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To Whom It May Concern,

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Notice: Regarding Disposal of Treasury Stock for Restricted Stock Compensation

Insource Co., Ltd. (the “Company”) hereby announces that at a meeting of its Board of Directors held today, it resolved to dispose of its treasury stock (hereinafter the “Disposal of Treasury Stock” or the “Disposal”) for the restricted stock compensation.

1. Overview of the Disposal

(1)	Disposal date	February 1, 2024
(2)	Class and number of stock to be disposed of	Common stock of the Company: 2,000 shares
(3)	Disposal Amount	872 yen per share
(4)	Total Disposal Amount	1,744,000 yen
(5)	Allottees and Number thereof, Number of Stocks to be Disposed of	5 Directors (excluding External Directors) : 500 shares 6 Executive Officers (excluding concurrent posts as a director) : 600 shares 9 Directors of its Subsidiaries: 900 shares

2. Purposes and Reasons for Disposal

The Company decided, at the Board of Directors meeting held on November 25, 2021, to provide a restricted stock compensation plan (hereinafter the “plan”) for its directors (excluding external directors. Hereinafter the “eligible directors”) to provide them with incentives to continuously improve the value of the Company and to further promote shared value with shareholders.

And at the General Meeting of Shareholders held on December 17, 2021, it was approved that the annual amount of remuneration for directors shall be 200 million yen or less (including 20 million yen or less for external directors), the total amount of compensation to be paid to the eligible directors shall be within 40 million yen per year within the range of the revised amount of remuneration and that the restricted period on stock transfer shall be 3 years dated from the receipt of the allotted share.

The following presents the outline of the plan.

【Outline of the Plan】

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

The total number of shares of the Company's common stock to be issued or disposed of under the plan shall be within 17,500 shares per year (On January 1, 2023, the Company conducted a 2-for-1 stock split of its common stock, and currently the Company may issue up to 35,000 shares of common stock annually). The price to be paid in for restricted stock to be issued or disposed of under the compensation plan shall be determined by the Board of Directors of the Company based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the day of the resolution of the Board of Directors of the Company (or the closing price of the most recent business day if no trading on the day above), to the extent that the amount is not particularly advantageous to the eligible directors.

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

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

Following the resolution of the General Meeting of Shareholders to approve the plan for eligible directors, the Company has decided to introduce the same restricted stock compensation plan for the Company's executive officers and directors of the Company's subsidiaries. (hereinafter the "plan"). And the company's directors, executive officers, and directors and executive officers of subsidiaries are referred to as "eligible directors etc."

Under the resolution of the Board of Directors meeting held today, the Company has decided to provide the total sum of the monetary compensation claims of 959,200 yen for 5 directors (excluding external directors) and 6 executive officers, and 784,800 yen for 4 directors and 5 executive officers of its subsidiaries. (hereinafter the "Total Monetary Compensation Claims"). The eligible directors, etc. will receive 2,000 shares of the Company's common stock as all the monetary compensation claims by contribution in kind under the compensation plan. The amount of the monetary compensation claim is determined by the Board of Directors of the Company and consultation with directors of subsidiaries, after upon the receipt of the report by the Nomination and Compensation Committee response to the consultation, considering various factors such as the business performance of the Company and the responsibilities of each eligible director, etc. and others. In addition, the monetary compensation claims will be paid according to the terms of the below allotment agreement concluded between the eligible directors, etc., and the Company.

3. Overview of the Allotment Agreement

- (1) Transfer restriction period: From February 1, 2024 to January 31, 2027

During the above period of transfer restriction (hereinafter the "restriction period"), the eligible directors, etc. shall not be able to assign, pledge, grant a security interest in, give a living will to, bequeath, or otherwise dispose of any allotted shares (hereinafter the "allotted shares"), to any third party. (Hereinafter the "Transfer Restriction")

- (2) Conditions for removing transfer restriction

The Company will remove the restriction on transfer of the allotted shares upon expiration of the restriction period, provided that the eligible directors, etc. have continuously served as any of the positions of director, executive officer of the Company, and director and executive officer of the subsidiaries during the restriction period.

However, if the eligible directors, etc. retire from the above-mentioned position before the expiration of the restriction period with the justifiable reason that is deemed by the Board of Directors of the Company, the number of the allotted shares and the time to remove the transfer restriction shall be reasonably adjusted as necessary.
 - (3) Acquisition of restricted stock without consideration

In the event that the eligible directors, etc. resign from his or her position as director, executive officer of the Company, and director and executive officers of the subsidiaries before the expiration of the restriction period except there is a justifiable reason that is deemed by the Board of Directors of the Company, the Company shall acquire all or part of the allotted shares without consideration.

In addition, the Company will naturally acquire without consideration such the allotted shares of which the transfer restrictions have not been removed regardless of the expiration of the period of (1), with conditions stipulated in the overview of the allotment agreement (2).
 - (4) Treatment in the event of organizational restructuring, etc.

If a matter concerning the organizational restructuring, etc. of the Company, such as a merger agreement whereby the Company will be the non-surviving party to the merger, or a share exchange agreement or share transfer plan whereby the Company will become a wholly-owned subsidiary of another entity, is approved at the Company's General Meeting of Shareholders (or by the Company's Board of Directors if such organizational restructuring, etc. does not require approval at a Company's General Meeting of Shareholders) during the transfer restriction period, the Company will remove the transfer restriction on the allotted shares on a date prior to the effective date of such organizational restructuring, etc. In the case stipulated above, the Company will naturally acquire the allotted shares without consideration at the time immediately after the transfer restriction is removed, where the transfer restriction has not yet been removed.
 - (5) Management of the allotted shares

To prevent the allotted shares from being transferred, collateralized, or otherwise being disposed of during the transfer restriction period, the allotted shares shall be managed by a specified securities firm during the transfer restriction period in a dedicated account opened by each eligible director, etc. at Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
4. Basis for Calculating the Amount to be Paid and its Specific Details

To avoid arbitrary pricing, the disposal price for the disposal of treasury stock shall be set at 872 yen, which is the closing price of a share of the Company's common stock in the Tokyo Stock Exchange on January 11, 2024 (the business day immediately preceding the day of the resolution of the Board of Directors of the Company). This is the market share price immediately prior to the date of the resolution, and the Company believes that it is a reasonable and not particularly advantageous price.

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