

May 11, 2026
Insource Co., Ltd.

Q&A Session Summary for Financial Results Briefing for 2Q FY25 (interim period)

Date and Time: Monday, May 11, 2026, 15:30-16:30 (JST)

Speakers: Takayuki Funahashi (Representative Director, President and Chief Executive Officer);
Shigeo Fujimoto (Director, Executive Officer)

This is a summary of the main Q&A from the financial results briefing. The content has been partially revised and edited for easier understanding. All responses were provided by CEO Funahashi in Japanese.

Question 1: Regarding the strengthening of Sales Force, which was identified as a challenge in 1Q, please tell us what went well and what challenges remain.

Answer 1: First, as for what went well, the proposal amount has increased as we are now able to make a wide range of proposals from various perspectives in a single client visit. A challenge that remains is closing. Another challenge is Large Enterprise. We are still in the seeding stage and have not yet achieved significant numbers, so we need to continue with our current approach while increasing volume. To strengthen sales teams' closing skills, we are conducting training such as role-playing and objection-handling techniques. AI-Plants has raised the quality of our proposal materials.

Question 2: Regarding Insource's Generative AI strategy, if you are providing not only AI training but also hands-on consulting, the range of potential competitors would expand. How do you plan to differentiate yourselves, and what do you see as your winning formula?

Answer 2: Consulting firms are "people who do it for you," but we are "people who teach you how to do it." By teaching clients how to create AI agents, we can ultimately reduce their costs. If clients can do themselves what would cost millions of yen through consulting, they can significantly reduce costs. In other words, the cost structure changes significantly. Traditional SI required system development languages, but now systems can be built using Japanese. Large-scale core systems will continue to require SIers, while we believe that small-scale systems closely tied to operations used by individual departments such as management and human resources will be developed by users themselves using AI. As a training company for AI agents, we provide the largest number of training programs in Japan, and our strength lies in our ability to develop and deliver numerous training programs at a reasonable cost and high speed. Our ability to provide templates that address diverse and complex clients' operations differentiates us from competitors.

Question 3: Could you elaborate on the factors that led to a downward revision of the full-year earnings forecast, beyond the underperformance in the first half? Does this mean that the OJT burden from hiring will continue into the second half?

Answer 3: Open Seminars and Videos are on a growth trajectory, but considering that On-Site Training cannot achieve its targets without winning large enterprise deals, we conservatively assume only a slight increase from the current growth rate. Additionally, IT Services have not achieved the customization sales initially expected, which is reflected in these figures. Although we have been working to recover, On-Site Training has a long lead time, which is why we have set these figures.

Question 4: While proposal amounts are increasing, sales forecasts are declining. Is this due to the impact of lead times, or is it because there are challenges with closing?

Answer 4: We believe it is both. A lack of persistence in our sales activities has become a key challenge. Additionally, there are timing issues such as Leaf and large packages for Open Seminars being easier to win during clients' fiscal year-end periods, and this is where lead time impacts are showing.

Question 5: Looking at monthly KPIs, numbers in On-Site Training are improving, but will sales still not reach projections?

Answer 5: Training for new employees in March and April is easier for new sales representatives to generate revenue, but proposals targeting managers or all levels require the experienced sales representatives, which presents some difficulty. Additionally, last year there was an increase in large-scale digital-related training, but this has now stabilized, which is also having an impact. On the other hand, AI agent training has market impact, so we expect it to contribute to future sales.

Question 6: Do you expect that the second half will not maintain the same pace as April?

Answer 6: We believe it will be influenced by the order status of large-scale digital projects. We have sufficient prospects, so we will focus on closing deals properly.

Question 7: While AI-Plants has significantly reduced the workload, there appears to be no improvement in profit margins in the earnings forecast. What are your thoughts on this?

Answer 7: As we do not intend to significantly reduce headcount through operational improvements driven by AI, we have set our targets accordingly.

Question 8: You mentioned that the Three-year Business Plan will be revised in November. Will the assumed headcount be reduced? The profit margin is currently at 41%. Is there an expectation for it to increase?

Answer 8: The headcount will be reduced. We would also like to increase the profit margin. Thanks to AI, operational tasks have been reduced. We are considering how to transition our current personnel into consultants and development staff.

Question 9: Insource hired 40 new graduates in April. Will the number of new graduates you hire change going forward?

Answer 9: We intend to continue hiring many new graduates. We believe that developing young talent leads to faster adaptation to AI compared to mid-career hires. We plan to assign many new graduates to AI development research centers such as Utsunomiya to enhance our proprietary development capabilities and solution capabilities. If other companies reduce the number of new graduates they hire, we would like to increase ours.

End