

Disclaimer: This document is a translation of the Japanese original for reference purposes only.



1H FY24 Consolidated Financial Results (Six Months Ended March 31, 2025) [JGAAP]

May 7, 2025

Company Name: Insource Co., Ltd.

Stock Exchange Listing: Tokyo

Code number: 6200

URL: <https://www.insource.co.jp/index.html>

Representative: Takayuki Funahashi, Representative Director, President and CEO

Contact: Shigeo Fujimoto, Director, Executive Officer and CFO

TEL. +81-3-5577-2283

Scheduled date to file semi-annual securities report: May 13, 2025

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for analysts)

(Amounts are rounded down to the nearest million yen)

1. 1H FY24 Consolidated Financial Results (October 1, 2024 – March 31, 2025)

(1) Consolidated Financial Results

(% indicates changes from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	mil yen	%	mil yen	%	mil yen	%	mil yen	%
1H FY24	7,020	16.6	2,942	22.6	2,957	23.0	1,966	12.2
1H FY23	6,018	15.6	2,400	24.4	2,403	24.8	1,752	32.9

(Note) Comprehensive income: 1H FY24 1,990 million yen (13.4%) 1H FY23 1,755 million yen (33.5%)

	Basic earnings per share	Diluted earnings per share
	yen sen	yen sen
1H FY24	23.43	—
1H FY23	20.86	20.86

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	mil yen	mil yen	%
1H FY24	13,512	10,284	76.1
FY23 Full-year	13,177	9,935	75.4

(Reference) Shareholders' equity: 1H FY24 10,284 million yen FY23 Full-year 9,935 million yen

2. Dividends

	Annual cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	yen sen	yen sen	yen sen	yen sen	yen sen
FY23 Full-year	—	0.00	—	20.00	20.00
FY24 Full-year	—	0.00	—	—	—
FY24 (forecast)	—	—	—	23.50	23.50

(Note) Revisions of dividend forecast from recently announced figures: None

3. Consolidated Financial Forecast for FY24 (October 1, 2024 – September 30, 2025)

(% indicates changes from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	mil yen	%	mil yen	%	mil yen	%	mil yen	%	yen sen
FY24 Full-year	14,600	17.0	6,000	21.5	6,000	21.4	4,050	20.7	48.25

(Note) Revisions of forecast of financial results from recently announced figures: No

* Notes

- (1) Significant changes in the scope of consolidation during 1H FY24 : None
- (2) Specific accounting methods for consolidated interim financial statements : Yes
- (3) Changes in accounting policies, estimates and restatements
- (i) Changes in accounting policies due to the revision of accounting standards : None
 - (ii) Changes in accounting policies other than (3)-(i) : None
 - (iii) Changes in accounting estimates : None
 - (iv) Restatements : None

(4) Total number of issued shares (common stocks)

(i) Total number of issued shares at the end of the period (including treasury stocks)	1H FY24	85,243,000 shares	FY23	85,243,000 shares
(ii) Total number of treasury stocks at the end of the period	1H FY24	1,302,469 shares	FY23	1,332,369 shares
(iii) Average number of shares during the period (cumulative)	1H FY24	83,919,034 shares	1H FY23	83,973,718 shares

* These consolidated interim financial results are outside the scope of review by certified public accountants and audit corporations

* Explanation for the appropriate use of financial forecasts and other special notes:

(Cautionary note on forward-looking statement)

The statements regarding the forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management, and they are not meant to be a commitment by the Company. Therefore, there might be cases in which actual results differ materially from forecast figures due to various factors.

For the suppositions that form the assumptions for financial forecasts and cautions concerning the use thereof, please refer to “1. Qualitative Information on Quarterly Financial Results (3) Consolidated Financial Forecasts” on page 3 of this report.

(How to obtain supplementary explanatory materials for financial results)

Supplementary materials on financial results are disclosed on the Company's website along with this financial report.

Table of Contents

1. Qualitative Information on Quarterly Financial Results.....	- 2 -
(1) Overview of Business Results.....	- 2 -
(2) Overview of Financial Position.....	- 3 -
(3) Consolidated Financial Forecasts.....	- 3 -
2. Consolidated Interim Financial Statements and Notes.....	- 4 -
(1) Consolidated Interim Balance Sheets.....	- 4 -
(2) Consolidated Interim Statements of Income and Comprehensive Income.....	- 6 -
(Consolidated Interim Statements of Income).....	- 6 -
(Consolidated Interim Statements of Comprehensive Income).....	- 7 -
(3) Consolidated Statements of Cash Flows.....	- 8 -
(4) Notes to Consolidated Interim Financial Statements.....	- 9 -
(Application of Special Accounting Methods for the Preparation of Consolidated Interim Financial Statement).....	- 9 -
(Segment Information).....	- 9 -
(Notes to Significant Change in the Amount of Shareholders' Equity).....	- 9 -
(Notes related to the Going Concern Assumption).....	- 9 -
(Significant Subsequent Events).....	- 9 -

1. Qualitative Information on Quarterly Financial Results

(1) Overview of Business Results

The needs of career training market are strong because of growing concerns for improving labor productivity and reskilling efforts, as well as for human capital management that leads to higher corporate value. The market is growing during the first half of the current fiscal year (From October 1, 2024 to March 31, 2025), due to several factors, including increased demand for human resource development to prevent employee turnover and overcome labor shortages, as well as growing demand for face-to-face training.

Amid this situation, the Group developed DX-related trainings by industry and job type to solve various management issues of our clients. For e-Learning content, in addition to DX-related theme, we developed customer harassment training based on the latest guidelines of the Tokyo Metropolitan Government. In addition, we changed our sales structure in October 2024, and during the current period, each Division implemented measures based on its own strategies in line with market needs, which led to an increase in sales activities. Furthermore, we strengthened our system for attracting attendees to Open Seminars by opening new seminar classrooms and expanding existing ones.

Regarding On-Site Training Business, DX-related training (especially Generative AI and data analysis) and training for mid-level and younger employees increased, and the total number of trainings conducted increased by 17.3% YoY.

In Open Seminars Business, the total number of trainings conducted increased by 32.3%, and the total number of attendees increased by 8.9% YoY. In particular, the number of attendees for DX-related training (especially OA-related and data analysis) increased by 25.3% YoY.

About IT Services, the number of paid subscribers of “Leaf” (LMS (*1) / HR support system) increased to 796 organizations (+120, +17.8% YoY). As the total active users exceed 4.44 million as of the end of March 2025, Leaf’s monthly subscription fees (MRR (*2)) increased steadily, and ARR (*3) grew 29.8% YoY to 1,129 million yen.

In Other Businesses, the number of highly profitable video production solutions, mainly for large companies, increased by 327.7% YoY. In consulting and assessment services, the number of organizations using these services increased by 33.3% YoY.

In addition, although total personnel expenses increased by 12.7% YoY, operating profit increased by 22.6% YoY to a record high.

As a result of the above, consolidated financial results for this second quarter are as follows; net sales were 7,020,405 thousand yen (+16.6% YoY), operating profit was 2,942,467 thousand yen (+22.6% YoY), ordinary profit was 2,957,134 thousand yen (+23.0% YoY), profit attributable to owners of parent was 1,966,514 thousand yen (+12.2% YoY).

*1:LMS (Learning Management System): A system necessary for implementing e-Learning.

*2:MRR: Monthly Recurring Revenue

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

■Net sales by business for the first half of FY24

(unit: thousand yen)

Business	1H FY24 (Oct.1, 2024 – Mar.31, 2025)	YoY(%)	1H FY23 (Oct.1, 2023 – Mar.31, 2024)
On-Site Training	3,115,925	114.5	2,721,146
Open Seminars	1,576,396	117.8	1,338,733
IT Services	1,093,453	104.8	1,043,502
Other Businesses	1,234,630	134.9	915,137
Total	7,020,405	116.6	6,018,519

(2) Overview of Financial Position

(Assets)

Total assets at the end of the second quarter of the current fiscal year increased by 334,875 thousand yen compared to the end of the previous fiscal year to 13,512,723 thousand yen, mainly due to an increase of 242,340 thousand yen in accounts receivable.

(Liabilities)

Total liabilities decreased by 13,926 thousand yen compared to the end of the previous fiscal year to 3,228,441 thousand yen. This was mainly due to a decrease of 111,571 thousand yen in current liabilities and other.

(Net Assets)

Net assets increased by 348,802 thousand yen compared to the end of the previous fiscal year to 10,284,281 thousand yen. This was mainly due to an increase of 288,301 thousand yen in retained earnings.

(3) Consolidated Financial Forecasts

The full-year consolidated financial forecasts for FY24 have been revised upward from those announced on November 5, 2024, in terms of sales and profits. Please refer to the “Notice: Revision of Consolidated Financial Forecast for the First Half and Full Year of FY24”, announced on April 24, 2025, for details. The forecasts are based on information available at the time of preparation and actual results may differ from these forecasts due to various factors in the future.

2. Consolidated Interim Financial Statements and Notes

(1) Consolidated Interim Balance Sheets

	(unit: thousand yen)	
	FY23 (As of Sep.30, 2024)	1H FY24 (As of Mar.31, 2025)
Assets		
Current assets		
Cash and deposits	5,705,369	5,818,532
Notes receivable - trade	2,461	—
Accounts receivable - trade	1,540,922	1,783,263
Inventories	57,297	30,785
Other	100,925	114,147
Allowance for doubtful accounts	(1,333)	(1,881)
Total current assets	7,405,642	7,744,847
Non-current assets		
Property, plant and equipment		
Buildings, net	1,577,183	1,617,266
Land	1,974,413	1,974,413
Other, net	53,226	55,140
Total property, plant and equipment	3,604,822	3,646,820
Intangible assets		
Leasehold interests in land	769,778	769,778
Goodwill	13,631	9,736
Software	149,228	148,463
Other	346	346
Total intangible assets	932,984	928,325
Investments and other assets	1,234,398	1,192,730
Total non-current assets	5,772,205	5,767,876
Total assets	13,177,848	13,512,723
Liabilities		
Current liabilities		
Accounts payable - trade	206,445	194,723
Accounts payable - other	660,444	694,626
Income taxes payable	935,222	955,207
Advances received	948,134	971,005
Provision for bonuses	—	6,000
Other	449,083	337,511
Total current liabilities	3,199,330	3,159,074
Non-current liabilities		
Asset retirement obligations	43,037	69,366
Total non-current liabilities	43,037	69,366
Total liabilities	3,242,368	3,228,441

(unit: thousand yen)

	FY23 (As of Sep.30, 2024)	1H FY24 (As of Mar.31, 2025)
Net assets		
Shareholders' equity		
Share capital	800,623	800,623
Capital surplus	904,576	923,799
Retained earnings	8,927,868	9,216,169
Treasury shares	(708,300)	(690,539)
Total shareholders' equity	9,924,767	10,250,053
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,712	34,228
Total accumulated other comprehensive income	10,712	34,228
Total net assets	9,935,479	10,284,281
Total liabilities and net assets	13,177,848	13,512,723

(2) Consolidated Interim Statements of Income and Comprehensive Income

(Consolidated Interim Statements of Income)

(For the six months ended March 31, 2025)

(unit: thousand yen)

	1H FY23 (Oct.1, 2023- Mar.31, 2024)	1H FY24 (Oct.1, 2024- Mar.31, 2025)
Net sales	6,018,519	7,020,405
Cost of sales	1,357,231	1,572,041
Gross profit	4,661,287	5,448,363
Selling, general and administrative expenses	2,260,496	2,505,896
Operating profit	2,400,791	2,942,467
Non-operating income		
Interest income	16	2,383
Dividend income	231	388
Foreign exchange gains	81	47
Subsidies for employment adjustment	1,449	1,218
Income from base station installation	1,105	1,105
Surrender value of insurance policies	1,447	545
Gain on sale of investment securities	14	10,419
Other	494	561
Total non-operating income	4,840	16,670
Non-operating expenses		
Loss on extinguishment of stock-based compensation expenses	803	2,003
Commission for purchase of treasury shares	899	—
Total non-operating expenses	1,702	2,003
Ordinary profit	2,403,929	2,957,134
Loss on valuation of investment securities	—	108,591
Total extraordinary losses	—	108,591
Profit before income taxes	2,403,929	2,848,543
Income taxes	651,660	882,029
Profit	1,752,268	1,966,514
Profit attributable to owners of parent	1,752,268	1,966,514

(Consolidated Interim Statements of Comprehensive Income)
(For the six months ended March 31, 2025)

	(unit: thousand yen)	
	1H FY23 (Oct.1, 2023- Mar.31, 2024)	1H FY24 (Oct.1, 2024- Mar.31, 2025)
Profit	1,752,268	1,966,514
Other comprehensive income		
Valuation difference on available-for-sale securities	3,050	23,516
Total other comprehensive income	3,050	23,516
Comprehensive income	1,755,319	1,990,030
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,755,319	1,990,030
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Cash Flows

(unit: thousand yen)

	1H FY23 (Oct.1, 2023- Mar.31, 2024)	1H FY24 (Oct.1, 2024- Mar.31, 2025)
Cash flows from operating activities		
Profit before income taxes	2,403,929	2,848,543
Depreciation	83,361	85,791
Amortization of goodwill	3,894	3,894
Share-based payment expenses	71,498	18,173
Loss (gain) on valuation of investment securities	—	108,591
Increase (decrease) in allowance for doubtful accounts	(98)	547
Interest and dividend income	(248)	(2,772)
Foreign exchange losses (gains)	(81)	(47)
Decrease (increase) in trade receivables	(378,525)	(239,879)
Decrease (increase) in inventories	54,260	26,512
Increase (decrease) in trade payables	(10,788)	(11,721)
Other, net	(146,710)	(93,392)
Subtotal	2,080,491	2,744,240
Interest and dividends received	248	2,772
Income taxes paid	(630,632)	(868,674)
Net cash provided by (used in) operating activities	1,450,107	1,878,338
Cash flows from investing activities		
Purchase of investment securities	(61)	(61)
Purchase of property, plant and equipment	(38,908)	(66,073)
Payments of leasehold and guarantee deposits	(84,717)	(33,016)
Proceeds from refund of leasehold and guarantee deposits	25,242	1,238
Other, net	(2,747)	10,902
Net cash provided by (used in) investing activities	(101,192)	(87,010)
Cash flows from financing activities		
Purchase of treasury shares	(300,852)	—
Dividends paid	(1,094,442)	(1,678,212)
Net cash provided by (used in) financing activities	(1,395,294)	(1,678,212)
Effect of exchange rate change on cash and cash equivalents	81	47
Net increase (decrease) in cash and cash equivalents	(46,298)	113,163
Cash and cash equivalents at beginning of period	3,515,516	5,705,369
Cash and cash equivalents at end of period	3,469,218	5,818,532

(4) Notes to Consolidated Interim Financial Statements

(Application of Special Accounting Methods for the Preparation of Consolidated Interim Financial Statement)

(Calculating Tax Expense)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to income before income taxes for the consolidated fiscal year, including the current interim consolidated accounting period, and multiplying the income before income taxes for the interim period by the estimated effective tax rate.

(Segment Information)

This information is omitted because the Group operates in a single segment of the education service business.

(Notes to Significant Change in the Amount of Shareholders' Equity)

Not applicable

(Notes related to the Going Concern Assumption)

Not applicable

(Significant Subsequent Events)

Not applicable