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1H FY25 Consolidated Financial Results (Six Months Ended March 31, 2026) [JGAAP]

May 7, 2026

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 Scheduled date to file semi-annual securities report: May 13, 2026
 Scheduled date to commence dividend payments: -
 Availability of supplementary briefing material on quarterly results: Yes
 Scheduled date of Financial Results Briefing: Yes (for analysts)

(Amounts are rounded down to the nearest million yen)

1. 1H FY25 Consolidated Financial Results (Six Months Ended March 31, 2026)

(1) Consolidated Financial Results

(% indicates changes from the previous year)

	Net sales		Operating profit		Ordinary profit		Interim profit attributable to owners of parent	
	mil yen	%	mil yen	%	mil yen	%	mil yen	%
1H FY25	7,584	8.0	2,951	0.3	2,972	0.5	2,027	3.1
1H FY24	7,020	16.6	2,942	22.6	2,957	23.0	1,966	12.2

(Note) Comprehensive income: 1H FY25 2,018 million yen (1.4%) 1H FY24 1,990 million yen (13.4%)

	Earnings per share	Fully diluted earnings per share
	yen sen	yen sen
1H FY25	24.13	—
1H FY24	23.43	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	mil yen	mil yen	%
1H FY25	15,878	12,422	78.2
FY24 Full-year	16,149	12,487	77.3

(Reference) Shareholders' equity: 1H FY25 12,422 million yen FY24 Full-year 12,487 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
FY24 Full-year	—	0.00	—	25.00	25.00
FY25 Full-year	—	0.00	—	—	—
FY25 (forecast)	—	—	—	29.50	29.50

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

3. Consolidated Financial Forecast for FY25 (October 1, 2025 – September 30, 2026)

(% 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
FY25 Full-year	16,000	10.3	6,380	6.7	6,430	7.2	4,400	6.5	52.39

(Note) Revisions of forecast of financial results from recently announced figures: Yes

* Notes

(1) Significant changes in the scope of consolidation during 1H FY25: 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)

(ii) Total number of treasury stocks at the end of the period

(iii) Average number of shares during the period (interim period)

1H FY25	85,243,000 shares	FY24	85,243,000 shares
1H FY25	1,254,071 shares	FY24	1,269,169 shares
1H FY25	83,977,570 shares	1H FY24	83,919,034 shares

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

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

(Cautionary note on forward-looking statement)

The statements regarding 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 Regarding the Interim Financial Results (3) Explanation of Forward-Looking Information, Including Consolidated Financial Forecasts” on page 3 of this report.

(How to obtain supplementary explanatory materials for financial results)

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

※ Available for download from May 7, 2026, 21:00 (Japan time).

URL: [https://www.insource.co.jp/en/ir/ir_ibrary.html](https://www.insource.co.jp/en/ir/ir_ir_ibrary.html)

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1. Qualitative Information Regarding the Interim Financial Results

(1) Overview of Business Results

The career training market during the current interim consolidated accounting period (from October 1, 2025 to March 31, 2026) continued to see steady demand, supported by growing momentum toward enhancing corporate value through human capital management, as well as labor shortages and increasing difficulty in recruitment. Additionally, in the DX (digital) education market, market expansion was observed along with progress in data utilization and the practical application of AI in society. The impact of changes in the Middle East situation on our business performance is currently minimal. Going forward, if the situation deteriorates and affects the business performance of client companies, primarily those in the manufacturing industry, training demand may decline, potentially affecting our business performance.

Under these business conditions, our Group fully implemented price revisions along with improving the quality of services tailored to markets and educational themes. We also promoted combined proposals that integrate multiple services and products across the entire Group, resulting in increased proposal amounts. Furthermore, as new services to comprehensively support organizational utilization of Generative AI, we developed and promoted the AI application “AI-OJT” designed to educate customers with the aim of preventing accidents and misconduct before they occur, added Generative AI functions to the LMS “Leaf,” and developed Generative AI assessments.

Additionally, we promoted the utilization of Generative AI as a cost reduction and productivity improvement measure. We advanced operational efficiency by incorporating Generative AI into operations in existing businesses and implemented a proposal creation function in our core system “Plants.”

In the On-Site Training Business, in addition to price revisions in line with educational themes and market trends, the number of trainings conducted for high-unit-price DX-related training increased by 13.2% YoY, resulting in an increase of 15.3 thousand yen YoY in the average unit price per client (organization).

In the Open Seminars Business, the number of attendees for DX-related trainings increased by 31.3% YoY, and the total number of attendees also increased by 5.8% YoY. In addition, the average unit price per person rose 2.6% YoY due to price revisions for each seminar, contributing to improved sales.

In the IT Services, the total number of active “Leaf” (HR support system, LMS *1) increased by 19.6% YoY, surpassing 5.3 million. The number of paid subscribers reached 887 organizations (+91,+11.4% QoQ). As a result, Leaf’s monthly subscription fee (MRR (*2) increased steadily, and ARR (*3) grew 29.3% YoY to 1,460 million yen, compensating for the shortage of customization orders.

In Other Businesses, Video sales and Video Production Solutions in the e-Learning and Video Business performed well, contributing to the increase in sales.

As a result, net sales increased 8.0% YoY, but due to total personnel expenses increasing 16.2% YoY, operating profit rose by 0.3% YoY.

Consequently, consolidated financial results for the current interim consolidated accounting period are as follows; net sales were 7,584,187 thousand yen (+8.0% YoY), and operating profit was 2,951,124 thousand yen (+0.3% YoY), ordinary profit was 2,972,985 thousand yen (+0.5% YoY), and interim profit attributable to owners of parent was 2,027,062 thousand yen (+3.1% 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 FY25

(Unit: thousand yen)

Business	1H FY25 (Oct. 1, 2025 – Mar. 31, 2026)	YoY (%)	1H FY24 (Oct. 1, 2024 – Mar. 31, 2025)
On-Site Training	3,425,194	109.9	3,115,925
Open Seminars	1,710,998	108.5	1,576,396
IT Services	1,116,540	102.1	1,093,453
Other Businesses	1,331,454	107.8	1,234,630
Total	7,584,187	108.0	7,020,405

(2) Overview of Financial Position

(Assets)

Total assets at the end of the second quarter of the current fiscal year decreased by 271,092 thousand yen compared to the end of the previous fiscal year to 15,878,349 thousand yen, mainly due to a decrease of 1,071,981 thousand yen in cash and deposits.

(Liabilities)

Total liabilities at the end of the second quarter of the current fiscal year decreased by 206,103 thousand yen compared to the end of the previous fiscal year to 3,456,264 thousand yen, mainly due to a decrease of 143,217 thousand yen in current liabilities and other.

(Net Assets)

Net assets at the end of the second quarter of the current fiscal year decreased by 64,989 thousand yen compared to the end of the previous fiscal year to 12,422,084 thousand yen. This was mainly due to a decrease of 72,283 thousand yen in retained earnings.

(3) Explanation of Forward-Looking Information, Including Consolidated Financial Forecasts

Regarding the full-year consolidated results forecast for FY25, we made downward revisions to sales and profit from the figures announced on November 4, 2025. For details, please refer to the “Notice: Regarding Revision of Full-Year Consolidated Results Forecast” announced on May 7, 2026. 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)

	FY24 (As of Sep.30, 2025)	1H FY25 (As of Mar.31, 2026)
Assets		
Current assets		
Cash and deposits	8,191,258	7,119,277
Accounts receivable - trade	1,877,534	2,315,115
Inventories	40,334	18,698
Other	93,209	151,441
Allowance for doubtful accounts	-1,497	-1,665
Total current assets	10,200,841	9,602,868
Non-current assets		
Property, plant and equipment		
Buildings, net	1,574,497	1,648,015
Land	1,974,413	1,974,413
Other, net	45,729	267,362
Total property, plant and equipment	3,594,640	3,889,791
Intangible assets		
Leasehold interests in land	769,778	769,778
Goodwill	5,841	1,947
Software	161,198	177,903
Other	3,183	346
Total intangible assets	940,002	949,975
Investments and other assets	1,413,957	1,435,713
Total non-current assets	5,948,600	6,275,480
Total assets	16,149,441	15,878,349
Liabilities		
Current liabilities		
Accounts payable - trade	217,941	169,493
Accounts payable - other	681,408	782,628
Income taxes payable	1,162,924	1,041,546
Advances received	1,097,267	1,070,528
Provision for bonuses	—	6,000
Other	433,158	289,941
Total current liabilities	3,592,701	3,360,137
Non-current liabilities		
Asset retirement obligations	69,666	96,126
Total non-current liabilities	69,666	96,126
Total liabilities	3,662,367	3,456,264
Net assets		
Shareholders' equity		
Share capital	800,623	800,623
Capital surplus	941,782	948,091
Retained earnings	11,379,746	11,307,463
Treasury shares	-670,710	-661,165
Total shareholders' equity	12,451,441	12,395,012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	35,632	27,072
Total accumulated other comprehensive income	35,632	27,072
Total net assets	12,487,074	12,422,084
Total liabilities and net assets	16,149,441	15,878,349

(2) Consolidated Interim Statements of Income and Comprehensive Income

(Consolidated Interim Statements of Income)

(For the six months ended March 31, 2026)

(Unit: thousand yen)

	1H FY24 (Oct. 1, 2024- Mar. 31, 2025)	1H FY25 (Oct. 1, 2025- Mar. 31, 2026)
Net sales	7,020,405	7,584,187
Cost of sales	1,572,041	1,726,478
Gross profit	5,448,363	5,857,708
Selling, general and administrative expenses	2,505,896	2,906,584
Operating profit	2,942,467	2,951,124
Non-operating income		
Interest income	2,383	4,780
Dividend income	388	492
Foreign exchange gains	47	487
Subsidies for employment adjustment	1,218	—
Income from base station installation	1,105	903
Surrender value of insurance policies	545	1,424
Gain on sale of investment securities	10,419	14,178
Other	561	1,147
Total non-operating income	16,670	23,414
Non-operating expenses		
Loss on extinguishment of stock-based compensation expenses	2,003	1,553
Total non-operating expenses	2,003	1,553
Ordinary profit	2,957,134	2,972,985
Extraordinary losses		
Loss on valuation of investment securities	108,591	—
Total extraordinary losses	108,591	—
Profit before income taxes	2,848,543	2,972,985
Income taxes	882,029	945,922
Profit	1,966,514	2,027,062
Interim profit attributable to owners of parent	1,966,514	2,027,062

(Consolidated Interim Statements of Comprehensive Income)
(For the six months ended March 31, 2026)

(Unit: thousand yen)

	1H FY24 (Oct. 1, 2024- Mar. 31, 2025)	1H FY25 (Oct. 1, 2025- Mar. 31, 2026)
Profit	1,966,514	2,027,062
Other comprehensive income		
Valuation difference on available-for-sale securities	23,516	-8,560
Total other comprehensive income	23,516	-8,560
Comprehensive income	1,990,030	2,018,502
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,990,030	2,018,502
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Cash Flows

(Unit: thousand yen)

	IH FY24 (Oct.1, 2024-Mar.31, 2025)	IH FY25 (Oct.1, 2025-Mar.31, 2026)
Cash flows from operating activities		
Profit before income taxes	2,848,543	2,972,985
Depreciation	85,791	93,033
Amortization of goodwill	3,894	3,894
Share-based payment expenses	18,173	22,104
Loss (gain) on valuation of investment securities	108,591	—
Increase (decrease) in allowance for doubtful accounts	547	167
Interest and dividend income	-2,772	-5,273
Foreign exchange losses (gains)	-47	-487
Decrease (increase) in trade receivables	-239,879	-437,580
Decrease (increase) in inventories	26,512	21,636
Increase (decrease) in trade payables	-11,721	-48,448
Other, net	-93,392	-148,021
Subtotal	2,744,240	2,474,010
Interest and dividends received	2,772	5,273
Income taxes paid	-868,674	-1,107,335
Net cash provided by (used in) operating activities	1,878,338	1,371,948
Cash flows from investing activities		
Purchase of investment securities	-61	-61
Proceeds from sale of investment securities	10,547	14,178
Purchase of property, plant and equipment	-66,073	-319,845
Payments of leasehold and guarantee deposits	-33,016	-40,145
Proceeds from refund of leasehold and guarantee deposits	1,238	623
Other, net	355	180
Net cash provided by (used in) investing activities	-87,010	-345,069
Cash flows from financing activities		
Purchase of treasury shares	—	-1
Dividends paid	-1,678,212	-2,099,345
Net cash provided by (used in) financing activities	-1,678,212	-2,099,347
Effect of exchange rate change on cash and cash equivalents	47	487
Net increase (decrease) in cash and cash equivalents	113,163	-1,071,981
Cash and cash equivalents at beginning of period	5,705,369	8,191,258
Cash and cash equivalents at end of period	5,818,532	7,119,277

(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 following the application of tax effect accounting for the current term net income before taxes for the consolidated fiscal year including this interim consolidated accounting period, and multiplying interim net income before taxes by this estimated effective tax rate.

(Notes to 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