

# Insource Co., Ltd.

## 1Q FY24

### Consolidated Financial Results

Monday, January 27, 2025



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1Q FY24 Consolidated Financial Results

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FY24 Financial Consolidated Forecast

## ■ 1Q FY24 (Oct-Dec. 2024) Results

Net Sales	3,510 million yen (+ 22.3 % YoY)
Gross profit	2,720 million yen (+ 22.3 % YoY)
Gross profit margin	77.5 % (- 0.0 pt YoY)
Operating profit	1,459 million yen (+ 37.5% YoY)
Operating profit margin	41.6 % (+ 4.6 pt YoY)

- For the half-year plan, there is a progress of 50.9% in net sales, 50.5% in gross profit, and 56.3% in operating profit. For the full-year plan, there is a progress of 24.2% in net sales, 24.0% in gross profit, and 26.4% in operating profit.

## ■ 1Q FY24 (Oct.- Dec. 2024) Results by business

- On-Site Training: Net sales: 1,831 million yen, +16.5% YoY, progress: 26.8%  
By training genre, there was an increase in training for managers and mid-level employees.  
By industry, “Government /Public administrations”, “Construction/Real estate” and “Finance” showed strong performance.
- Open Seminar: Net sales: 862 million yen, +23.9% YoY, progress: 24.0%  
There has been an increase in trainings for managers and mid-level employees, and thinking skills trainings.
- IT Services : Net sales: 400million yen, +40.0% YoY, progress: 19.6%  
The number of Leaf paid subscribers increased to 778 and active users exceeded 4.34 million.
- Other Businesses : Net Sales: 415 million yen, +31.2% YoY, progress: 20.5%  
Video sales and video production solutions grew.

※ 'Progress' here refers to the full-year progress rate.

## Chap. 01

# 1Q FY24 Consolidated Financial Results

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# Consolidated Profit & Loss Statement 1 - Overview



Unit: million yen

	1Q FY23 (Actual)	1Q FY24 (Actual)	YoY		1H FY24 (Forecast)	1H Progress	FY24 (Forecast)	Full-year Progress	Comments
Net sales	2,870	3,510	+639	+22.3%	6,890	50.9%	14,500	24.2%	<ul style="list-style-type: none"> <li>■ Net sales</li> <li>• Sales increased 22.3% YoY in all businesses.</li> </ul>
Gross profit	2,224	2,720	+495	+22.3%	5,390	50.5%	11,350	24.0%	
Gross profit margin	77.5%	77.5%	-	-0.0pt	78.2%	-	78.3%	-	<ul style="list-style-type: none"> <li>■ Gross profit</li> <li>• Gross profit increased 22.3% YoY due to increase in sales.</li> </ul>
SG&A expenses	1,163	1,260	+97	+8.4%	2,800	45.0%	5,830	21.6%	
SG&A ratio	40.5%	35.9%	-	-4.6pt	40.6%	-	40.2%	-	<ul style="list-style-type: none"> <li>■ SG&amp;A expenses</li> <li>• Personnel expenses increased 10.9% YoY due to the recovery of recruitment in 2H FY23.</li> </ul>
Total personnel expenses *1	929	1,030	+100	+10.9%	-	-	4,540	22.7%	
Office-related expenses*2	35	38	+2	+7.3%	-	-	140	27.2%	
Office & communication expenses	54	53	-0	-1.5%	-	-	350	15.2%	
Other expenses	144	139	-5	-3.5%	-	-	800	17.4%	<ul style="list-style-type: none"> <li>■ Operating profit margin</li> <li>• Operating profit and Margin increased due to a decline in SG&amp;A ratio.</li> </ul>
EBITDA	1,086	1,486	+399	+36.8%	-	-	5,646	26.3%	
EBITDA margin	37.9%	42.4%	-	+4.5pt	-	-	38.9%	-	
Operating profit	1,061	1,459	+397	+37.5%	2,590	56.3%	5,520	26.4%	
Operating profit margin	37.0%	41.6%	-	+4.6pt	37.6%	-	38.1%	-	
Ordinary profit	1,061	1,461	+399	+37.6%	2,590	56.4%	5,520	26.5%	
Net profit	726	933	+206	+28.5%	1,760	53.0%	3,750	24.9%	

\*1 "Personnel expenses", "Wages, recruitment, training, and benefit expenses", "Outsourcing Expenses", and "Restricted Transfer of Shares (Restricted Stock)" are collectively referred to as "Total personnel expenses".

RS for 1Q FY24 was 8 million yen (-73.5% YoY).

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

# Consolidated Profit & Loss Statement 2

## - Net Sales and Gross Profit By Business



Unit: million yen

		1Q FY23 (Actual)	1Q FY24 (Actual)	YoY		FY24 (Forecast)	Progress	Comments
On-Site Training	Net sales	1,571	1,831	+260	+16.5%	6,830	26.8%	<ul style="list-style-type: none"> <li>■ Net sales</li> <li>• Net sales increased 16.5% YoY. Trainings for managers and mid-level employees increased.</li> <li>■ Margin</li> <li>• Gross profit margin decreased 0.9 pt YoY due to the increase of brief trainings for public sectors and increase of fees for trainers.</li> <li>• The average unit price decreased 2.6% YoY, reflecting the increase of brief trainings for public sectors.</li> </ul>
	Gross Profit	1,262	1,454	+192	+15.2%	5,530	26.3%	
	Gross profit margin	80.3%	79.4%	-	-0.9pt	81.0%	-	
	Number of trainings conducted Unit: times	5,567	6,724	+1,157	+20.8%	-	-	
	Of which, DX-related training	432	582	+150	+34.7%	-	-	
Average unit price Unit: Thousand yen	282.3	272.4	-9.9	-3.5%	-	-		
Open Seminars	Net sales	696	862	+166	+23.9%	3,600	24.0%	<ul style="list-style-type: none"> <li>■ Net sales</li> <li>• Net sales increased 23.9% YoY. Trainings for managers, mid-level employees and thinking skills increased.</li> <li>■ Margin</li> <li>• Gross profit increased 18.8% YoY.</li> <li>• Gross profit margin decreased 3.3pt YoY owing to the decrease of no. of attendees per training.</li> <li>• The no. of attendees for high-priced DX-related training has increased, leading to an increase in the average unit price and gross profit.</li> <li>• Due to prioritizing the no. of trainings conducted, the average number of attendees decreased 17.8% YoY.</li> </ul>
	Gross profit	557	661	+104	+18.8%	2,850	23.2%	
	Gross profit margin	80.0%	76.7%	-	-3.3pt	79.2%	-	
	No. of attendees	32,907	40,277	+7,370	+22.4%	-	-	
	Of which, DX training attendees	4,148	4,690	+542	+13.1%	-	-	
	No. of trainings conducted Unit: times	2,709	4,036	+1,327	+49.0%	-	-	
	No. of attendees per training	12.1	9.9	-2.1	-17.8%	-	-	
Average unit price per training Unit: Thousand yen	21.1	21.4	+0.2	+1.2%	-	-		

\*Gross profit by business has not been audited by Ernst & Young ShinNihon LLC.

# Consolidated Profit & Loss Statement 2

## - Net Sales and Gross Profit By Business



		1Q FY23 (Actual)	1Q FY24 (Actual)	YoY		FY24 (Forecast)	Progress	Unit: million yen Comments
IT Services	Net sales	286	400	+114	+40.0%	2,040	19.6%	<ul style="list-style-type: none"> <li>■ Net sales</li> <li>• Net sales increased 40.0% YoY, with the number of Leaf paid subscribers at 778 organizations and the number of active users at 4.34 million.</li> <li>■ Gross profit</li> <li>• Gross profit increased 46.7% YoY, and gross profit margin improved 3.5pt due to increase in sales.</li> </ul>
Composition ratio 11.4% (FY23: 14.6%)	Gross profit	207	304	+96	+46.7%	1,620	18.8%	
	Gross profit margin	72.5%	76.0%	-	+3.5pt	79.4%	-	
	Leaf recurring (Monthly revenue)	211	300	+89	+42.1%	-	-	
	Leaf customization sales	27	43	+16	+59.3%	-	-	
	Stress check	46	57	+11	+23.5%	-	-	
	Leaf paid subscribers (organization)	662	778	+116	+17.5%	-	-	
Monthly Disclosure	Leaf active users (thou.)	3,060	4,342	+1,282	+41.9%	-	-	
Other Businesses	Net sales	316	415	+98	+31.2%	2,030	20.5%	<ul style="list-style-type: none"> <li>■ Net sales</li> <li>• Net sales increased 31.2% YoY. Video sales and video production solutions grew YoY.</li> <li>• Video sales increased 27.8% YoY as more clients purchased multiple products at once.</li> <li>■ Gross profit</li> <li>• Gross profit increased 51.4% YoY, and gross profit margin increased 9.6pt YoY.</li> </ul>
Composition ratio 11.8% (FY23: 13.7%)	Gross profit	198	299	+101	+51.4%	1,350	22.2%	
	Gross profit margin	62.6%	72.2%	-	+9.6pt	66.5%	-	
	Video sales	96	123	+26	+27.8%	-	-	
	Video Production Solutions	19	40	+20	+103.1%	-	-	
	Rental	8	10	+1	+15.7%	-	-	
	Monthly Subscription (STUDIO)	39	53	+13	+34.3%	-	-	
	Consulting/ Assessment Service	35	51	+16	+46.5%	-	-	
	Online Seminar Support Service	51	49	-1	-3.8%	-	-	
Regional Revitalization Service	13	1	-11	-86.5%	-	-		
	Web Marketing	46	41	-4	-9.7%	-	-	

\*1 Gross profit by business has not been audited by Ernst & Young ShinNihon LLC. \*2 Ministry of Education, Culture, Sports, Science and Technology \*3 Ministry of Health, Labour and Welfare

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# Consolidated Balance Sheets

Cash and deposits, current liabilities, and net assets decreased due to the payment of dividends and corporate taxes.

Unit: million yen

	End of FY23 (Actual)	End of 1Q FY24 (Actual)	YoY		Comments
Current assets	<b>7,405</b>	<b>6,108</b>	-1,297	-17.5%	▪ Cash and deposits decreased due to dividend, taxes, and bonus payments.
Of which, cash and deposits	<b>5,705</b>	<b>4,273</b>	-1,431	-25.1%	
Fixed assets	<b>5,772</b>	<b>5,665</b>	-106	-1.8%	
Total assets	<b>13,177</b>	<b>11,774</b>	-1,403	-10.7%	
Current liability	<b>3,199</b>	<b>2,541</b>	-657	-20.6%	▪ Current liabilities decreased due to taxes and bonus payments.
Of which, Advances received*	<b>948</b>	<b>885</b>	-62	-6.6%	
Fixed liability	<b>43</b>	<b>43</b>	0	0%	
Net assets	<b>9,935</b>	<b>9,189</b>	-745	-7.5%	▪ Net assets decreased due to dividend payment.
Liabilities and net assets	<b>13,177</b>	<b>11,774</b>	-1,403	-10.7%	

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

# KPI for FY24

■ The number of contents and contracted trainers increased steadily. The challenge is to acquire new contracts for WEBinsource.

	1Q FY23 (Actual)	FY23 (Actual)	1Q FY24 (Actual)	FY24 (Progress rate)	FY24 (Target)	
Monthly Disclosure	No. of new contents for On-Site Training (cumulative)	91 (4,247)	366 (4,522)	90 (4,612)	25.0%	360 (4,882)
	No. of new contents for Open Seminars (cumulative)	267 (4,204)	464 (4,401)	86 (4,487)	21.5%	400 (4,801)
	No. of new contents for video/e-Learning (cumulative)	59 (813)	257 (1,011)	72 (1,083)	28.8%	250 (1,261)
	No. of inquiries *1,2	1,409	6,052	1,479	24.7% (105.0%YoY)	6,000
	No. of new contracts of WEBinsource *4 (Cumulative no. of organizations)	620 (22,264)	2,790 (24,434)	583 (25,017)	24.3% (94.0%YoY)	2,400 (26,834)
	Number of newly contracted trainers *4 Unit: People (No. of contracted trainers)	18 (395)	53 (430)	15 (445)	37.5% (Incremental progress rate)	40 (470)
	Of which, No. of DX trainers *4 Unit: People (No. of contracted trainers)	11 (95)	29 (112)	7 (119)	28.0% (Incremental progress rate)	25 (137)

※1 Calculation method has been changed from 1Q FY23 financial results ※2 Each inquiry resulted in an increase in sales of 329 thousand yen (actual results for FY23)

※3 Each WEBinsource acquisition had the effect of increasing sales by 147 thousand yen in the Open Seminars Business (actual results for FY23)

※4 Number of trainers and DX trainers are as of the end of each quarter of the fiscal year.

# Major News from October, 2024 (As of January 27, 2025)

■ Implemented several large-scale DX HR development projects. Expanded development of content to management.

	News	Business Fields
Oct.2024	Adopted for the Ministry of Land, Infrastructure, Transport and Tourism's 2024 "Feasibility Study for the Promotion of Migration" - Received recognition for efforts to revitalize the local community in collaboration with "Civic Innovation Hub Sunaba" in Shiojiri City, Nagano Prefecture.	Other Businesses / Public sectors
	Developed three new trainings related to "career design" and five new trainings related to "improving OA skills" for government organizations - The content is in line with administrative practice, and can be used to improve operations, retain officials, and prevent job turnover	On-Site Training / Public sectors / DX Support
	Released "Fraud Risk Assessment & Workshop" to prevent misconduct	Other Businesses
Nov. 2024	Announced that new Seminar Classrooms would be opened in Yurakucho and Shinjuku, Tokyo - Open in February 2025 to strengthen attendee acquisition for face-to-face training	Open Seminars
	Developed five training contents that are suited to the era of "capital cost management" - We support the realization of corporate growth strategies, from understanding important indicators such as ROE and ROIC to formulating financial strategies	On-Site Training
	Worked with MUFG Bank, Ltd. as Partner in DX Human Resource Development Program "BASE Training" - 2,200 managers at headquarters were given skills in planning and promoting DX projects.	On-Site Training / DX Support
Dec. 2024	Selected as a partner for SHIMIZU CORPORATION's "Shimizu Digital Academy DX Core Human Resource Development Program"	On-Site Training/ DX Support
	LMS "Leaf Lightning" received the "Management Reform Contribution Award" at the "18th ASPIC (Japan Cloud Industry Association) Cloud Award 2024"	IT Services / Leaf
	Renewed and started offering the "Learning Management Strategy from Classics" to develop management executives - Responding to the needs of a wide range of people to "reskill in management strategy", this series uses "Corporate Strategy Theory" to provide a systematic learning experience.	Open Seminars
	Released four "DX Promoter Series" trainings - Newly developed for those in charge of promoting DX within their organization and leading the introduction of digital tools	Open Seminars/ DX Support
Jan. 2025	Opened the renewed "Harassment Prevention Training" website - A "skills analysis chart" that allows users to see at a glance which training is suited to their needs, as well as harassment assessments and other information, are all displayed in a list format.	On-Site Training/ Other Businesses
	Selected as a contractor for providing officials training services in Hokkaido, Chiba, and Kanagawa Prefectures.	On-Site Training / Public sectors / IT Services

# Performance by Client Segment (Total for all Businesses)

\* From FY24, the definition of Large Enterprise (LE) has been changed to companies with 2,000 or more employees.



		1Q FY23	1Q FY24		
		Actual	Actual	YoY Value	YoY ratio
<p><span style="color: red;">■</span> Compared to a 22.3% increase in sales YoY, the total number of clients increased by 9.5% (662 organizations). Sales per clients increased</p>					
<b>LE</b> Large Enterprise Businesses (2,000 employees* or more) Sales composition ratio      1Q FY24 26.9% FY23 (full-year) 25.4%	Average sales per client (unit: thousand yen)	888	1,051	+163	+18.4%
	Number of clients	852	898	+46	+5.4%
	Net sales (unit: million yen)	756	944	+187	+24.8%
<b>MM</b> Medium Market Businesses (300 to 1,999 employees) Sales composition ratio      1Q FY24 33.5% FY23 (full-year) 32.1%	Average sales per client (unit: thousand yen)	507	542	+35	+7.0%
	Number of clients	1,912	2,169	+257	+13.4%
	Net sales (unit: million yen)	970	1,177	+207	+21.3%
<b>SMB</b> Small Medium businesses (299 employees or less) Sales composition ratio      1Q FY24 22.5% FY23 (full-year) 23.0%	Average sales per client (unit: thousand yen)	215	237	+21	+10.2%
	Number of clients	3,026	3,325	+299	+9.9%
	Net sales (unit: million yen)	650	788	+137	+21.1%
<b>Public Sectors</b> Sales composition ratio      1Q FY24 17.1% FY23 (full-year) 19.5%	Average sales per client (unit: thousand yen)	424	491	+67	+15.8%
	Number of clients	1,162	1,222	+60	+5.2%
	Net sales (unit: million yen)	492	600	+107	+21.8%
Total number of clients with which transaction is made		6,952	7,614	+662	+9.5%
Total net sales (unit: million yen)		2,870	3,510	+639	+22.3%
Net sales per organization (unit: million yen)		413	461	+48	+11.7%
Number of clients by sales volume (organizations)	10 million yen or more	10	21	+11	+110.0%
	5 million yen or more	32	45	+13	+40.6%
	1 million yen or more	643	747	+104	+16.2%
	100,000 yen or more	3,368	3,326	-42	-1.2%
Sales per sales representative (unit: million yen)		11.6	13.3	+1.6	+14.2%
Operating profit per sales representative (unit: million yen)		4.3	5.5	+1.2	+28.3%
Number of sales representatives at the end of 1Q		253	262	+9	+3.6%

# Performance by Industry

■ “Government/Public administrations” are performing well due to an increase in the number of organizations utilizing On-Site Training and the Leaf. The Strong demand in DX-related training leads to an increase in “Construction/Real estate” and “Finance”.

Manufacturing	Sales composition ratio	20.6%	○
	1Q FY23 ▶ 1Q FY24	YoY	
	605 ▶ 723	+117 (+19.4%)	

Government/ Public administrations	Sales composition ratio	15.3%	◎
	1Q FY23 ▶ 1Q FY24	YoY	
	436 ▶ 536	+100 (+23.0%)	

Telecommunications/ IT services	Sales composition Ratio	12.8%	△
	1Q FY23 ▶ 1Q FY24	YoY	
	413 ▶ 449	+35 (+8.7%)	

Construction/ Real estate	Sales composition ratio	9.8%	◎
	1Q FY23 ▶ 1Q FY24	YoY	
	253 ▶ 345	+91 (+36.2%)	

Services	Sales composition ratio	8.0%	◎
	1Q FY23 ▶ 1Q FY24	YoY	
	217 ▶ 281	+63 (+29.2%)	

Finance	Sales composition ratio	7.4%	◎
	1Q FY23 ▶ 1Q FY24	YoY	
	182 ▶ 258	+76 (+41.8%)	

Educ. Services/ Academic institution	Sales composition ratio	6.8%	○
	1Q FY23 ▶ 1Q FY24	YoY	
	199 ▶ 237	+37 (+18.9%)	

Logistics/Trading	Sales composition ratio	5.0%	○
	1Q FY23 ▶ 1Q FY24	YoY	
	145 ▶ 174	+28 (+19.6%)	

Transportation/ Warehouse	Sales composition ratio	4.7%	◎
	1Q FY23 ▶ 1Q FY24	YoY	
	125 ▶ 165	+39 (+31.7%)	

Health/Medical	Sales composition ratio	4.6%	○
	1Q FY23 ▶ 1Q FY24	YoY	
	147 ▶ 163	+15 (+10.6%)	

Electricity, water and gas	Sales composition ratio	2.6%	◎
	1Q FY23 ▶ 1Q FY24	YoY	
	69 ▶ 90	+21 (+30.5%)	

Others	Sales composition ratio	2.4%	○
	1Q FY23 ▶ 1Q FY24	YoY	
	73 ▶ 85	+11 (+15.5%)	

Evaluation is based on YoY comparison: +20% or more: ◎, +10% or more: ○, +0% or more: △, Minus (-): ×

■ Strengthening our content development for the prevention of harassment and DX promoters.

Rank	FY23		1Q FY24	
	Category	Count	Category	Count
1	Digital Skills	115	For Managers	19
2	Business Skills	72	Digital Skills	18
3	For Managers	59	Business Skills	17
4	For New & Young Employees	18	For New & Young Employees	8
5	For Mid-level Employees	17	For Mid-level Employees	6

Currently developing harassment prevention trainings

As awareness of the harassment prevention has increased recently, we have been renewing and expanding our services particularly related to the prevention of sexual harassment.

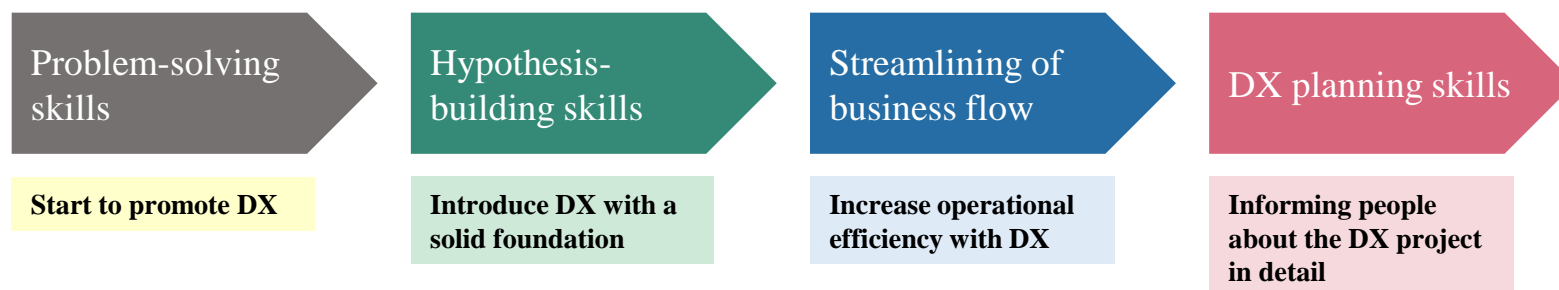
“Harassment Prevention Training - New Common Sense on Sexual Harassment and Power Harassment”

- newly released in January, 2025

- (1) Case Study - Is this harassment?
- (2) Mindset for preventing harassment
- (3) What to do if harassment occurs
- (4) Why does harassment occur?
- (5) Examples of how to respond to different cases
- (6) How to act from tomorrow onwards to prevent sexual harassment and power harassment

■ Developed the DX Promoter Training Series.

- A series aimed at mastering 4 essential skills required for individuals capable of driving organizational transformation, grounded in foundational knowledge and mindset for the digital Age.



# Strengthening product development and sales promotion to update people's "sensitivity" to harassment

## ■ Harassment Prevention Training - More than 20 themes are available, tailored to audience, industry, and topic.

We offer solutions from all perspectives, from video rental plans that can be used from 990 yen per user to systematic approaches that combine assessment and training.

### ■ Program Examples

- Harassment prevention training - the new common sense of sexual harassment and power harassment
- Training in how modern managers should speak to others
- Harassment prevention training for executives
- Harassment prevention training in the age of diversity
- Alcohol-related harassment prevention seminars
- Customer abuse prevention training tailored to specific industries (government, medical, finance, retail, apartment management, public transportation, etc.)

**Harassment Prevention Training**  
No. of annual attendees: 56,235

Harassment types commonly seen at workplaces are related to such matters as:  
Sexual, power relationship, care, paternity, maternity, SOGI, customer, second-sexual, moral, alcohol, work remotely from home, and reverse power relationship (from junior to senior employees)

Employees, customers, shareholders, local communities  
- A necessary training for the modern age where everyone has concerns.

Compared to the recognition rate of harassment, the awareness of being a harasser is less than 1/10

オーダーメイド研修 1名さまから参加できる  
講師派遣 公開講座  
INSOURCE CUSTOM MADE SEMINAR INSOURCE OPEN SEMINAR

動画百貨店 DOUGA HYAKKATEN

## ■ Harassment Risk Assessment - We quantify the harassment risks and factors/backgrounds that organizations possess.

This service makes it possible to create a sense of crisis within an organization and to plan measures tailored to the organization's actual situation by showing potential risks in numerical form.

### ■ Main listed items

- Level of harassment knowledge within the organization
- Tendencies of harassment that are likely to occur within the organization
- Risk factors within the organization
- Rate of awareness of being a harasser within the organization (No. of people aware of being a harasser ÷ No. of people who are aware of being a victim of harassment)
- Rate of awareness of harassment behavior within the organization

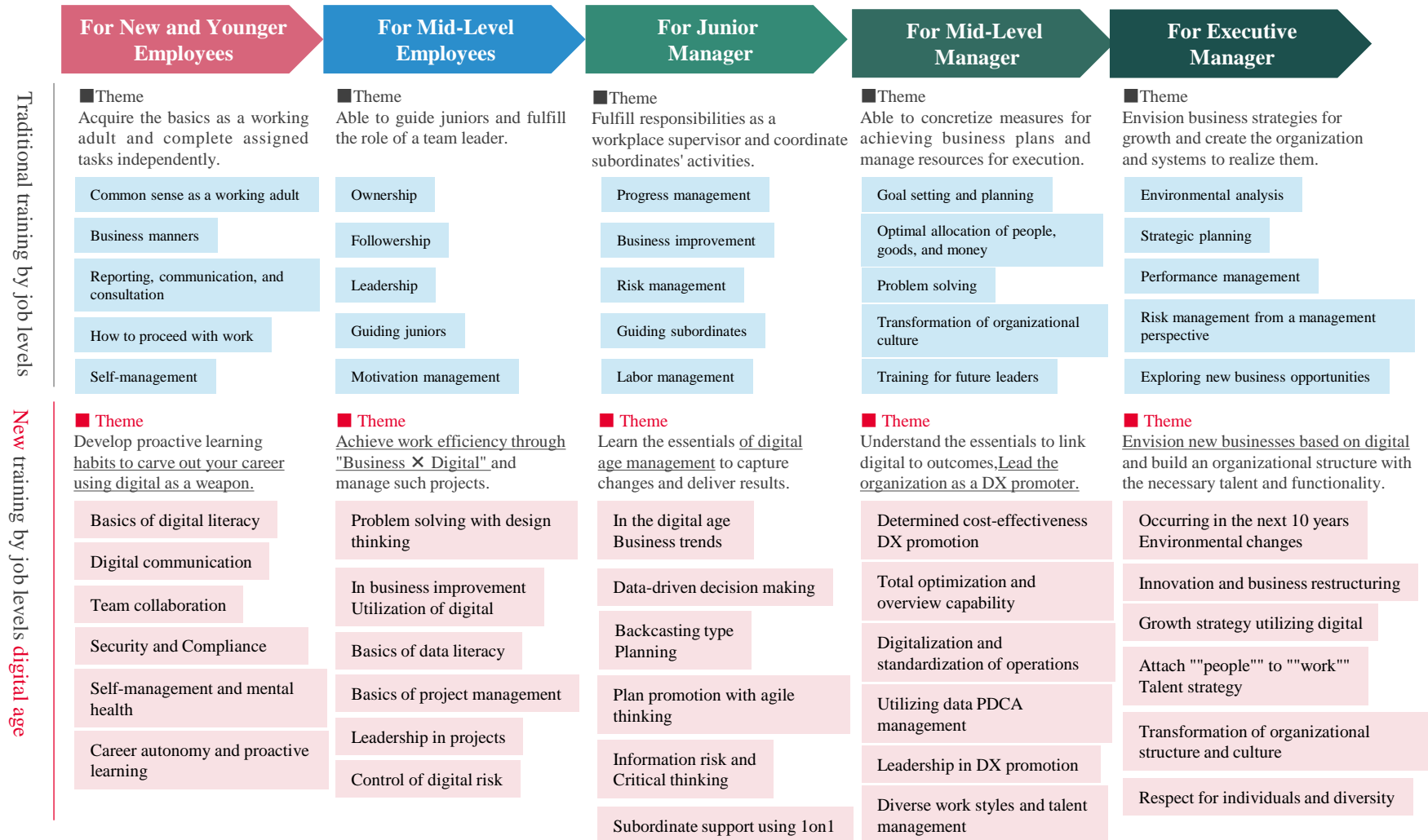
### ■ Harassment Risk Assessment (Example/ Excerpt)

Recognition rate of harassment behavior	<b>23.67%</b>
Rate of self-awareness of harassment (Awareness of being a harasser/ Awareness of being a victim of harassment)	<b>11.86%</b>

The higher the recognition rate of harassment behaviors, the greater the likelihood that harassment occurs routinely within the organization. Similarly, the lower the self-awareness rate of perpetrators, the higher the possibility that they are unaware of their own actions.

# Developed the 15 Contents of the “Training by Job Levels in the Digital Age” series

■ A completely new series of training by job levels to develop talent capable of creating value through DX, in response to the changes in work brought about by "digital."





## Chap. 02

# 1Q FY24 Performance by Business

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# Consolidated Profit & Loss Statement - Overview

Unit: million yen

	1Q FY23 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	1Q FY24 (Actual)	YoY	
Net sales	<b>2,870</b>	<b>3,148</b>	<b>3,155</b>	<b>3,300</b>	<b>3,510</b>	<b>+639</b>	<b>+22.3%</b>
(YoY)	(+11.0%)	(+20.3%)	(+17.1%)	(+14.4%)	(+22.3%)		
(QoQ)	(-14)	(+27)	(+7)	(+144)	(+210)		
Gross profit	<b>2,224</b>	<b>2,436</b>	<b>2,379</b>	<b>2,573</b>	<b>2,720</b>	<b>+495</b>	<b>+22.3%</b>
(YoY)	(+13.6%)	(+20.2%)	(+17.7%)	(+15.1%)	(+22.3%)		
(QoQ)	(-11)	(+212)	(+357)	(+194)	(+146)		
(Margin)	(77.5%)	(77.4%)	(75.4%)	(78.0%)	(77.5%)	(-0.0pt)	
Operating profit	<b>1,061</b>	<b>1,339</b>	<b>1,139</b>	<b>1,396</b>	<b>1,459</b>	<b>+397</b>	<b>+37.5%</b>
(YoY)	(+18.8%)	(+29.2%)	(+29.9%)	(+23.2%)	(+37.5%)		
(QoQ)	(-72)	(+278)	(-199)	(+256)	(+62)		
(Margin)	(37.0%)	(42.5%)	(36.1%)	(42.3%)	(41.6%)	(+4.6pt)	
Ordinary profit	<b>1,061</b>	<b>1,341</b>	<b>1,140</b>	<b>1,396</b>	<b>1,461</b>	<b>+399</b>	<b>+37.6%</b>
(YoY)	(+19.2%)	(+29.7%)	(+29.8%)	(+23.2%)	(+37.6%)		
(QoQ)	(-71)	(+279)	(-201)	(+256)	(+64)		
Net Profit	<b>726</b>	<b>1,025</b>	<b>677</b>	<b>926</b>	<b>933</b>	<b>+206</b>	<b>+28.5%</b>
(YoY)	(+19.0%)	(+44.9%)	(+15.8%)	(+19.8%)	(+28.5%)		
(QoQ)	(-46)	(+298)	(-348)	(+249)	(+7)		

# On-Site Training

Unit: million yen

	1Q FY23 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	1Q FY24 (Actual)	YoY	
Net sales	<b>1,571</b>	<b>1,149</b>	<b>1,612</b>	<b>1,551</b>	<b>1,831</b>	<b>+260</b>	<b>+16.5%</b>
(YoY)	(+12.4%)	(+14.0%)	(+10.3%)	(+10.3%)	(+16.5%)		
(QoQ)	(+165)	(-422)	(+463)	(-61)	(+280)		
Composition ratio	54.8%	36.5%	51.5%	47.0%	52.2%		
Gross profit	<b>1,262</b>	<b>915</b>	<b>1,246</b>	<b>1,249</b>	<b>1,454</b>	<b>+192</b>	<b>+15.2%</b>
(YoY)	(+14.3%)	(+13.2%)	(+10.9%)	(+14.2%)	(+15.2%)		
(QoQ)	(+168)	(-346)	(+330)	(+2)	(+205)		
(Margin)	<b>(80.3%)</b>	<b>(79.7%)</b>	<b>(77.3%)</b>	<b>(80.5%)</b>	<b>(79.4%)</b>		(-0.9pt)
Number of trainings conducted	<b>5,567</b>	<b>3,840</b>	<b>5,645</b>	<b>5,544</b>	<b>6,724</b>	<b>+1,157</b>	<b>+20.8%</b>
(YoY)	(+9.1%)	(+9.8%)	(+8.1%)	(+10.0%)	(+20.8%)		
(QoQ)	(+528)	(-1,727)	(+1,805)	(-101)	(+1,180)		
Of which, online training	<b>1,456</b>	<b>943</b>	<b>741</b>	<b>1,218</b>	<b>1,319</b>	<b>-137</b>	<b>-9.4%</b>
(Composition ratio)	(26.2%)	(24.6%)	(13.1%)	(22.0%)	(19.6%)		(-6.5pt)
Average unit price Unit: Thousand yen	<b>282.3</b>	<b>299.3</b>	<b>285.6</b>	<b>279.8</b>	<b>272.4</b>	<b>-9.9</b>	<b>-3.5%</b>
(YoY)	(+3.1%)	(+3.8%)	(+2.0%)	(+0.2%)	(-3.5%)		
(QoQ)	(+3.2)	(+17.0)	(-13.6)	(-5.9)	(-7.3)		

# Open Seminars

Unit: million yen

	1Q FY23 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	1Q FY24 (Actual)	YoY	
Net sales	<b>696</b>	<b>642</b>	<b>859</b>	<b>862</b>	<b>862</b>	<b>+166</b>	<b>+23.9%</b>
(YoY)	(+13.4%)	(+20.6%)	(+24.3%)	(+19.0%)	(+23.9%)		
(QoQ)	(-28)	(-53)	(+216)	(+3)	(+0)		
Sales composition (%)	24.3%	24.1%	10.7%	26.1%	24.6%		
Gross profit	<b>557</b>	<b>484</b>	<b>682</b>	<b>681</b>	<b>661</b>	<b>+104</b>	<b>+18.8%</b>
(YoY)	(+13.4%)	(+20.6%)	(+24.3%)	(+15.8%)	(+18.8%)		
(QoQ)	(-31)	(-72)	(+198)	(-0)	(-19)		
(Margin)	<b>(80.0%)</b>	<b>(75.4%)</b>	<b>(79.4%)</b>	<b>(79.0%)</b>	<b>(76.7%)</b>	<b>(-3.3pt)</b>	
Number of attendees Unit: people	<b>32,907</b>	<b>29,366</b>	<b>35,928</b>	<b>39,316</b>	<b>40,277</b>	<b>+7,370</b>	<b>+22.4%</b>
(YoY)	(+9.9%)	(+13.7%)	(+15.9%)	(+17.2%)	(+22.4%)		
(QoQ)	(-643)	(-345)	(+6,562)	(+3,388)	(+1,604)		
No. of trainings conducted	<b>2,709</b>	<b>3,016</b>	<b>2,928</b>	<b>3,574</b>	<b>4,036</b>	<b>+1,327</b>	<b>+49.0</b>
(YoY)	(+2.7%)	(+11.4%)	(+10.7%)	(+41.3%)	(+49.0%)		
(QoQ)	(+179)	(+307)	(-88)	(+646)	(+465)		
No. of attendees per training	<b>12.1</b>	<b>9.7</b>	<b>12.3</b>	<b>11.0</b>	<b>9.9</b>	<b>-2.1</b>	<b>-17.8%</b>
(YoY)	(+6.9%)	(+2.1%)	(+4.6%)	(-17.0%)	(-17.8%)		
(QoQ)	(-1.1)	(-2.4)	(+2.53)	(-1.3)	(-1.0)		
Average unit price per training Unit: thousand yen	<b>21.1</b>	<b>21.8</b>	<b>23.9</b>	<b>21.9</b>	<b>21.4</b>	<b>+0.2</b>	<b>+1.2%</b>
(YoY)	(+0.4%)	(+2.1%)	(+4.6%)	(+1.6%)	(+1.2%)		
(QoQ)	(-0.4)	(+0.7)	(+2.0)	(-2.0)	(-0.5)		

Unit: million yen

	1Q FY23 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	1Q FY24 (Actual)	YoY	
Net sales	<b>286</b>	<b>757</b>	<b>338</b>	<b>440</b>	<b>400</b>	<b>+114</b>	<b>+40.0%</b>
(YoY)	(+33.8%)	(+45.0%)	(+40.8%)	(+34.4%)	(+40.0%)		
(QoQ)	(-41)	(+471)	(-419)	(+101)	(-39)		
Sales composition (%)	10.0%	24.1%	10.7%	13.3%	11.4%		
<Breakdown>							
Leaf recurring (MRR)	<b>211</b>	<b>218</b>	<b>264</b>	<b>282</b>	<b>300</b>	<b>+89</b>	<b>+42.1%</b>
(YoY)	(+30.3%)	(+29.7%)	(+50.6%)	(+46.1%)	(+42.1%)		
(QoQ)	(+18)	(+6)	(+46)	(+18)	(+18)		
Sales per month *1	<b>73</b>	<b>72</b>	<b>89</b>	<b>97</b>	<b>101</b>	<b>+28</b>	<b>+38.5%</b>
Average unit price /Organization (Unit :thou. yen)	<b>107.7</b>	<b>108.4</b>	<b>126.1</b>	<b>128.9</b>	<b>130.8</b>	<b>+23.0</b>	<b>+21.4%</b>
Leaf customization sales	<b>27</b>	<b>385</b>	<b>71</b>	<b>127</b>	<b>43</b>	<b>+16</b>	<b>+59.3%</b>
Stress check	<b>46</b>	<b>154</b>	<b>2</b>	<b>29</b>	<b>57</b>	<b>+11</b>	<b>+23.5%</b>
Gross profit ※2	<b>207</b>	<b>611</b>	<b>245</b>	<b>359</b>	<b>304</b>	<b>+96</b>	<b>+46.7%</b>
(YoY)	(+40.3%)	(+42.9%)	(+31.0%)	(+34.8%)	(+46.7%)		
(QoQ)	(-59)	(+404)	(-366)	(+114)	(-55)		
(Margin)	(72.5%)	(80.8%)	(72.6%)	(81.7%)	(76.0%)	(+3.5pt)	

※1 Monthly charges for the last month of each quarter are shown. ※2 Gross profit by business has not been audited by Ernst & Young ShinNihon LLC  
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# IT Services KPI



	1Q FY23 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	1Q FY24 (Actual)	YoY	
<b>&lt;Monthly Subscription Model&gt;</b>							
Leaf paid subscribers (Unit: organization)	<b>662</b>	<b>676</b>	<b>710</b>	<b>741</b>	<b>778</b>	<b>+116</b>	<b>+17.5%</b>
(YoY)	(+20.1%)	(+15.0%)	(+16.0%)	(+16.1%)	(+17.5%)		
(QoQ)	(+24)	(+14)	(+34)	(+31)	(+37)		
Leaf Active Users (Unit: thousand persons)	<b>3,060</b>	<b>3,216</b>	<b>3,826</b>	<b>4,070</b>	<b>4,342</b>	<b>+1,282</b>	<b>+41.9%</b>
(YoY)	(+25.5%)	(+26.0%)	(+40.6%)	(+40.6%)	(+41.9%)		
(QoQ)	(+164)	(+156)	(+610)	(+243)	(+271)		
On-the-web appraisal form services (Unit: No. of Organizations)	<b>206</b>	<b>215</b>	<b>222</b>	<b>231</b>	<b>235</b>	<b>+29</b>	<b>+14.1%</b>
(YoY)	(+22.6%)	(+16.8%)	(+16.8%)	(+14.9%)	(+14.1%)		
(QoQ)	(+5)	(+9)	(+7)	(+9)	(+4)		
<b>&lt;Services based on Individual Contract&gt;</b>							
Leaf No. of Customization	<b>15</b>	<b>39</b>	<b>38</b>	<b>41</b>	<b>17</b>	<b>+2</b>	<b>+13.3%</b>
(YoY)	(+36.4%)	(+27.8%)	(+100.0%)	(+7.9%)	(+13.3%)		
(QoQ)	(-23)	(-25)	(-1)	(+3)	(-24)		
No. of Stress Check Support Services	<b>137</b>	<b>341</b>	<b>14</b>	<b>88</b>	<b>182</b>	<b>+45</b>	<b>+32.8%</b>
(YoY)	(+50.5%)	(+4.6%)	(-7.7%)	(+35.4%)	(+32.8%)		
(QoQ)	(+72)	(+204)	(-327)	(+74)	(+94)		

# Other Businesses (Rising Next)

		1Q FY23 (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	1Q FY24 (Actual)	YoY	
Net sales		<b>316</b>	<b>598</b>	<b>345</b>	<b>446</b>	<b>415</b>	<b>+98</b>	<b>+31.2%</b>
(YoY)		(-8.0%)	(+12.3%)	(+22.0%)	(+4.8%)	(+31.2%)		
(QoQ)		(-109)	(+282)	(-252)	(+100)	(-31)		
Sales composition (%)		11.0%	19.0%	11.0%	13.5%	11.8%		
Gross profit *		<b>198</b>	<b>424</b>	<b>204</b>	<b>283</b>	<b>299</b>	<b>+101</b>	<b>+51.4%</b>
(YoY)		(-7.9%)	(+9.5%)	(+44.1%)	(-1.6%)	(+51.4%)		
(QoQ)		(-89)	(+226)	(-220)	(+78)	(+16)		
(Margin)		<b>(62.6%)</b>	<b>(71.0%)</b>	<b>(59.2%)</b>	<b>(63.4%)</b>	<b>(72.2%)</b>	<b>(+9.6pt)</b>	
<Breakdown>								
Video sales	Net sales	96	248	111	91	123	+26	+27.8%
(Outright Purchase)	No. of Videos	447	1,084	454	431	531	+84	+18.8%
Video production	Net sales	19	33	18	23	40	+20	+103.1%
	No. of Contents	40	47	61	79	43	+3	+7.5%
Video rental	Net sales	8	9	10	12	10	+1	+15.7%
	No. of Viewers	3,910	3,965	4,378	5,025	4,127	+217	+5.5%
Video monthly subscription (STUDIO)	Net sales	39	41	47	43	53	+13	+34.3%
	No. of User IDs (Unit : thou. IDs)	86	88	89	93	108	+21	+25.0%
Consulting/ Assessment Service	Net sales	35	50	60	63	51	+16	+46.5%
	No. of Organizations	88	99	83	111	115	+27	+30.7%
Online Seminar Support Service	Net sales	51	56	35	39	49	-1	-3.8%
	No. of Organizations	75	68	88	64	75	0	0.0%
Regional Revitalization Service	Net sales	13	68	0	101	1	-11	-86.5%
	No. of Projects	10	25	2	17	5	-5	-50.0%
Web Marketing	Net sales	46	49	91	45	41	-4	-9.7%

## <Appendix 1> Company Profile & Insource's Advantages

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## Insource Co., Ltd. (Code number: 6200)

Foundation November 2002  
 Capital 800,623 thousand yen (As of September 30, 2024)  
 Tokyo Headquarters Insource Dokanyama Bldg. 4-19-12 Nishi Nippori, Arakawa-ku, Tokyo  
 (Head Office: 3-20, Kanda Ogawamachi, Chiyoda-ku, Tokyo)

Profile Takayuki Funahashi, Representative Director, President and CEO  
 Joined Sanwa Bank (now Mitsubishi UFJ Bank) in 1988. Had been in charge of the systems development department (management accounting, sales, marketing) and the personal finance department (new product development).  
 After working in a distribution industry, established Insource Co., Ltd. and became its Representative Director.

### Affiliated Companies

#### Mitemo Co., Ltd

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

#### Rashiku Corporation

- Recruitment Support Business

#### Insource Digital Academy Corporation

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

#### Insource Marketing Design Corporation

- Website Promotion, Web page Creation, System Development

#### Insource Business Rep Corporation

- Support Service for Training Management

#### Insource Consulting Corporation

- HR strategy, Consulting, Professional Development

#### Insource Creative Solutions Corporation

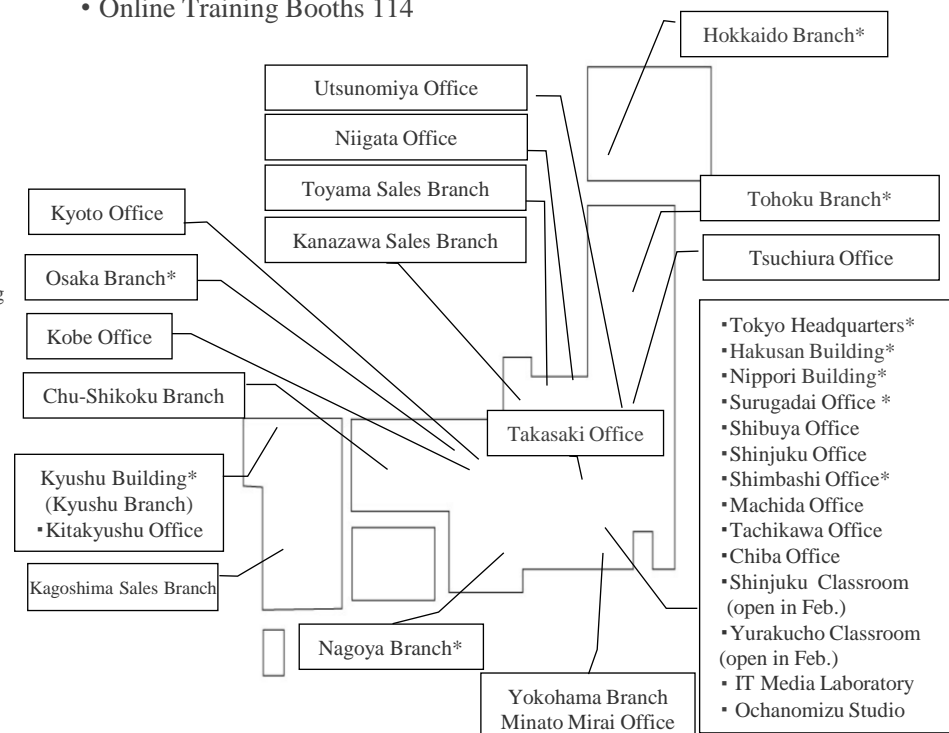
- Training Content and Video Production, Website Production, Consulting

### Business Locations : 30

- Seminar Rooms 47 in 6 cities
- Online Training Booths 114

\* As of the end of December, 2024

\* Branches with Seminar Rooms



- 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 **96.0 %** / Trainers **93.9%** \* Jan., 2024 – end of Dec., 2024

## On-Site Training

Sales ratio: 1Q FY24 52.2%  
FY23 47.2%

- Offer On-Site Trainings tailored to organizations' needs

**Separate and digitalize the roles of trainers and content-creators**

Trainers 445 ↔ Sales reps 262 ↔ Content Creators 120

\*As of the end of Dec., 2024

Annual total no. of trainings conducted/attendees  
**21,753 times 641 thousand attendees**

Of which, no. of online trainings  
**4,221 times 141 thousand attendees**

\*Jan., 2024 – Dec., 2024

## Open Seminars

Sales ratio: 1Q FY24 24.6%  
FY23 24.5%

- Offer Open Seminars starting from one person

**Held frequently in seminar rooms in 6 cities and online**

- More than 4,400 types of courses, including those offered by business partners, are available
- New courses 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 no. of trainings conducted attendees:  
**13,557 times 144 thousand attendees**

Of which, no of online trainings  
**7,572 times 93 thousand attendees**

\*Jan., 2024 – Dec., 2024

## IT Services

Sales ratio: 1Q FY24 11.4%  
FY23 14.6%

- Leaf Series (HR support system, LMS)

No. of Leaf paid subscribers/ active users  
**778 organizations ▪ 4.34 million people**

\*As of the end of Dec., 2024

- Stress Check Support Service

Cumulative no. of organizations and examinees  
Over 2,783 organizations, Over 3.04 million employees

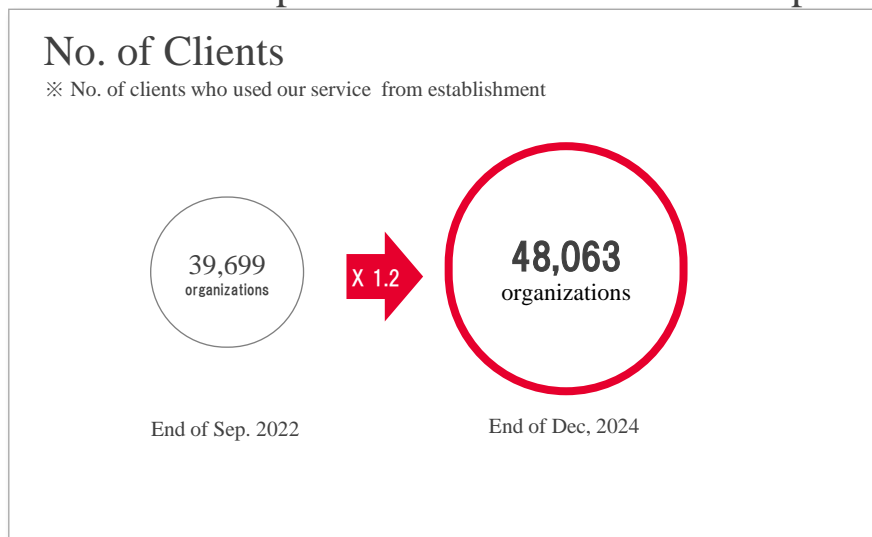
\* As of the end of Dec., 2024

## Other Businesses

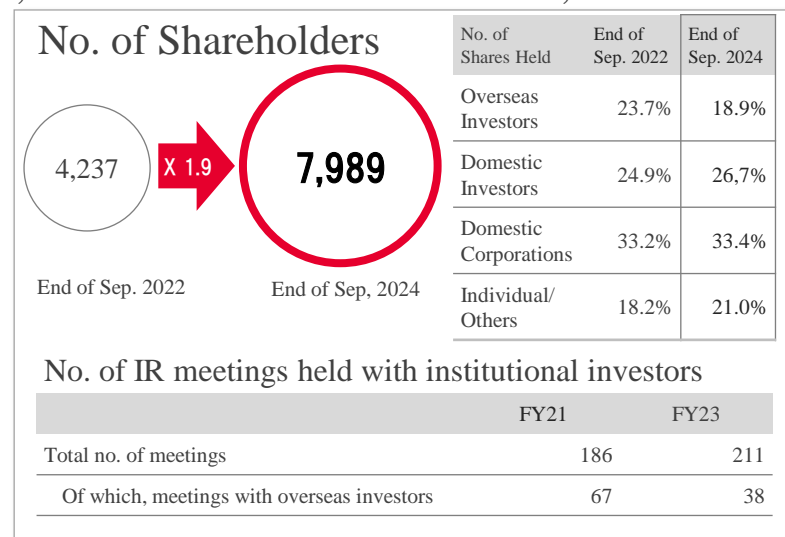
Sales ratio: 1Q FY24: 11.8%  
FY23: 13.7%

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

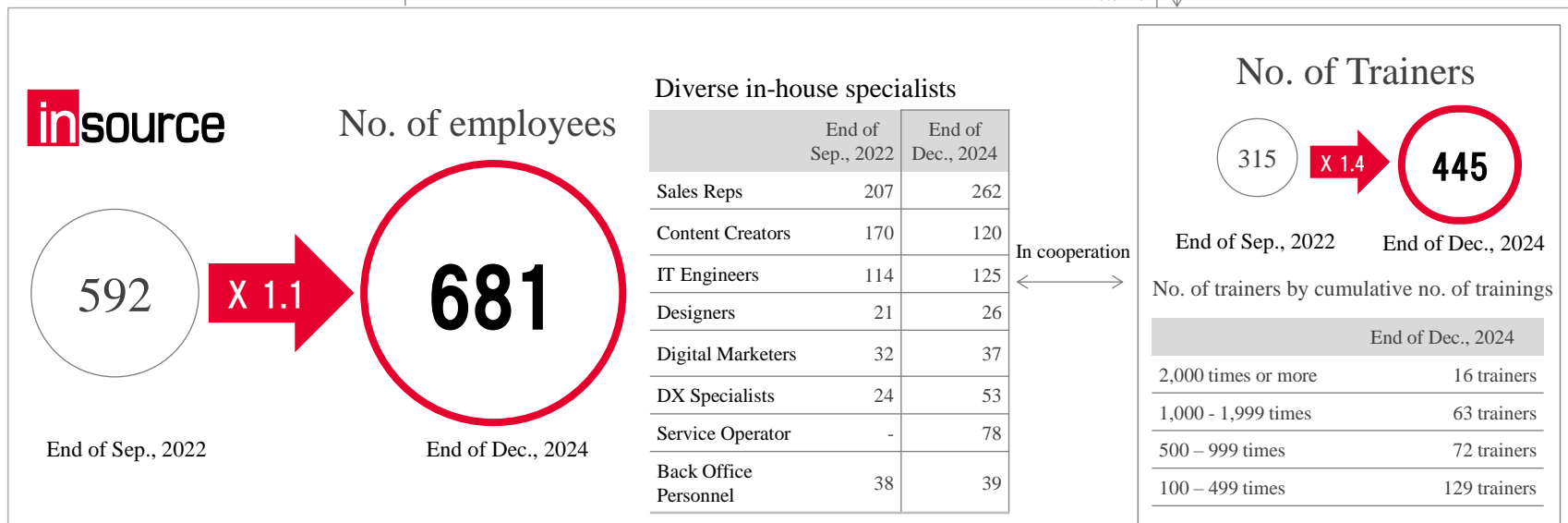
## Numerical comparison between the end of September, 2022 and the end of December, 2024.



↑ Products/Services



↑ Returns ↓ Funds

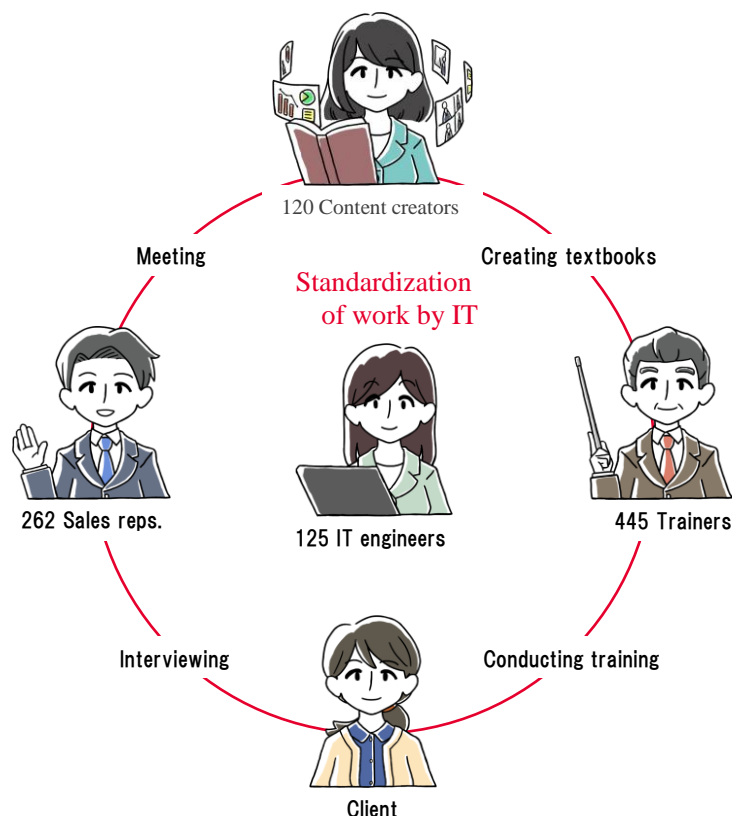


\*From FY23, the definition of the number of clients has been changed to 'clients with financial transactions', and the calculation excludes clients who have not used the HRD Smart Pack or clients who have used it for free as part of a campaign.

# (1) High Ability to Develop Various Contents and Services

## ■ Separate the roles by digitalization and realize in-house development of content (Training business)

Focusing on their respective roles has reduced costs and improved the quality of training.



\*As of the end of Dec., 2024

## ■ Quickly develop various kinds of training contents and web services

An in-house agile team of 120 content creators and 125 IT engineers develop various up-to-date contents in response to social changes and client needs.

### ■ No. of training contents classified by business types

On-Site Training	Open Seminars	Video /e-Learning
4,612	4,487	1,083

\*As of the end of Dec., 2024

### ■ Classified by genre (examples)

In 5 years, DX, OA, and IT training has quadrupled and harassment/compliance has doubled.

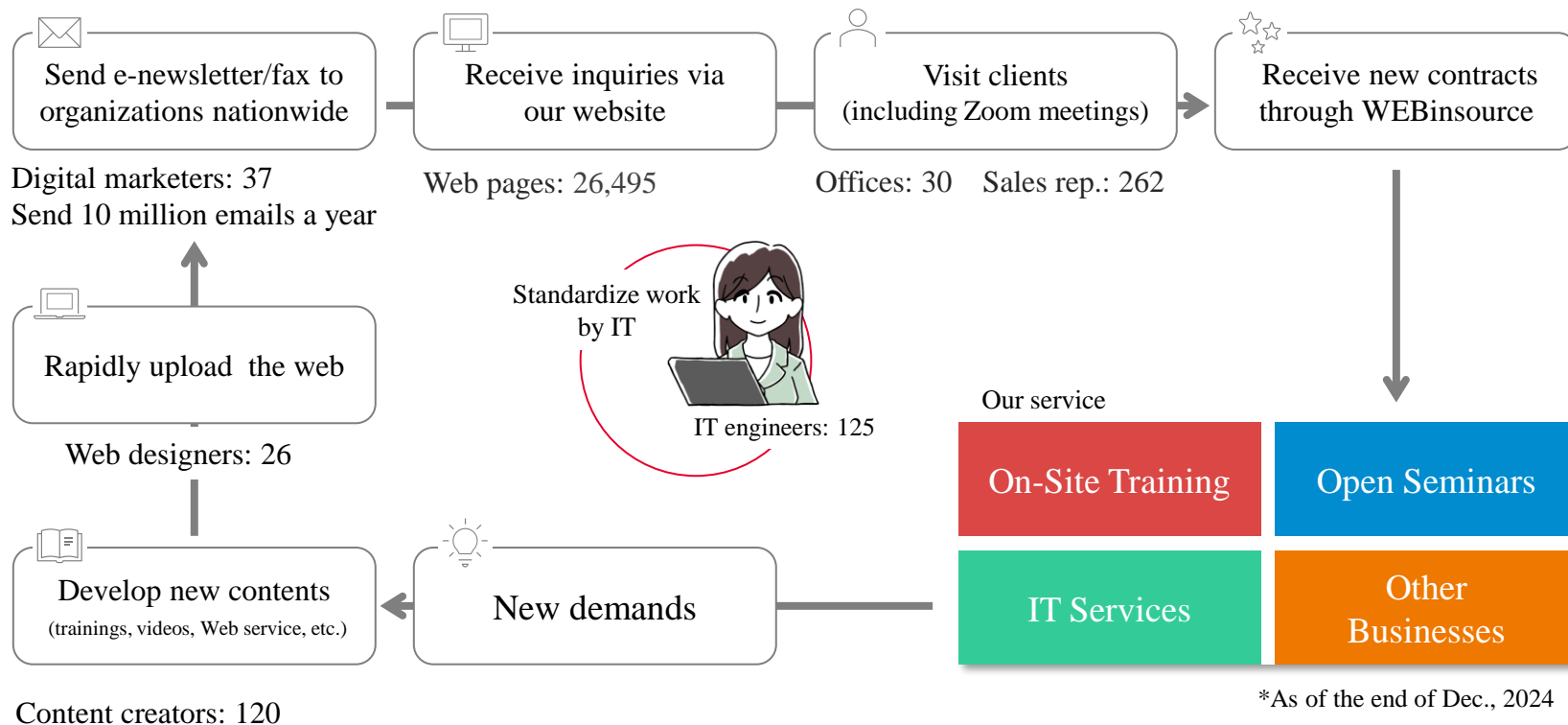
Theme	FY18		FY23		
	No.	Sales Composition ratio	No.	Sales Composition ratio	Sales growth ratio
For managers	1	21.7%	1	21.5%	+85%
Business skills	2	21.4%	2	17.9%	+57%
DX/OA/IT	6	6.4%	3	14.0%	+311%
For new and younger employees	3	13.1%	4	13.3%	+89%
Communication/ CS	4	12.0%	5	8.8%	+38%
Harassment prevention/ Compliance	5	7.5%	6	7.7%	+91%
For mid-level employees	7	4.6%	7	4.9%	+100%
Diversity	8	1.9%	8	2.3%	+120%
Others		11.5%		9.7%	+58%
<b>Total</b>		100.0%		100%	+87%

\*As of the end of Sep. 2023

## (2) Strong Sales Force to Expand Business through People and IT

### Business Flow of Insource

- Since its establishment, the Company has continued to promote “DX of sales activities,” in which data generated by sales activities is accumulated and utilized by IT.



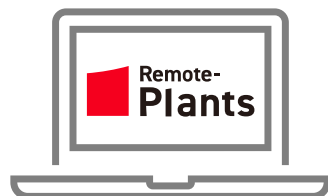
▶ 262 sales representatives and more than 26,000 web pages created by 37 digital marketers are cooperated for efficient sales activities.

### (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



Client Info.  
(Negotiation records)

Training Info.  
(Date and fee)

Attendee Info.  
(Concerns and attributes)

Content Info.  
(Textbook etc.)

Trainer Info.  
(Profiles)

Questionnaire Info.  
(Training assessment)

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

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



Leaf series (HR support system)



We can handle human capital management!



Lineups of Leaf Series	Target client
Leaf Basic (personnel evaluation/LMS)	MM/LE
Leaf Lightning (LMS for large organizations)	LE
Studio (LMS with educational contents)	MM
Leaf inorder (distribution of video content)	SMB
Leaf Eva (personnel evaluation)	MM/SMB
Leaf Corporate University	MM/LE
Leaf wellness	MM/SMB
Leaf Human Capital Management	MM/SMB
Leaf Management (human resources information management)	MM/SMB
Leaf My STORY (activating internal communication)	MM/SMB

※Large Enterprise: 2,000 or more employees, Medium Market Business :300-1,999 employees, SMB (Small Medium Business): Less than 299 employees

# ESG Highlights for 1Q FY24

- Policy: With the ESG+P (Performance) management policy, aiming for ESG and sustainable performance improvement.
- Evaluation: Maintained an 'AA' MSCI ESG Rating (as of January 27, 2025), evaluating our education business and data security.

## ■ Social

### 1. Promote health management

– In FY23, we focused on improving the non-smoking rate, and in the FY24, we are focusing on measures to deal with metabolic syndrome

With a focus on providing knowledge and promoting the practice of improving exercise habits and dietary habits

Issues in FY23	Actions taken and plans in FY24
<p>The rate of employees with metabolic syndrome is 12.9%, which is higher than the average for the same industry.</p> <p>Insource: 12.9% Average for the same industry: 12.0%</p>	<p>(Actions in 1Q)</p> <ul style="list-style-type: none"> <li>▪ Established a nutrition consultation desk by registered dietitians</li> <li>▪ Conducted study sessions for employees with metabolic syndrome and those at risk</li> </ul> <p>(Actions in 2Q onwards)</p> <ul style="list-style-type: none"> <li>▪ Continuing to operate health consultation desks and sports events</li> <li>▪ Operation of individual commitment sheets for employees with metabolic syndrome and those at risk</li> </ul>

### 2. Project to Eliminate Period Poverty - 29 companies donated and provided sanitary products to 84 municipalities by FY24

## ■ Governance

### 1. Results of the Board Effectiveness Evaluation for FY23- The issues from FY22 has been improved

Issues of FY22	Improvement in FY23
Establishment of Board of Directors management and venues to enhance communications between internal and external directors.	Regularly held meetings once a month to exchange views with external Director and external auditors, as well as internal Executive Officer and business managers.

### 2. A total of 11 next-generation top management participated in Open Seminars “Learning Management Strategy from Classics - Corporate Strategy” as part of the succession plan

## Materiality and Long-term Indicators

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

	Materiality	Actions	KPI	FY22	FY23	FY29
Solving Social Issues through Business Activities	1.Increase productivity through career development education (Strengthening the organization)	Acquire knowledge and skills, solve problems, and improve productivity of organizations and individuals through trainings	Training business No. of annual attendees	720,000	767,000	2 million
	2.Acquisition of basic skills to play an active role in diverse environments (Strengthening individuals)	Leveraging IT and enhancing personal skills through the provision of DX training	OA/IT/DX training attendees (Open Seminars)	13,000	17,000	50,000
	3.Development of learning content tailored to each individual and organization	Development and accumulation of content in response to social issues and needs	Total no. of content	4,156	4,522	5,000
	4.Provision of educational infrastructure	Improve productivity and provide fair educational opportunities through the provision of IT	Cumulative video content Annual no.of Open Seminars conducted Leaf active users	754 10,000 2,895,000	1,011 12,000 4,070,000	1,500 15,000 7 million
ESG	<b>[E]</b> Responding to climate change	Carbon neutral emissions from business	Scope1+2 (t-CO2)	237	158.6	140
	<b>[S]</b> Excellent performances of diverse employees	Create a workplace where diverse human resources can thrive	Ratio of Female Executive Officer Female Manager Ratio	0% 37.4%	10.5% 40.3%	50% 50%
	<b>[S]</b> Community Relations	Solve community issues	No. of Regional Revitalization projects No. of public sector supporting period poverty	36 62	54 15	100 100
	<b>[G]</b> Strengthening governance	Ensuring diversity in management	Ratio of female in the Board of Directors	25.0%	37.5%	50.0%

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

\*The percentage of female executive officers excludes companies where females serve concurrently as directors.



## ■ Career Training Market – Still great potential for growth

- The market size is estimated to be 350 billion yen in 2025 and over 425 billion yen in 2030. \*1
- Market share of Insource is about 3.4%\*2, and there is a lot of room for growth in the future.

## ■ HR digitalization (LMS) market - Expansion is expected

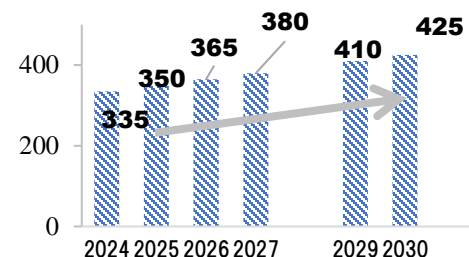
- The market size is estimated to be 16 billion yen in 2025 and expected to be 19 billion yen in 2027.\*3
- The needs to increase the value of human capital and the administration of information disclosure is expected to increase significantly in the future.
- Net sales of “Leaf” for FY23 is 1.3 billion yen and there is a lot of room for growth.

## ■ DX (digital) training market - The growth in need has been remarkable

- The size of the DX (digital) training market is expected to be 38 billion yen in 2025 and 78 billion yen in 2030.\*4
- From FY24 onwards, due to the shortage of labor and the need for greater operational efficiency, there appears to be a growing priority for investment in DX (digital) development..

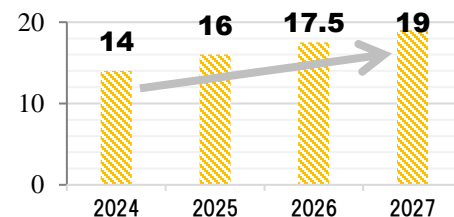
Training market size forecast

Unit (billion yen)



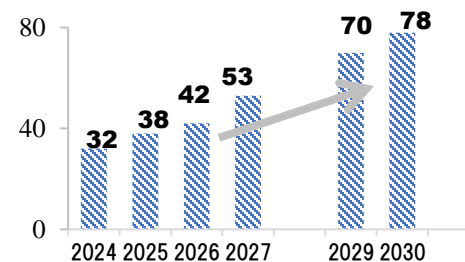
HR digitalization (LMS) market forecast

Unit (billion yen)



DX (digital) training market forecast

Unit (billion yen)



\*1 Calculated based on the Ministry of Health, Labour and Welfare (MHLW)'s “Basic Survey on HR Development” and Ministry of Internal Affairs and Communications (MIC) “Labor Force Survey”.

\*2 Calculated on the assumption that sales related to the career training market for FY23 are 11.5 billion yen.

\*3 Calculated based on the MIC's “Basic Survey on Information and Communications Industry” and “Information and Communications White Paper.”

\*4 Calculated based on the “Survey on IT Human Resources Supply and Demand” by the Ministry of Economy, Trade and Industry (METI) and “DX Trends 2024” by the Information-technology Promotion Agency, Japan.

## <Appendix 2> Enhancement of Human Capital

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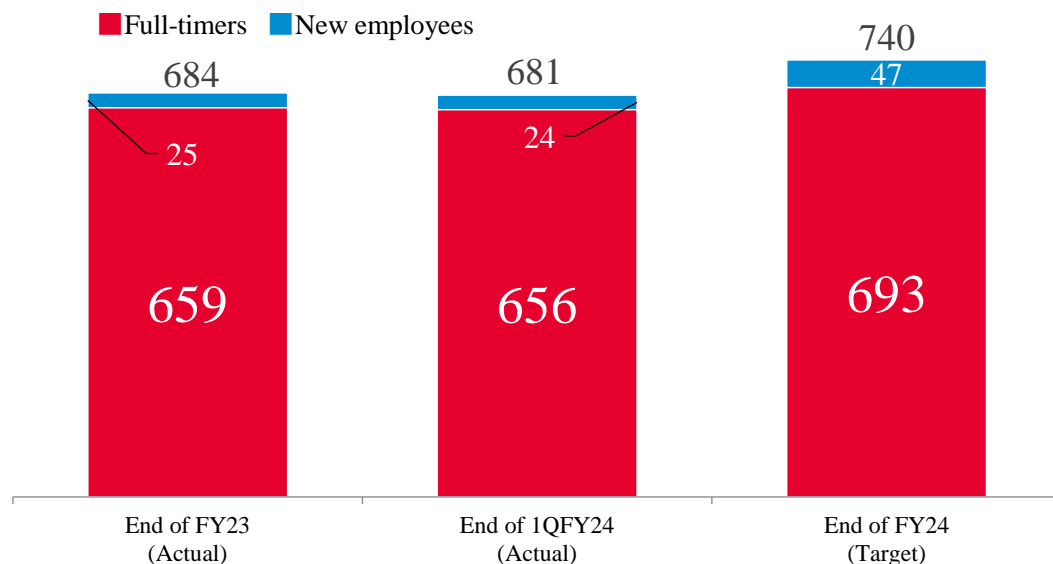


# Human Capital Value - Number of Employees FY24

- Net decrease in number of employees at the end of 1Q FY24 was 3.
- In April 2025, due to successfully recruiting new employees, 47 new employees are expected, doubling YoY; a total of 740 employees (an increase of 56) is projected by the end of FY24.

Consolidated number of employees	End of Sep, 2023 (Actual)	End of Dec, 2024 (Actual) (Change from End of FY23) (Target ratio)	End of Sep, 2025 (Target) (YoY)
Total number of employees* (Unit: Person)	684	681 (-3) (-59)	740 (+56)

## ■ Change of the number of employees



## ■ Personnel expenses forecast

Unit: million yen

	FY23	1Q FY24 (Actual)	FY24 (Forecast)
Total personnel expenses	3,746	1,030	4,540
YoY Change	+301	+100	+794
YoY (%)	+8.7%	+10.9%	+21.2%

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

■ Female employees account for 57.0% of the entire employees and 41.8% of managerial positions. Many seniors are also active.

■ Acquired 2 stars in “Eruboshi”, and “Kurumin” certification\*. Selected under the “2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program”.

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

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



	Total	Female employees (ratio)
No. of employees*2	681	388 57.0%
No. of managerial positions	213	89 41.8%

<Private Sectors>  
Average percentage of female employees in managerial positions:  
**14.6%** \*1  
(Source: The Gender Equality Bureau of the Cabinet Office (2024))

Foreign nationals *4	8	Seniors (aged over 60)	55	LGBTs	4	Persons with disabilities	12 Disability employment rate: 3.12% *3
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< Private Sectors >  
 ■ Legal employment rate: **2.50%**  
 ■ Average of actual employment rate: **2.41%**  
 (Source: "2024 Disability Persons' Employment Status" released by the Ministry of Health, Labour and Welfare)

■ Workforce by job function (including those who are holding two or more posts concurrently) -Diverse specialists\*5

Content Creators	120	Sales Representatives	262	IT Engineers	125	Back Office Personnel	39
Digital Marketers	37	DX Specialists	53	Designers	26	Service Operators	78

\*1 Administrative and managerial workers include board members, managers or above, administrative civil servants.

\*2 Directors, auditors and corporate officers are excluded. Employees include part-time employees and exclude part-time and temporary employees.

\*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.

(As of the end of Dec, 2024, Consolidated)

## ■ Human capital disclosure items that Insource focuses on (example)

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

Category	Items	FY21	FY22	FY23	Remarks
Performance	Sales per employee (thousand yen)*	24,181	25,225	27,148	Calculated based on the average number of employees (excluding temporary employees) during the period
Performance	Operating profit per employee (thousand yen)*	8,645	9,220	10,661	Calculated based on the average number of employees (excluding temporary employees) during the period
Performance	Average points of "Energy"	3.24	3.24	3.26	"Energy" is the ability to have a strong will and to see the value in continuing to work despite difficulties. Maximum 5 points. Calculated using our assessment test tool "giraffe"
Performance	Training hours per employee	10h43m	22h30m	28h30m	Total hours of training and e-Learning courses (excluding study sessions)
Performance	Total number of DX training attendees	681	248	1,064	Total number of participants in each fiscal year
Performance	Percentage of employees' experience with the company's services	100%	100%	100%	Calculated based on use of Leaf and attendance at Open Seminars and e-Learning
D, E&I	Number of management positions (Percentage of female employees)	185 (37.8%)	211 (37.4%)	221 (40.3%)	
D, E&I	Number of managerial appointments (Percentage of female employees)	38 (52.6%)	29 (48.3%)	25 (56.0%)	Number of non-managerial employees promoted to managerial positions during the fiscal year
D, E&I	Number and rate of employees taking maternity leave Number and rate of employees taking paternity leave	100% 92.3%	100% 86.0%	100% 53.0%	The percentage indicates the ratio calculated by the actual number of acquirers to those eligible for acquisition during the period.
Employee engagement	Percentage of employees who hold shares of Insource	69.6%	72.0%	80.0%	Aggregate employee stock ownership plan participants and RS (restricted stock compensation) holders

<Appendix 3> Three-year Business Plan “Road to Next 2027”  
FY24 Financial Consolidated Forecast

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- 1** Targets net sales of 20 billion yen in FY26
- 2** Operating profit of 7.8 billion yen in FY26
- 3** The three-year CAGR is 17.0% for net sales

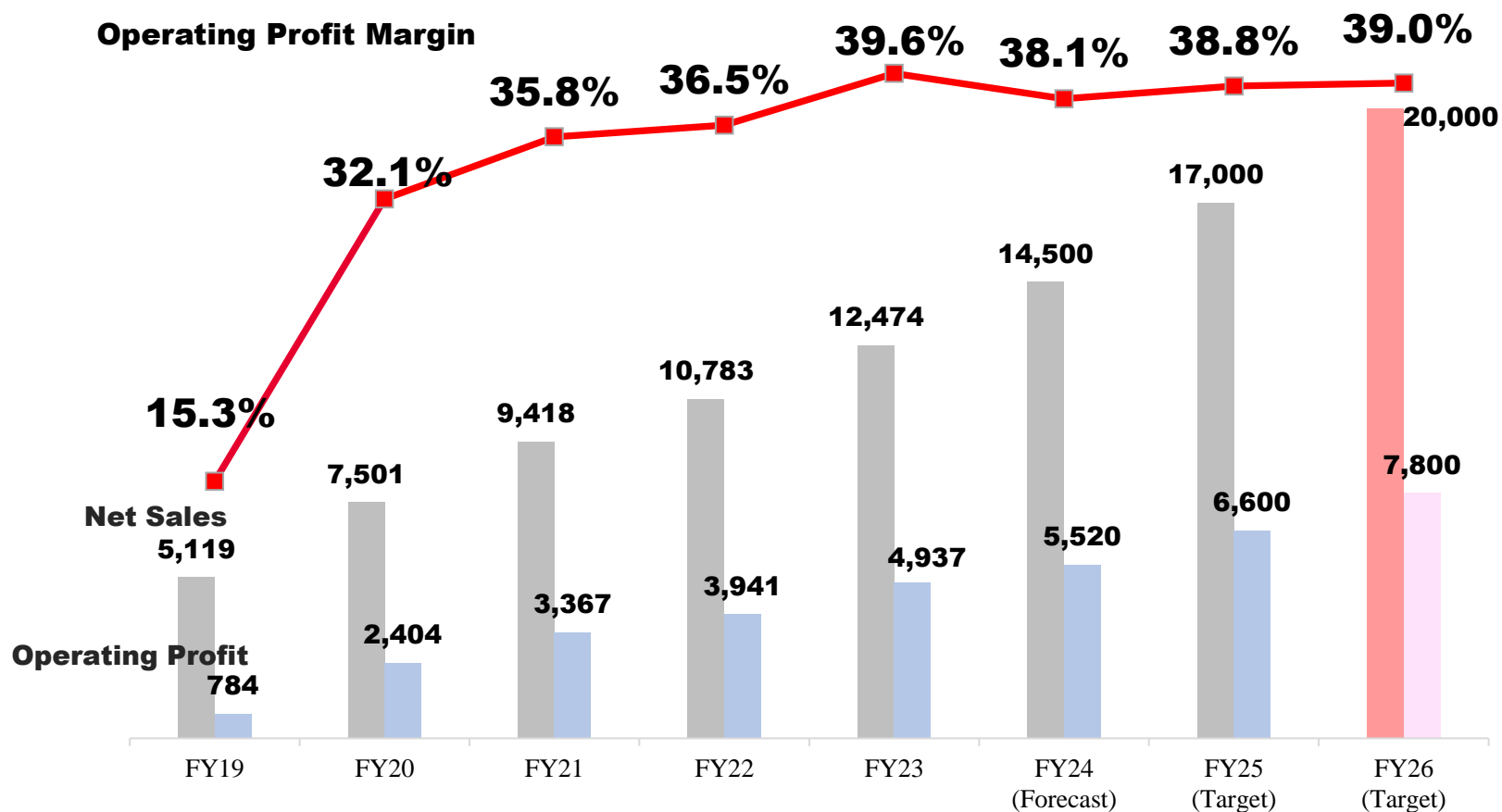
## [Reference]

- In the fiscal year ended September 2016, when the company was newly listed, net sales were 2,915 million yen, and operating profit was 460 million yen.
- Over the 8 years since listing (FY15–FY23), the CAGR has been 19.9% for net sales.

# Three-year Business Plan “Road to Next 2027” -Financial Results and Targets

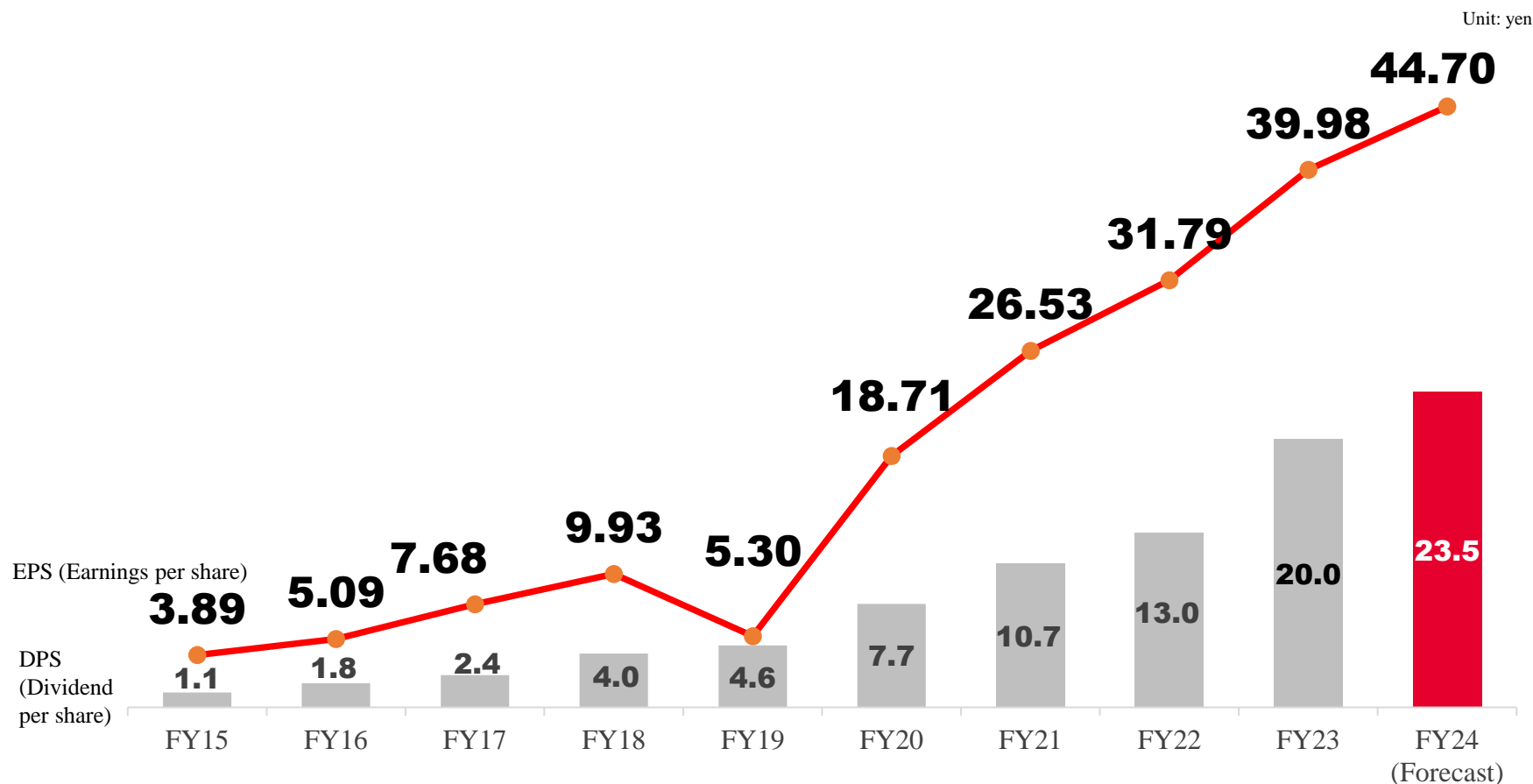
- Targets net sales of 20 billion yen, operating profit of 7.8 billion yen, and operating profit margin of 39.0% in FY26
- Targeting a 17% CAGR (Compound Annual Growth Rate) through proactive growth investments

Unit: million yen





- The targets are 50% DPR (Dividend Payout Ratio) and 18% DOE (Dividend on Equity).
- Dividend for FY23 is 18.1 times\* that of FY15 first listed.



(\* ) We conducted stock splits on May 1, 2018, September 1, 2019, January 1, 2021 and January 1, 2023.

Earnings per share and dividend per share reflect the stock split. Dividends are subject to approval at the General Meeting of Shareholders.

# FY24 Financial Consolidated Forecast

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# Key Measures for FY24

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## ■ Key measures

### 1. Tailored Solutions Across Five Profit Centers Aligned with Client Segments

Develop and promote solutions for each segment's challenges, including DX, succession and next-generation leadership training, health management, recruitment, and retention, to effectively address management issues.

### 2. Expand DX-Related Service Lineup Across the Entire Insource Group

Prioritize all segments with enhanced AI training by job role, video content, and consulting, leveraging strong content development and enhanced delivery.

### 3. Enhance Content and Sales for Public Sector

As the environment surrounding public sector has changed significantly and educational needs have changed after the COVID-19 pandemic, we will strengthen the provision of services for administrative organizations focusing on digital skills, policy formulation, and operational improvement.

### 4. Continue to Develop and Promote 'Rising Next' as a New Growth Area

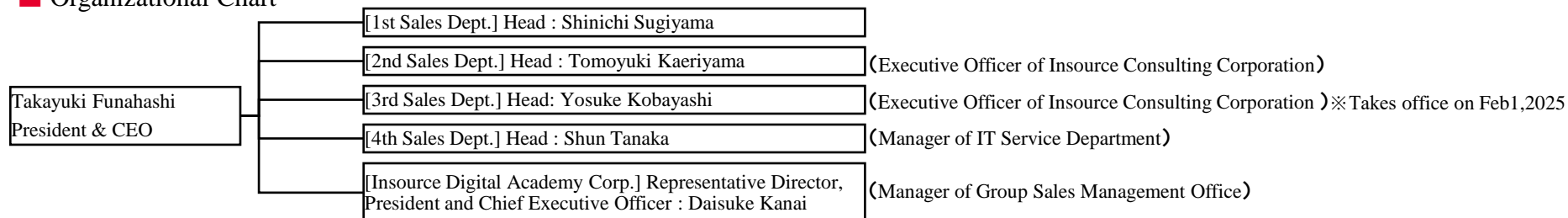
- i. Promote existing services and pursue further development of new growth areas.
- ii. Prioritize sales and profit across Insource Group. Strengthen collaboration with affiliated companies.

# FY24 Sales Structure: Transition to Five Profit Centers

- To accelerate business growth, establish a five-department system with experienced department heads, each operating under independent strategies tailored to market needs.
- Strengthen relationships to increase sales per client.

Profit Center	Focus Segment	Key Initiatives	Division Head
1st Sales Department	LE	<ul style="list-style-type: none"> <li>Leverage Insource Group's strengths for comprehensive support</li> <li>Strengthen human capital, DX, globalization, and ESG</li> <li>Implement account management by corporate group</li> </ul>	Shinichi Sugiyama, former president of Insource Digital Academy Corp., appointed to expand LE sales, focusing on DX and individual client support.
2nd Sales Department	MM	<ul style="list-style-type: none"> <li>Enhance talent acquisition and retention support.</li> <li>Support systems for personnel development and executive training.</li> <li>Promote DX and globalization initiatives.</li> </ul>	Tomoyuki Kaeriyama, Executive Officer for Consulting Strategy, appointed to strengthen MM consulting capabilities.
3rd Sales Department	SMB	<ul style="list-style-type: none"> <li>Provide one-stop solutions for HR and management needs</li> <li>Cover education from new employees to executives,</li> <li>Support evaluation systems, educational frameworks, and digitalization.</li> </ul>	Yosuke Kobayashi, Executive Officer for Consulting Strategy will appoint to Feb 1,2025 speed up decision-making to public seminars to expand SMB sales.
4th Sales Department	Public Sector	<ul style="list-style-type: none"> <li>Strengthen multi-layered service offerings.</li> <li>Develop new content for emerging government needs.</li> <li>Expand 'Leaf' series adoption among public agencies.</li> </ul>	Shun Tanaka, IT Services Executive Officer, appointed Head of Government Sales after boosting government sales in FY23.
Insource Digital Academy Corp.	All Segments (DX products)	<ul style="list-style-type: none"> <li>Expand year-round DX training for LE and MM.</li> <li>Promote level-based training and 'HRD Smart Pack' to DX-focused companies.</li> <li>Offer total solutions to IT companies.</li> </ul>	Daisuke Kanai, Insource Director, appointed Representative Director, President and Chief Executive Officer of Insource Digital Academy Corp., continuing as Manager of Insource Group Sales to strengthen DX education, a core FY24 growth pillar.

## Organizational Chart



# FY24 Full-Year Business Plan And Key Measures By Business

■ Prioritize digital strategies centered on DX support, with an emphasis on content expansion and enhanced promotion.

	FY23 (Actual)	FY24 (Forecast)	YoY		Factors Contributing to Variance	Unit: million yen
			Change in Value	Growth Rate		
Net Sales	12,474	14,500	+2,026	+16.2%	<b>■Net Sales</b> Establish a five-division structure, targeting segments (LE, MM, SMB, and Public sector) across four sales divisions plus Insource Digital Academy Corp. to drive sales growth. Expand on-site venues in Tokyo and Osaka for Open Seminars to achieve further sales increases.	
Gross Profit	9,613	11,350	+1,736	+18.1%		
Gross profit margin	77.1%	78.3%	+1.2pt	-		
SG&A expenses	4,676	5,830	+1,153	+24.7%	<b>■Gross Profit</b> Gross profit will increase due to expected increase in sales.	
SG&A ratio	37.5%	40.2%	+2.7pt	-		
Total personnel expenses *1	3,746	4,540	+794	+21.2%	<b>■SG&amp;A Expenses</b> Personnel expenses are expected to increase due to recruitment of new recruits who joined the company in April 2025 going well, and increase in mid-career recruitment as management roles.	
Operating profit	4,937	5,520	+582	+11.8%		
Operating profit margin	39.6%	38.1%	-1.5pt	-	<b>■Operating Profit Margin</b> In FY23, the operating profit margin increased due to a slowdown in the number of employees hired. However, in FY 24, the operating profit margin decreases as a result of an increase in personnel expenses due to a focus on hiring mainly for management.	

	FY23 (Actual)	FY24 (Forecast)	Change in Value	Growth Rate	Key Measures by Business
On-Site Training	5,884	6,830	+945	+16.1%	<ul style="list-style-type: none"> <li>• Drive composite proposals to expand sales by client. Strengthen new client acquisition.</li> </ul>
Open Seminars	3,060	3,600	+540	+17.7%	<ul style="list-style-type: none"> <li>• Expand on-site venues which are successful to achieve further sales growth.</li> <li>• Expanding sales of highly profitable IT training courses, including those offered by affiliated companies.</li> </ul>
Of which, DX training attendees*2	1,205	1,570	+365	+30.3%	<ul style="list-style-type: none"> <li>• Strengthen product development and sales promotion by positioning DX training as a key product in all segments.</li> </ul>
IT Services	1,822	2,040	+218	+12.0%	<ul style="list-style-type: none"> <li>• Promote 176 features (*3) and stable operation for order strengthening in large private companies</li> <li>• Increase LTV of over 4.07 million (*3) existing users</li> </ul>
Other Businesses	1,707	2,030	+323	+18.9%	<ul style="list-style-type: none"> <li>• Regional revitalization: Strengthen SME support, acquire new private-sector projects</li> <li>• Online Seminar Support Service: Expand business areas: in-person support, video production</li> <li>• Training Management Support Services: Strengthened by Insource Business Rep Corp.</li> <li>• Recruitment Support Service : Focus on quality hires to achieve high-value recruitment</li> <li>• Consulting: Enhance support in talent and organizational development areas</li> </ul>

※1 "Total Personnel Costs" includes personnel, recruitment, training, welfare, outsourcing, and restricted stock (RS) expenses.

※2 DX-related training within lecturer On-Site Training and Open seminars. ※3 As of the end of September 2024.