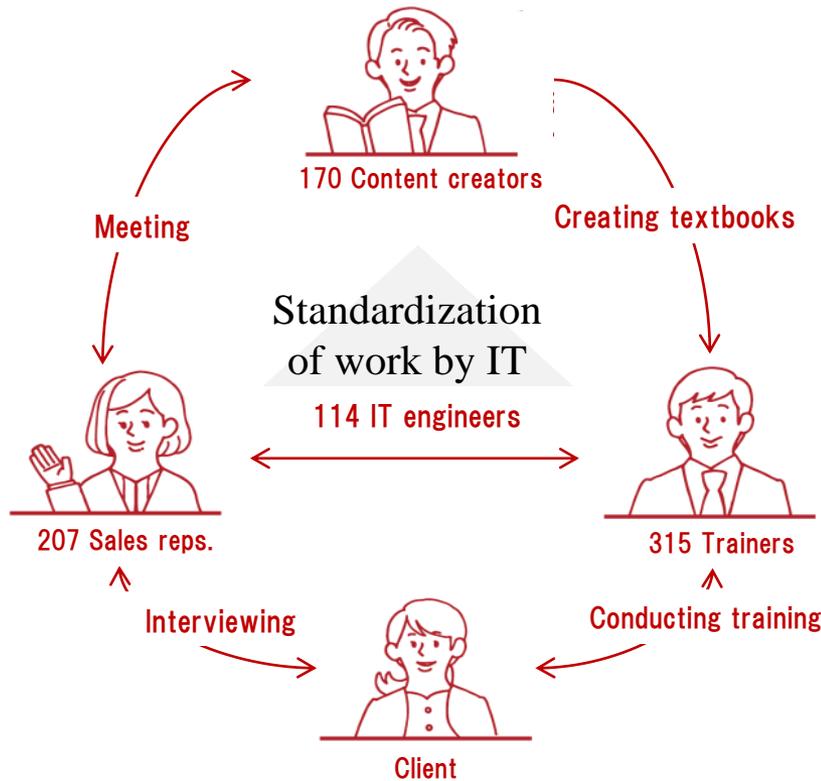


* No. of new contracts of WEBinsource

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

■ Separation of roles in training business

-Makes it possible to reduce cost and improve quality.



*As of the end of September, 2022

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

An in-house agile team of 170 creators and 114 IT engineers develop various up-to-date contents in responsive to social changes and needs.

■ No. of training classified by business types

On-Site trainings	Open Seminars	Videos / e-learning
3,794	3,630	544

*As of the end of September, 2022

■ Classified by genre

For managers	For students and prospective employees
353	78
For medium employees	DX・AI・RPA・IT training
93	205
For young employees	COVID-19 era, remote working training
107	64
For new employees	Trainings by theme, industry or sector
180	2,454

As of the end of September, 2022

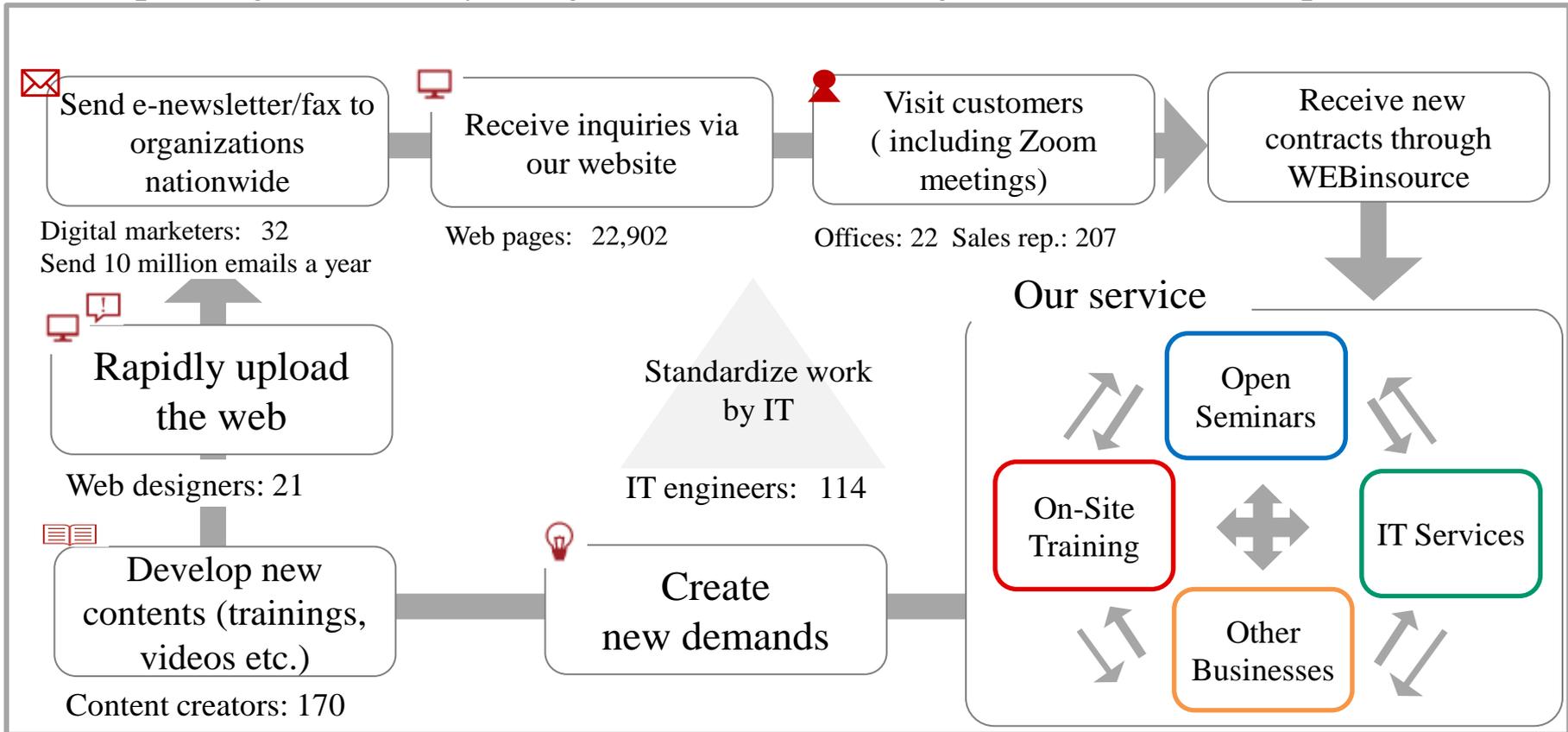
■ Example of web service

- HR evaluation sheet (from excel format to online)
- Assessment service (On-line assessment test)
- Web promotion, homepage creating

(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, 2022

⇒207 sales representatives and approximately 20,000 web pages created by 32 digital marketers are cooperated for efficient sales activities.

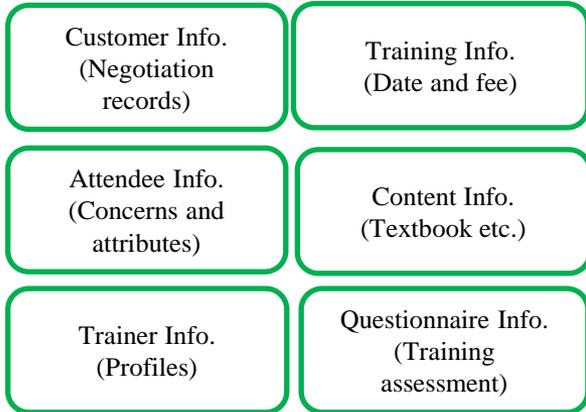
(3) IT Capability - Self-developed System

■ 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 customer information, training operations, and contents etc. was developed

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

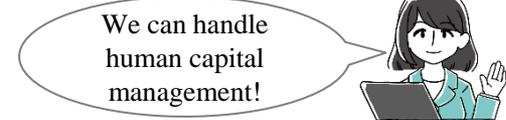


■ Leaf (HR support system)

- New version was launched to support human capital management



NEW! Released “Leaf Management/MY STORY” and “Leaf Human Capital Management” systems to support human capital management
- Allows centralized management and analysis of human capital information with other companies' systems



Leaf人的資本管理



<Lineups of Leaf Series>

- Leaf Lightning
- Leaf My STORY
- Leaf in order
- Leaf Eva
- Leaf Human Capital Management
- Leaf Management
- Leaf MY STORY