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Insource Co., Ltd.

Representative director and CEO Takayuki Funahashi

(Code number: 6200, The First Section of the Tokyo Stock Exchange)

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Notice: Revision of 1H FY19 Consolidated Financial Forecasts

Insource Co. has reviewed current trends in its performance and revised its sales and profits of 1H FY19 Consolidated Financial Forecasts that were announced on January 27, 2020.

1. Revision of 1H FY19 Consolidated Financial Results

(October 1, 2019 – March 31, 2020)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share
Previous forecast(A)	mil yen 3,070	mil yen 620	mil yen 610	mil yen 400	Yen sen 19.03
Revised forecast (B)	2,910	605	600	390	18.55
Change (B-A)	▲160	▲15	▲10	▲10	
Percentage change (%)	▲5.2%	▲2.4%	▲1.6%	▲2.5%	
(Reference) 1H FY18	2,555	567	565	372	17.69

*At the Board of Directors held on June 3, 2019, we resolved to conduct a 1.25-for-1 stock split of its common stock from September 1, 2019 as an effective date. "Net income per share" is calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

*The above forecasts are based on information available as the date of publication.

2. Reasons for Revision

Due to the suspension or cancellation of trainings by the spread of Coronavirus disease (COVID-19) infections, sales in the training business are expected to decline by 247 million yen in the 2Q (130 million yen in On-Site training and 117 million yen in Open Seminars).

As for 1H, contributed by the performance of whole business up to February, increased sales of IT services and enhancement of other businesses, the loss of overall sales are expected to be 160 million yen from the previous forecast. In addition, operating profit and ordinary profit are expected to decrease by 15 million yen and 10 million yen, respectively. As a result, we expect net sales to increase by 13.9% to 2,910 million yen, operating profit to increase by 6.6% to 605 million yen, and ordinary profit to increase by 6.1% to 600 million yen from 1H FY18.

3. The preliminary figures of KPI

The number of On-Site Training conducted was 302 (41.1% YOY) and the number of attendees at Open Seminars was 1,979 (35.7% YOY). On the other hand, the total number of WEBinsource subscribers reached 12,642 organizations, and in March, new 38 training programs and 20 package plans were developed.

	FY2019						
	October	November	December	January	February	March	Total
Number of On-Site Training conducted(times) (YOY)	1,594 (101.5%)	1,763 (114.3%)	1,114 (115.8%)	1,043 (109.7%)	1,135 (103.9%)	302 (41.1%)	6,951 (101.4%)
Number of attendees at Open Seminars (YOY)	6,684 (121.5%)	7,431 (120.9%)	7,017 (153.7%)	5,642 (135.3%)	6,096 (113.6%)	1,979 (35.7%)	34,849 (111.3%)
Number of WEBinsource subscribers(organizations) (vs. end of FY18) (rate of change: %)	11,549 (+214) (+101.9%)	11,773 (+438) (+103.9%)	11,974 (+639) (+105.6%)	12,185 (+850) (+107.5%)	12,419 (+1,084) (+109.6%)	12,642 (+1,307) (+111.5%)	12,642 - -
Number of "Leaf(HR support system)" paid subscribers(organizations) (MOM) (vs. end of FY18) (users)	164 (+2) (+2) -	170 (+6) (+8) -	175 (+5) (+13) -	177 (+2) (+15) -	179 (+2) (+17) -	190 (+11) (+28) 917,561	190 - - 917,561
Number of organizations using on-the-web appraisal form service (MOM)	52 (+2)	55 (+3)	58 (+3)	59 (+1)	60 (+1)	67 (+7)	67 -
Stress Check Support Service (Unit: organizations)							
Number of orders received (YOY)	35 (+15)	23 (+9)	17 (+3)	20 (+0)	14 (+4)	17 (+10)	126 (+41)
Number of orders received (by month)	5	6	13	43	39	119	-
Number of orders delivered (YOY)	5 (+1)	11 (-10)	24 (-13)	67 (+10)	106 (+5)	225 (+53)	- -
Number of orders to be delivered(end of month)	153	170	174	151	126	24	-
Number of developed new trainings	25	27	33	28	34	38	185
Number of developed package plans	-	14	17	14	20	20	85

*The preliminary figures above may differ from the upcoming financial statements. This information is created with utmost caution, but we do not fully guarantee the accuracy.

4. FY19 Consolidated Financial Forecasts

With the uncertainty of Coronavirus disease (COVID-19) epidemic on business results, FY19 Consolidated Financial Forecasts which was announced on January 27, 2020 have remained unchanged. In this April, while face-to-face trainings for new comers (On-Site training and Open Seminars) are suspended or cancelled, applications for online training (On-Site training and Open Seminars) are increasing.

Considering these circumstances, we plan to release FY19 Consolidated Financial Forecasts in mid-May.

Disclosure may be delayed if this uncertain situation continues.