

Insource Co., Ltd. <6200>

Dialogue between Outside Directors and Institutional Investors

Friday, August 22, 2025



Copyright © Insource Co., Ltd. All rights reserved. 「insource」
「Leaf」「WEBinsource」「動画百貨店」の名称及びロゴは株式会社
インソースの登録商標です。

■ Hidenori Fujioka

(Brief Biography)

- Apr. 1976 Joined Marantz Japan Inc.(currently D&M Holdings Inc.)
- Jan. 1983 Joined Daini Seiko Instruments Inc. (currently Seiko Instruments Inc.)
- Apr. 2008 Joined RISO KAGAKU CORPORATION
- Jun. 2008 Director of RISO KAGAKU CORPORATION
- Apr. 2014 Joined Roland DG Corporation
- Jun. 2014 Director of Roland DG Corporation
- Dec. 2021 Outside Director of the Company (current)

(Concurrent Position)

None

■ Yoshiko Niwamoto

(Brief Biography)

- Mar. 2015 Graduated from Graduate School of Business Administration, Division of Business Administration, Kobe University
- Apr. 2015 Full-time lecturer of Faculty of Business Administration Department of Business Administration, Setsunan University
- Oct. 2016 Part-time Lecturer of Faculty of Business Administration, Ryukoku University
- Dec. 2016 Part-time Lecturer of Global Business and Management Studies, Doshisha Business School
- Apr. 2017 Associate Professor of Graduate School of Business Administration, Kobe University (current)
- Dec. 2023 Outside Director of the Company (current)
- Apr. 2025 Public Member of the 55th Hyogo Regional Minimum Wage Council (current)

(Concurrent Position)

- Associate Professor of the Graduate School of Business Administration of Kobe University
- Public Member of Hyogo Regional Minimum Wage Council

■ Kohei Habara

(Brief Biography)

- Apr. 2017 Joined PwC Advisory LLC
- Sept. 2019 Joined GENDA Inc.
- Aug. 2021 Executive Officer of GENDA Inc.
- Sep. 2023 Chief Strategy Officer of GENDA Inc. (current)
- Nov. 2023 Representative Director and President of GENDA Capital Inc. (current)
- Apr. 2024 Director of GENDA Inc.
- Apr. 2025 Managing Director of GENDA Inc. (current)
- Dec. 2024 Outside Director of the Company (current)

(Concurrent Position)

- Managing Director, CSO of GENDA Inc.
- Representative Director and President of GENDA Capital Inc.

1. From Outside Directors

- (1) Basic Approach to Corporate Governance
- (2) Corporate Governance System
- (3) Overview of Corporate Governance Initiatives
- (4) Evaluation of the Effectiveness of the Board of Directors
- (5) Succession Plan
- (6) Compensation of Directors
- (7) Identification of Issues and Future Prospects
(“Interview with Outside Directors” from *Integrated Report 2024*)

2. What we always keep in mind as Outside Directors

3. Questions and Answers

1. From Outside Directors



(1) Basic Approach to Corporate Governance

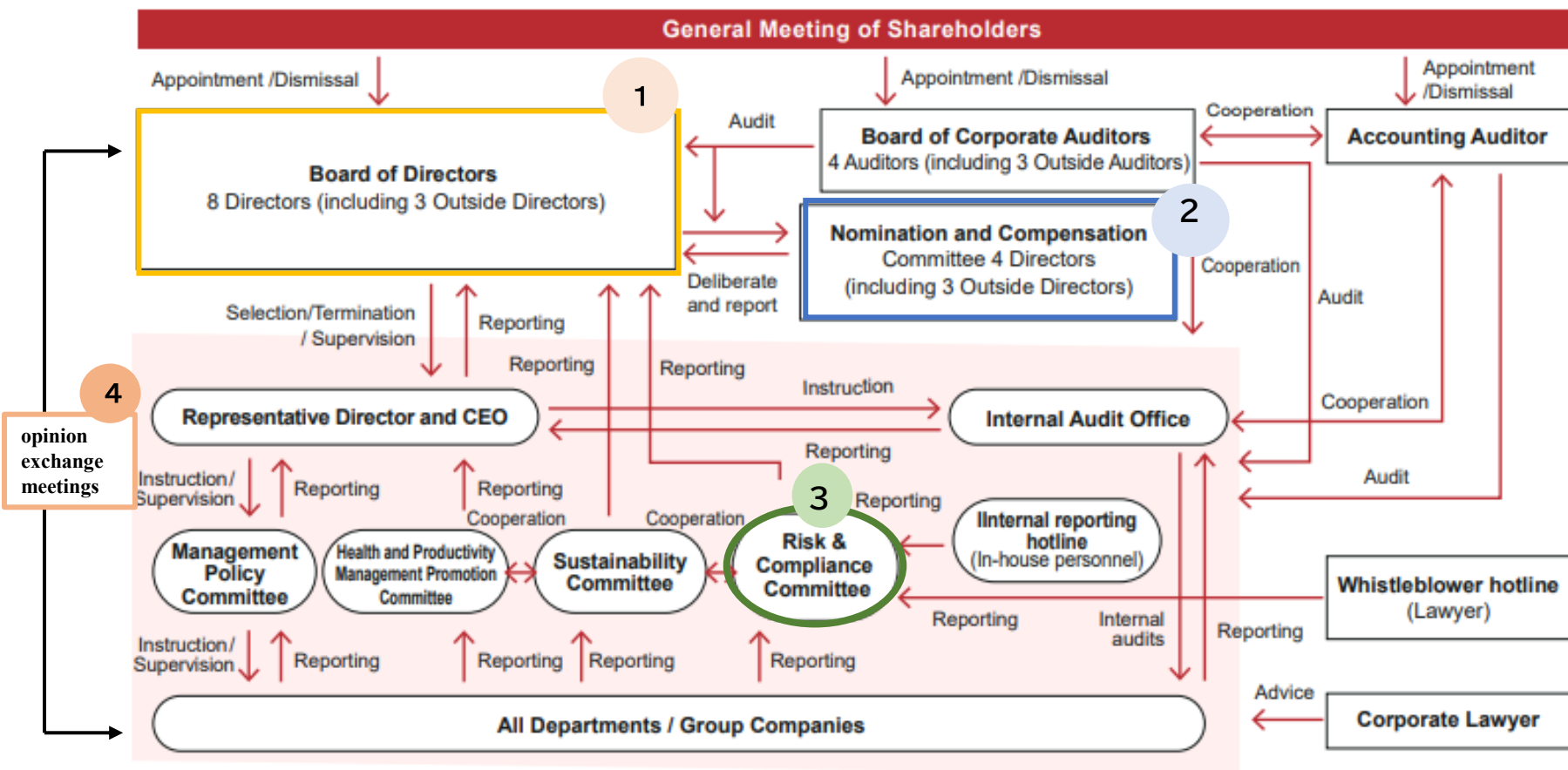
- We place great importance on ensuring management transparency and disclosing information promptly and appropriately in order to fulfill our accountability to shareholders.

- In order to expand profits and increase corporate value
 - ① We are promoting the efficiency of the management system for speedy decision-making and business execution

 - ② We are enhancing our management monitoring system to conduct corporate activities based on sound ethical principles that are in harmony with society.

(2) Corporate Governance System

We attend ① Insource “Board of Directors” ② “Nomination and Compensation Committee” ③ “Risk and Compliance Committee”
 In addition, we regularly hold ④ “opinion exchange meetings” with the next-generation management



(3) Overview of Corporate Governance Initiatives

1. Board of Directors

Chair	Representative Director, President and CEO Takayuki Funahashi
Composition	8 Directors (including 3 Outside Directors)
Overview	As a management decision-making body, the Board of Directors resolve important matters based on the Board of Directors Regulations and the Authority Regulations Outside Directors advise and supervise Board of Directors from an external third-party perspective. In addition to regular monthly Board of Directors meeting, extraordinary Board of Directors are held as needed.
Example of the agenda	Organizational changes, personnel transfers, internal regulations, reports on sustainability, etc.
FY23 results	17 meetings (Attendance rate: 100%)
Pre-briefing	Explanation of the background of the agenda and the internal review process will be provided to the Corporate Auditors and the Outside Directors

2. Nomination and Compensation Committee

Chair	Outside Director Hidenori Fujioka
Composition	1 Internal Director, 3 Outside Directors
Overview	As an advisory body to the Board of Directors, the committee deliberates and reports on the selection and dismissal of Director and Outside Officer, as well as compensation and succession plans for the Company and its group companies from an objective and fair perspective
Example of the agenda	Succession Plan, Compensation for Directors (bonuses, compensation revisions, etc.)
FY23 results	8 meetings (Attendance rate: 96.9%)

(3) Overview of Corporate Governance Initiatives

3. The Risk and Compliance Committee

Chair	Representative Director, President and CEO Takayuki Funahashi
Composition	All Directors, all Auditors, and the Internal Audit Office
Overview	To promote risk management and compliance, the committee is chaired by the Representative Director and is implemented by all Directors, all Corporate Auditors, and persons appointed by the chairman.
Example of the agenda	Disaster-related measures, BCP of internal systems, cybersecurity measures, etc.
FY23 results	4 meetings (Attendance rate: 100%)

4. Opinion exchange meetings with the next-generation management

Purpose	To understand and strengthen involvement in the business of Outside Directors
Composition	3 Outside Directors Speakers: Directors who are responsible for each division, Executive Officers (including those from group companies), and General Managers
Overview	Once a month 2 people per session (60 minutes x 2 people) Each person in charge presents his/her division, the current situation of the Company, future issues, and the status of initiatives

(4) Evaluation of the Effectiveness of the Board of Directors

Methods of analysis and evaluation

Eligibility	11 in total : Directors (including Outside Directors) and Corporate Auditors (including Outside Auditors)
Period	From mid-November to early December every year
Method	Distribution and collect replies from target persons through "Leaf" (HR support system / LMS)
How to answer	5-point evaluation + Free comments
Evaluation items	<ul style="list-style-type: none"> ① Ensuring Shareholder Rights and Equity ② Appropriate Collaboration with Stakeholders other than Shareholders ③ Appropriate Disclosures and Ensuring Transparency ④ Responsibilities of Board of Directors, etc. ⑤ Dialogue with Shareholders ⑥ Management of Board of Directors ⑦ Size (number of members) and composition of the Board of Directors ⑧ Structure to support the Board of Directors ⑨ Communications between Directors (Directors and Corporate Auditors)

Summary of Evaluation Results (Results in 2024)

Items with high evaluation	<ul style="list-style-type: none"> • Roles and Responsibilities of Board of Directors, etc. • System Development and Initiatives to Promote Dialogue with Institutional Investors • Timely and accurate disclosure of high-value-added information for users, such as non-financial information (monthly KPI, etc.) as well as financial statements
Issues to be addressed	<ul style="list-style-type: none"> • Full discussion of key topics in the Board of Directors (management strategy, governance system, risks, etc.) • Composition of knowledge/experience/skills of Board of Directors personnel

(5) Succession Plan

Overview

- Conduct multifaceted discussions on the next generation of management without preconceived notions
- Development of management personnel through aggressive spin-off
- Implementation of training that contributes to management decisions based on the keyword “everyone is the president”

Major items to be deliberated by Nomination and Compensation Committee and details of its activities (FY23)

Deliberations on the Election and Dismissal of Directors	Appointed 9 new members for Directors and Executive Officers for Insource and its group companies
Deliberation on clarification of Executive Officer requirements	Clarified Executive Officer roles and discussed and improved the compensation table
Deliberation on the management of opinion exchange meetings with Outside Directors	Discussion on how to make the opinion exchange meetings between outside directors and business division managers, which have been held since FY22, more effective from FY24 onwards

(6) Compensation of Directors

Basic Policy

- As an incentive to continuously improve corporate value, a compensation system linked to company performance will be established so that it functions adequately
- To ensure an appropriate level of compensation based on the roles and responsibilities of each Director

Major Matters Deliberated by Nomination and Compensation Committee and Activities Related to Executive Compensation (FY23)

Review of the process for evaluating Executives and determining bonus amounts for the first and second half of the fiscal year	Confirm that transparency and fairness are ensured in the process of determining the final evaluation and payment amount for bonuses, which are performance-based rewards, based on each Executive's self-evaluation, supervisor's evaluation, and final evaluation
Deliberation on improving the Executive evaluation process	Discuss and improve evaluation rankings in Executive evaluations and methods for evaluating activities aimed at improving performance over the medium to long term.

(7) Identification of Issues and Future Prospects

(“Interview with Outside Directors” from *Integrated Report 2024*)

Recognizing Issues

■ Acceleration of “delegation of authority” is a key word

- The Board of Directors is highly effective. Revitalizing internal discussions is required
- Continuing discussions from diverse perspectives leads to improved business performance
- Insource has people who are capable. We ask them to exercise ownership without hesitation
- Based on the organization's life cycle, it is necessary to reform the mindset so that those closer to the top will not hesitate to assert themselves over the next five years.

Looking to the Future

■ Optimal organizational structure, verbalization and transmission

- Simple organizational improvement. The large number of concurrent posts will make things complicated
- Authority and responsibility should be a set. Organizational improvement should be sophisticated
- To improve personnel systems is urgently needed, with involvement of the Nomination and Compensation Committee

2. What we always keep in mind as Outside Directors



2. What we always keep in mind as Outside Directors (Mr. Fujioka)

Important Roles as an Outside Director

① Management oversight

→Objective assessment and supervision of management's business operations and leadership

② Monitoring of conflicts of interest

→Monitoring from a standpoint that is independent from business execution

What I particularly keep in mind as an Outside Director

Fostering next-generation Executives to increase corporate value

① Opinion exchange meetings with Executives

→An opportunity to learn through the operational overview of the department in charge

② Preliminary briefing for the Board of Directors

→An opportunity to learn about the decision-making process through deliberation on a matter

2. What we always keep in mind as Outside Directors (Ms. Niwamoto)

Important Roles as an Outside Director

- ① Strengthening governance
→Management's decision-making process and monitoring of business execution
- ② Strengthening Management
→Contributing to healthy Insource management

What I particularly keep in mind as an Outside Director

Preliminary briefing for the Board of Directors and the Nominating and Compensation Committee

- ① Participate in discussions from the perspective of objectivity and diversity
- ② Based on academic knowledge of business administration, particularly organizational theory and human resource management theory, more discussion is held on employee training and appropriate placement.

2. What we always keep in mind as Outside Directors (Mr. Habara)

Important Roles as an Outside Director

- ① Contributing to sustainable enhancement of corporate value
 - Advice on management policies and growth strategies for business expansion

- ② Management oversight
 - Seek correction as necessary from an objective and neutral standpoint
 - Promote sound management

What I particularly keep in mind as an Outside Director

- ① Constructive dialogue
 - Participate in discussions by leveraging management experience in GENDA and expertise and experience as a certified public accountant
 - Promote active discussions and strive to lead the Company in a better direction

3. Questions and Answers ① Questions we received in advance



① Questions we received in advance

1. What is your perception of your own roles as an Outside Director?
Also, how do you think you can contribute to Insource?
2. Please tell us about each Outside Director's involvement, time commitment, and job responsibilities.
3. There are concerns that the Board of Directors has become a mere formality. Please tell us, as best you can, what kind of discussions are taking place at the Board of Directors meetings, and whether there have been any disagreements or heated debates.
4. Compared to other companies you involve, what do you see the strengths, weaknesses (issues) and features of Insource?

① Questions we received in advance

5. Please tell us about the discussions regarding the qualities of the CEO's successor and the organizational structure.
6. When discussions are conducted solely by Outside Directors, what are the main agendas for discussion?
7. The current president is a founder and has strong leadership. Can you say what you want to say to him?
8. Do you think that Outside Directors can dismiss the CEO in the event of a scandal or poor performance?

① Questions we received in advance

9. Compared to other companies, Insource undergoes frequent organizational changes. What are your thoughts on this?
10. What kind of discussions and suggestions do Outside Directors have on capital-policy?
11. I think Insource has a high cash generation capacity and is a promising acquisition target from the perspective of other companies, but please tell us how each of the Outside Directors views the company's value. Also, what discussions have you had regarding corporate value, and is there a consensus among the Outside Directors?

3. Q&A ② Questions via chat or verbally



Thank you for joining us today.

Insource Co., Ltd. <6200>

Dialogue between Outside Directors and Institutional Investors