

## 23rd Ordinary General Meeting of Shareholders Q&A

Date and time: Thursday, December 18, 2025 13:00-14:30  
Speaker: Takayuki Funahashi, Representative Director, President and CEO;  
Kumiko Kawabata, Director, Managing Executive Officer;  
Shigeo Fujimoto Director, Executive Officer;  
Yoshiko Niwamoto, Kohei Habara and Takashi Yuri, Outside Directors;  
Toshihiro Oritate, Outside Auditor

These are the main questions and answers at the General Meeting of Shareholders. The content has been partially added and revised to make it easier for readers to understand.

Responses were provided by Funahashi, Representative Director, President and CEO;

Kumiko Kawabata, Director, Managing Executive Officer;

Fujimoto, Director, Executive Officer and CFO;

Yoshiko Niwamoto, Kohei Habara and Takashi Yuri, Outside Directors;

Toshihiro Oritate, Outside Auditor.

Question 1: Could each of the seven candidates for Director, please share a brief statement of your aspirations?

Answer 1: (Funahashi) I am the founder of Insource. I have served as the representative for 23 years. If elected, I intend to devote myself fully to advancing the business.

(Kawabata) I have also been involved in Insource's business for 23 years since its founding. Thanks to everyone's efforts, the number of our employees has grown to nearly 800, and each year, I make every effort with the belief that this is a decisive year. As the number of employees increases, the energy conveyed to everyone tends to become weaker, so I aim to be more energetic each year in expanding our performance and fulfilling our business.

(Fujimoto) I am currently serving as CFO. If elected, my commitment is to uphold financial discipline in line with capital market standards, drive our growth strategy, and pursue the maximization of corporate value and the enhancement of shareholder value.

(Kanai) I have been in charge of DX services since FY24. Prior to that, I served as the General Manager of Sales Division. Based on my sales experience, I aim to promote DX and support Japan's DX initiatives.

(Niwamoto) As Outside Director, if elected, I will strive to contribute to ensuring the objective and transparency of the Board and fostering discussions from diverse perspectives.

(Habara) I have been serving as Outside Director since FY24. My background is as a certified public accountant, and I also serve as CSO at GENDA Inc., a company listed on the Growth Market. I intend to leverage my insights from these roles to strive for enhancing corporate value.

(Yuri) I have consistently been involved in the business and management of the IT services sector. As Insource plans to expand its business using IT, digital, and AI, I hope to contribute in these areas.

Question 2: Among sustainability issues, human rights are particularly important. Would the Company consider addressing the abduction issue?

Answer 2: (Funahashi) We recognize the abduction issue as a serious and significant human rights concern. Taking profitability into account as well, we would like to consider how we may address this issue going forward.

Question 3: I would like the Company to continue holding the General Meeting of Shareholders in the afternoon. In addition, could you accept questions in advance from online participants? Also, would it be

possible to disclose the Q&A texts from earnings briefings in a timelier manner, and to publish briefing videos on an IR channel rather than limiting access?

Answer 3: (Funahashi) We appreciate these suggestions regarding the meeting time, pre-submitted questions, Q&A texts details from the financial results briefing, and the briefing videos. We will consider them going forward.

Question 4: What is your view on the Company's current share price?

Respond 4: (Funahashi)

**【The current share price is very disappointing】**

The current stock price is about 17 times PER, which I find very disappointing compared to our growth potential. My background was finance, so I have some knowledge of the market. Currently, funds are flowing into stocks with PBR below 1, AI infrastructure, and U.S. GAFA, making the stock price challenging for domestic service sectors like ours.

**【Overseas investors are concerned that our educational needs might be eliminated by AI – The answer is No】**

Additionally, overseas institutional investors are concerned that the need for our educational services might be eliminated by AI. In my view, our education differs from school education as it does not provide knowledge but focuses on “how to change human behavior,” or “behavioral changes.” Therefore, the need for our education will not disappear. To appeal this point to overseas investors, we clarified it in the FY24 full-year financial results presentation materials on pages 19-20 and explained so in IR meetings.

<https://www.insource.co.jp/resource/pdf/ir/25110408.pdf>

**【Insource is engaged in service development and operates as a digital company】**

Since its founding, our company has been a “digital company” that digitized career development education. As a result, we have maintained high profit margins. We are also a company that develops service content, and we have continuously created services that match the times. Currently, we are leveraging the writing skills developed through content creation to launch new applications and educational content related to generative AI.

**【The ratio of overseas investors is rising】**

We are persistently explaining this situation to overseas institutional investors. As a result, the ratio of overseas shareholders is improving. We have also received feedback from institutional investors who support us that “stock prices are a random walk.”

**【We will invest in AI talent and seize business opportunities in AI-related educational services】**

Our company intends to persistently improve performance. Additionally, in FY25, we plan to actively invest, hire AI talent, and aim for significant growth in FY26 and FY27.

Next, I will explain the impact of generative AI on our performance. We expect positive impacts on On-Site Training and Open Seminars. In FY24, DX-related training, which include learning how to use AI, and OA training performed well. These have high profit margins, so new tools present business opportunities for us.

<https://www.insource.co.jp/new-service-lineup/ai-ojt-plaform.html>

(available in Japanese)

**【Review the development and sales strategy of e-Learning content】**

On the other hand, sales of simple knowledge-providing content in e-Learning (video sales) have declined, indicating an impact from generative AI. In response, we will develop new e-Learning content and review our sales strategy to recover.

**【Expand AI-related services and drive stock price growth】**

Furthermore, we will release new IT Services and generative AI-related services in the future. By expanding new AI-based services, we aim to alleviate concerns of domestic and international shareholders and investors and increase the stock price.

**【Continue high dividends and encourage long-term holding】**

Finally, regarding dividends, we have set a DOE (Dividend on Equity) of 18%, so we hope for long-term holding with high dividends.

Question 5: We would like to see further enhancement of the FAQ on the website. While quantitative information is well disclosed, could you also include qualitative information such as the President's growth strategy and latest initiatives?

Answer 5: (Funahashi) We will work to enhance content such as our future growth strategies and latest initiatives, as well as FAQ pages, going forward.

Question 6: Could you please elaborate on the specific overseas work experience of Ms. Niwamoto and Mr. Oritate?

Respond 6: (Oritate) In the Indonesian equity market, Japan Securities Finance Co., Ltd. invested in and established a securities finance company. I contributed to improving market liquidity and fostering individual investors.

(Niwamoto) I have experience in human resource management at a comprehensive electronics company in Japan. My work primarily involved local talent management in Southeast Asia. In addition, I have served extensively as an organizer and chairman of international academic conferences.

Question 7: Would you consider raising the Company flag and the national flag? Additionally, depending on the AI used, is there a risk of information leakage outside the Company? How is security managed?

Answer 7: (Funahashi) We will consider the suggestion regarding raising the Company and national flags.

**【Ensure information security. Employees always verify AI output results】**

AI output often cites information from the Internet, which can be insufficient and inaccurate. When using AI, we ensure settings that prevent internal information from leaking externally. Additionally, when creating content or analyzing consulting materials, please be assured that our employees perform final checks on AI-analyzed and output results.

Furthermore, we use various AIs and have introduced functions that allow AIs to evaluate case study content for more accurate and complex outputs.

Question 8: Next year will mark the 10th anniversary of the Company's listing, and the following year will be the 25th anniversary of its founding. Could you share your aspirations for the future?

Answer 8: (Funahashi) To date, we have grown our business primarily through educational services.

**【Strengthen consulting services in the era of generative AI】**

To further improve performance, we aim not only to focus on education but also to expand our consulting services. We understand that generative AI can replace various tasks and increase individual productivity, but improving individual skills alone cannot address major organizational transformations. Insource aims to assist in the reallocation of resources within organizations by providing consulting services in the AI era. In other words, we aim for Insource to become a functional part of social transformation.

**【Aggressive investment and challenge - starting with the utilization of internal resources】**

For this reason, we plan to continue aggressive investment and challenges over the next 10 years to drive transformation. We are considering M&A, but since our recruitment is going well and our workforce is growing, we will first utilize internal resources to challenge for significant growth.

**【Challenge to solve social issues - support for essential workers and families with socially withdrawn children】**

Additionally, we aim to deepen educational themes. For example, we assist in addressing social issues such as the shortage of essential workers and the decline of skilled workers.

Furthermore, we are considering support for families with socially withdrawn children. As such, there are various social issues, but we aim to solve as many as we can. While focusing on performance, we will quickly respond to societal changes and address social issues in leverageable areas with innovative methods.

Question 9: What do you consider to be an appropriate share price?

Answer 9: (Fujimoto) From the perspective of fair disclosure, we must refrain from providing specific figures. Any information that could constitute insider information is disclosed promptly in accordance with regulations.

Question 10: Why is the Company entering the AI development field currently? Given the rapid evolution of AI, is there a risk that developed products may quickly become obsolete?

Answer 10: (Funahashi)

**【Develop AI applications leveraging strengths in content development】**

If we don't develop now, we will remain users forever, but currently, we are leveraging our strengths in content development to create services and enter the market. Especially regarding "AI-OJT," it combines various AIs and incorporates our company's case study creation know-how, so we consider the entry barriers to be high in the short term. Currently, over 140 content developers at our company create case studies daily, and this know-how is also utilized in system design.

<https://www.insource.co.jp/new-service-lineup/ai-ojt-plaform.html>

(currently available in Japanese)

**【Develop educational content with AI service development know-how - teaching how to mine rather than mining】**

Additionally, the Proposal Preparation Support Agent is envisioned to provide educational know-how for developing by combining prompts, rather than offering services. In other words, Insource aims to teach how to mine gold rather than going to mine it.

**【Provide consulting and education for AI utilization platform】**

Previously, system development required developing user interfaces, databases, and outputs, but generative AI already has user interfaces, and vector databases are sufficient, so only output development is needed.

However, many organizations either do not have complete data or are unaware that diverse data can be utilized. Therefore, Insource aims to provide educational support and consulting on how to create AI utilization platform databases.

<https://www.insource.co.jp/new-service-lineup/ai-platform-support.html>

(currently available in Japanese)

**【Aim for business development that does not lose to the evolution of generative AI】**

In SaaS and simple business areas, there is a possibility of replacement by generative AI, but Insource aims for business development that does not lose to generative AI.

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