

# Insource Co., Ltd.

## 3Q FY23 Consolidated Cumulative Financial Results (October 1, 2023 to June 30, 2024)

Monday, July 22, 2024

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- This material contains estimates and targets pertaining to the future plans and business results of the Insource Group (Insource Co., Ltd. and its affiliated companies). Such statements are based on information available at the time of preparing this material and are based on potential risks and uncertainties. Please be aware that actual results may differ materially from estimates and targets contained herein.
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3Q FY23 Consolidated Cumulative Financial Results

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Three-year Business Plan “Road to Next 2026”

## 3Q FY23 Consolidated Results (Cumulative) (Oct. 2023- Jun. 2024)

- The results are as below,

Net Sales	9,174 million yen	(+16.1% YoY)
Gross profit	7,040 million yen	(+17.2% YoY)
Gross profit margin	76.7%	(+0.7pt YoY)
Operating profit	3,540 million yen	(+26.1% YoY)
Operating profit margin	38.6%	(+3.0pt YoY)

## 3Q FY23 Consolidated Results (Apr.- Jun. 2024)

Net Sales	3,155 million yen	(+17.1% YoY)
Gross profit	2,379 million yen	(+17.7% YoY)
Gross profit margin	75.4%	(+0.4pt YoY)
Operating profit	1,139 million yen	(+29.9% YoY)
Operating profit margin	36.1%	(+3.5pt YoY)

- Open Seminars, IT Services, and Other Businesses performed well, with each sales growth of more than 20% YoY.

## Revision of full-year financial forecast for FY23

Net Sales	12,470 million yen	(+15.6% YoY)	(- 60 million yen , -0.5 % from the previous forecast )
Gross profit	9,595 million yen	(+16.4% YoY)	(- 205 million yen , -2.1% from the previous forecast )
Operating profit	4,850 million yen	(+23.1% YoY)	(+ 260 million yen , +5.7% from the previous forecast )
Operating profit margin	38.9%	(+2.3pt YoY)	(+1.8pt from the previous forecast )

- Progress against the revised full-year forecast is 73.6% for net sales, 73.0% for operating profit and 74.8% for net profit.

- Revised full-year forecasts due to lower-than-expected sales in On-Site Training, while sales in the Open Seminars, IT Services and Other Businesses exceeded forecasts.

## ■ Changes in Shareholder Return Policy

Policy for shareholder returns has been changed to one that takes into account capital efficiency while securing resources for investment in growth.

Current Policy:

Continue to pay dividends linked to business performance with a target payout ratio of 40%

New Policy:

Dividends will be paid with a target payout ratio of 50% and a dividend on equity ratio of 18%

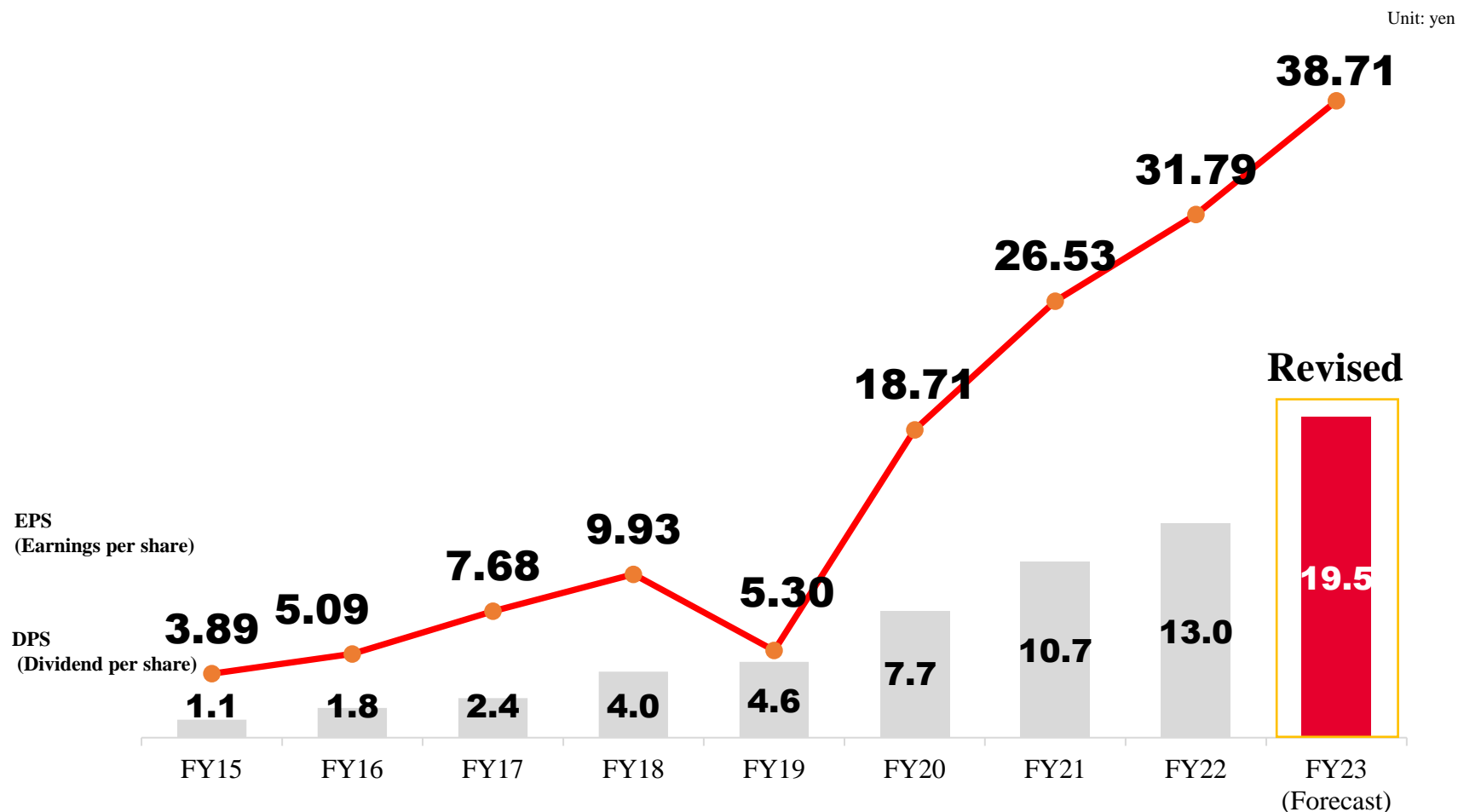
## ■ Revision of Dividend Forecast for FY23

Revised dividend forecast per share due to “Change in shareholder return policy” and “Change in full-year financial forecast”.

Current: 15.00 yen per share

Revised: 19.50 yen per share

■ Dividend per share for FY23 is planned to be 17.1 times\* that of FY15 at the time of the IPO.



(\*) We conducted stock splits on May 1, 2018, September 1, 2019, January 1, 2021 and January 1, 2023. The year-end dividend amount reflects this stock split.  
EPS and DPS reflects this stock split.

Chap. 01

## 3Q FY23 Consolidated Cumulative Financial Results

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# Consolidated Profit & Loss Statement 1 - Overview



Unit: million yen

	3Q FY22 (Actual)	3Q FY23 (Actual)	YoY		1-3Q FY22 (Actual)	1-3Q FY23 (Actual)	YoY		FY23 (Revised Forecast)		Revised Progress	Comments
Net sales	2,694	3,155	+461	+17.1%	7,899	9,174	+1,275	+16.1%	Revised ▲60	12,470	73.6%	<b>【Net sales】</b> • In 3Q, Open Seminars increased 21.2% YoY, IT Services increased 40.8% YoY, and Other Businesses increased 22.0% YoY, driving sales. • The full-year forecast has been revised down by 0.5% due to a decrease in the sales of On-Site training compared to the plan.
Gross profit	2,021	2,379	+357	+17.7%	6,005	7,040	+1,034	+17.2%	Revised ▲205	9,595	73.4%	
Gross profit margin	75.0%	75.4%	+0.4pt	-	76.0%	76.7%	+0.7pt	-		76.9%	-	
SG&A expenses	1,143	1,239	+95	+8.4%	3,197	3,499	+301	+9.4%	Revised ▲465	4,745	73.8%	
SG&A ratio	42.4%	39.3%	▲3.1pt	-	40.5%	38.1%	▲2.3pt	-		38.3%	-	<b>【Gross Profit】</b> • Increased 17.7% YoY in 3Q. Full-year forecast for gross margin has been revised down 1.3% YoY to 76.9%, mainly due to higher communication expenses.
Total personnel expenses *1	896	1,014	+118	+13.2%	2,549	2,803	+254	+10.0%	Revised ▲480	3,710	75.5%	
Office-related expenses*2	42	39	▲3	▲7.6%	128	111	▲16	▲13.1%	Revised +5	180	63.1%	
Office & communication expenses	54	49	▲4	▲8.5%	142	150	+8	+6.0%	Revised ▲5	205	73.6%	
Other expenses	150	135	▲14	▲9.9%	377	433	+56	+14.9%	Revised +15	650	66.8%	
EBITDA	908	1,223	+314	+34.6%	2,897	3,677	+780	+26.9%	Revised +248	4,964	73.8%	<b>【SG&amp;A expenses】</b> • Growth in total personnel expenses was restrained due to the expiration of employee RS, etc., and the SG&A to sales ratio also decreased. • Office-related expenses decreased due to acquisition of company-owned buildings.
EBITDA margin	33.7%	38.8%	+5.0pt	-	36.7%	40.1%	+3.4pt	-		39.8%	-	
Operating profit	877	1,139	+262	+29.9%	2,807	3,540	+732	+26.1%	Revised +260	4,850	73.0%	• Other expenses decreased due to the different timing of tax payments.
Operating profit margin	32.6%	36.1%	+3.5pt	-	35.5%	38.6%	+3.0pt	-		38.9%	-	
Ordinary profit	878	1,140	+111	+29.8%	2,804	3,544	+740	+26.4%	Revised +185	4,770	74.3%	<b>【Operating Profit】</b> • Operating profit and Operating profit margin increased due to lower SG&A expense ratio.
Net profit	584	677	+92	+15.8%	1,903	2,429	+526	+27.6%	Revised +145	3,250	74.8%	

\*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 1-3Q FY23 was 70 million yen (-24.0% 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

		3Q FY22 (Actual)	3Q FY23 (Actual)	YoY		1-3Q FY22 (Actual)	1-3Q FY23 (Actual)	YoY		FY23 (Revised Forecast)		Revised Progress	Comments	
On-Site Training	Net sales	1,461	1,612	+150	+10.3%	3,868	4,333	+465	+12.0%	Revised ▲335	5,875	73.8%	【Net Sales】 • Increased numbers of trainings conducted for new employees and trainings for promoted employees. • High unit price DX-related training led sales, especially for new and younger employees.	
	Gross Profit	1,142	1,246	+103	+9.0%	3,055	3,423	+368	+12.1%	Revised ▲370	4,650	73.6%		
1-3Q Composite ratio	Gross profit margin	78.2%	77.3%	▲0.9pt	-	79.0%	79.0%	+0.0pt	-	79.1%		-		
1-3Q Composite ratio (1-3Q FY22 49.0%)	Monthly Disclosure	Number of trainings conducted Unit: times	5,220	5,645	+425	+8.1%	13,819	15,052	+1,233	+8.9%			-	【Gross Profit】 • Growth in high-profit DX training slowed than planned, and cumulative 1-3Q of gross profit margin remained at the same level as the previous year.
		Of which, online ratio	17.6%	13.1%	▲4.5pt	-	28.1%	20.9%	▲7.2pt	-			-	
		Of which, DX-related training	381	446	+65	+17.1%	925	1,198	+273	+29.5%			-	
	Average unit price Unit: Thousand yen	280.1	285.6	+5.6	+2.0%	279.9	287.9	+7.9	+2.9%			-		
Open Seminars	Net sales	709	859	+150	+21.2%	1,893	2,197	+304	+16.1%	Revised +60	3,100	70.9%	【Net Sales】 • The number of attendees increased due to the increased number of face-to face training for new employees, as well as training programs by job level. • The number of attendees for generative AI training increased.	
	Gross profit	548	682	+133	+24.3%	1,441	1,723	+282	+19.6%	Revised +55	2,455	70.2%		
1-3Q Composite ratio	Gross profit margin	77.4%	79.4%	+2.0pt	-	76.1%	78.4%	+2.3pt	-	79.2%		-		
1-3Q Composite ratio (1-3Q FY22 24.0%)	Monthly Disclosure	No. of attendees	31,008	35,928	+4,920	+15.9%	86,780	98,201	+11,421	+13.2%			-	【Gross profit】 • In 3Q, the average unit price increased by 1.0 thousand yen due to an increase in the number of trainees for level-specific training and high-unit-price training, mainly in the digital field. • Continued from 2Q, controlling the number of programs held succeeded, and the number of attendees per training increased by 0.5.
		Of which, online ratio	64.0%	53.8%	▲10.2pt	-	75.8%	65.5%	▲10.2pt	-			-	
		Of which, DX training attendees	3,847	4,800	+953	+24.8%	9,969	12,933	+2,964	+29.7%			-	
	No. of trainings conducted Unit: times	2,644	2,928	+284	+10.7%	7,988	8,653	+665	+8.3%			-		
	No. of attendees	11.7	12.3	+0.5	+4.6%	10.9	11.3	+0.4	+4.5%			-		
	Average unit price Unit: Thousand yen	22.8	23.9	+1.0	+4.6%	21.8	22.3	+0.5	+2.6%			-		

\* 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



Unit: million yen

		3Q FY22 (Actual)	3Q FY23 (Actual)	YoY		1-3Q FY22 (Actual)	1-3Q FY23 (Actual)	YoY		FY23 (Revised Forecast)		Progress	Comments
IT Services	Net sales	240	338	+98	+40.8%	976	1,381	+405	+41.5%	Revised +150	1,780	77.6%	<b>【Net Sales】</b>
	Gross profit	187	245	+58	+31.0%	763	1,065	+301	+39.5%	Revised +50	1,370	77.7%	• Large-scale use of the education and training platform for teachers and staff nationwide commissioned by MEXT (*3) started in 3Q, with monthly revenue increase by 50.6% YoY.
1-3Q Compositi on ratio 15.1% (1-3Q FY22 12.4%)	Gross profit margin	78.1%	72.6%	▲5.4pt	-	78.2%	77.1%	▲1.1pt	-	-	-	-	• The number of active users increased 40.6% to 3.82 million YoY, and annual recurring revenue (ARR*) increased 51.3% YoY to 1,079 million yen.
	Leaf recurring (Monthly rev.)	175	264	+88	+50.6%	506	694	+187	+37.1%	-	-	-	
	Leaf customization sales	61	71	+9	+15.6%	278	484	+205	+73.9%	-	-	-	
	Stress check	2	2	▲0	▲15.6%	191	203	+11	+6.1%	-	-	-	
	Leaf paid subscribers (organization)	612	710	+98	+16.0%	612	710	+98	+16.0%	-	-	-	
Monthly Disclosure	Leaf active users (thou.)	2,722	3,826	+1,104	+40.6%	2,722	3,826	+1,104	+40.6%	-	-	-	<b>【Gross Profit】</b> • Cost increased as the number of active users increased in 3Q.
Other Businesses	Net sales	283	345	+62	+22.0%	1,160	1,260	+100	+8.6%	Revised +65	1,715	73.5%	<b>【Net Sales】</b>
	Gross profit	142	204	+62	+44.1%	745	827	+82	+11.1%	Revised +90	1,120	73.9%	• Video sales increased 56.6% YoY in 3Q due to the impact of price revision and sales promotion.
1-3Q Compositi on ratio 13.7% (1-3Q FY22 14.7%)	Gross profit margin	50.1%	59.2%	+9.0pt	-	64.2%	65.6%	+1.4pt	-	-	65.3%	-	• Sales for video rental services increased by 48.2% YoY due to recognition of the enhanced convenience provided by the improved application system.
	Video sales	69	108	+39	+56.6%	387	452	+65	+16.9%	-	-	-	• Sales for Consulting and Assessment Service increased 127.0% YoY due to the impact of ICO establishment.
	Video rental	6	10	+3	+48.2%	29	28	▲0	▲2.9%	-	-	-	
	Video Production	14	17	+2	+17.3%	40	70	+29	+73.9%	-	-	-	
	Video monthly subscription (STUDIO)	41	45	+4	+10.6%	115	126	+10	+9.4%	-	-	-	
	Consulting/ Assessment Service	26	60	+33	+127.0%	85	140	+54	+64.2%	-	-	-	
	Online Seminar Support Service	45	35	▲10	▲22.3%	145	142	▲2	▲1.7%	-	-	-	<b>【Gross Profit】</b> • Gross profit increased 44.1% YoY due to increase in high-profit video sales.
Regional Revitalization Service	2	0	▲1	▲71.0%	52	82	+30	+57.2%	-	-	-		
Web Marketing	70	91	+21	+30.4%	165	186	+20	+12.4%	-	-	-		

\*1 Gross profit by business has not been audited by Ernst & Young ShinNihon LLC.

\*2 ARR: Annual Recurring Revenue. Calculated by multiplying monthly ordinary revenues for each period end month by 12 times

\*Ministry of Education, Culture, Sports, Science and Technology

# Consolidated Balance Sheets

Unit: million yen

	End of FY22 (Actual)	End of 3Q FY23 (Actual)	YoY		Comments
Current assets	5,135	6,062	+926	+18.0%	▪Cash and deposits and current assets increased due to higher sales.
Of which, cash and deposits	3,515	4,767	+1,251	+35.6%	
Fixed assets	5,659	5,561	▲97	▲1.7%	
Total assets	10,795	11,623	+828	+7.7%	
Current liability	2,822	2,572	▲249	▲8.8%	▪Current liabilities decreased due to decrease in income taxes payable despite increase in advances received.
Advances received*	850	983	+133	+15.7%	▪Advances received increased due to an increase in acquisitions of the HR SmartPacks for Open Seminars.
Fixed liability	43	40	▲2	▲5.7%	
Net assets	7,929	9,010	+1,080	+13.6%	
Liabilities and net assets	10,795	11,623	+828	+7.7%	

※ Advances received are the unused amount of HR SmartPacks that can be used for services such as Open Seminars and video/e-Learning.

# 3Q Status of Sales Strategies

To expand sales by leveraging our abundant content and DX capabilities, and by overcoming current challenges.

## 1. Expand sales by utilizing our contents and sales force

- a. Expansion of offices  
Minato Mirai Office in Kanagawa (April 2024), Kitakyushu Office in Fukuoka, Sales Branches in Toyama and Kanazawa in Ishikawa (May 2024), and strengthened door-to-door sales activities.
- b. Expand sales of Open Seminars  
Strengthened sales by establishing Open Seminars Sales Department, package sales of Open Seminars, resulting in a 17.5% YoY increase in 3Q.  
Raised prices of major 110 training programs, mainly for new employees, and increased unit price per client by 1,000 yen YoY.
- c. Strengthening Large-Scale Proposals  
Strengthened large-scale proposal activities, mainly for Large Enterprise (LE) and Medium Market (MM) clients, the proposed amount increased by 38.0% YoY.

## 2. Expand sales by leveraging DX capabilities

- a. Expansion of Leaf sales  
Strengthen sales mainly to public sector and local governments, which have been performing well. Number of paying organizations increased by 98 organizations YoY.
- b. Strengthening digital sales  
The number of inquiries continued to increase by 20% YoY.
- c. Strengthening Sales Channels  
New applications for the Open Seminars “HRD Smart Pack”, available on WEBinsource, and since the start of sales on June 5, 43 new purchases have been made for a total of 19 million yen by the end of June.

## 3. Overcoming Current Sales Challenges

- a. Sales from public sector and local governments  
Developed 14 contents for public sector and local governments in 3Q and strengthening sales visits
- b. Recruitment of sales representatives  
Dedicated recruiters have been assigned to the Group Sales Management Office to strengthen recruitment nationwide.
- c. Strengthening the sales to win orders for level-specific training  
Expanding products for executives and managers. Strengthening our sales activities to win orders for training for all levels  
  
Developed “Learning Management Strategy from Classics” and promoted sales, “Strategic Management and Competitive Advantage: Concept,” “Toyota Production System,” and “Moments of Truth”  
  
Sales of “Learning Practical Management Knowledge from Kobe University MBA Professors” started.

# Expansion of sales per company by customer segment

Unit: companies

		Target per company	1-3Q FY22 Results	1-3Q FY23 Results	YoY	Target no. of companies	Achievement rate toward target	Key Sales Themes	
Private sector	LE Large Enterprise businesses	Large corporations (5,000 employees or more)	10,000 thou. yen or more	46	50	+8.7%	90	55.6%	<ul style="list-style-type: none"> <li>•56 clients within 3 million yen of achieving sales targets.</li> <li>•Of which, 24 companies are using Open Seminars “HRD Smart Pack”, and we will thoroughly promote the use of the service and strengthen proposals to purchase videos.</li> </ul>
		Second-tier companies (1,000 to 4,999 employees)							
	MM Medium Market Business	Medium-sized companies (300 to 999 employees)	5,000 thou. yen or more	33	40	+21.2%	70	57.1%	<ul style="list-style-type: none"> <li>• 97 clients within 2 million yen of achieving sales targets.</li> <li>• Of which, 44 companies are using Open Seminars “HRD Smart Pack”, and we will thoroughly promote the use of the service and strengthen proposals for training to be held this fall.</li> </ul>
SMB Small Medium Business	Medium-sized companies (100 to 299 employees)	1,000 thou. yen or more	470	548	+16.6%	890	61.6%	<ul style="list-style-type: none"> <li>• 352 clients within 300 thousand yen of achieving sales targets.</li> <li>• Of which, 148 companies are using Open Seminars “HRD Smart Pack”, and proposals to promote their use will be strengthened through e-mail and DM.</li> </ul>	
	Small and growing companies (-99 employees)								
Total	All segments	100 thou. yen or more	5,848	6,402	+9.5%	7,200	88.9%	<ul style="list-style-type: none"> <li>• 1,048 of these clients are using Open Seminars “HRD Smart Pack”, and we are thoroughly promoting the use of the service and at the same time making proposals in line with demand at the end of the fiscal year.</li> </ul>	
Public Sector	All segments	100 thou. yen or more	1,649	2,177	+32.0%	2,700	80.6%	<ul style="list-style-type: none"> <li>• Make proposals in accordance with demand at the end of the fiscal year.</li> </ul>	

# Development of New Training for the Next Generation of Management and Executive Candidates

## ■ “Learning Management Strategy from Classics - Corporate Strategy”

(Open Seminars from March 2024)

- Based on “Corporate Strategy” by Jay B. Barney/William S. Hesterly, used in MBA schools and business schools in Europe and America. The training will take place in the form of a reading in a group.
- Learning the major frameworks such as competitive strategy, pricing strategy, and M&A strategy, essential for aspiring next-generation managers. This training is designed to deepen understanding by discussing how to apply this knowledge to the challenges of their own organizations.



## ■ “Learning Practical Management Knowledge from Kobe University MBA Professors”

(Open Seminars from October 2024)

- Pre-MBA program will be taught by the faculty of Kobe University, where the first faculty of management was established in Japan.
- This training intensively covers the eight subjects that make up an MBA, such as organizational theory, marketing, and financial accounting.
- Aimed at those who wish to enhance their perspectives as management candidates and businesspersons, the training will lead to problem-solving through discussions using case studies.



■ The number of contents and contracted trainers increased steadily. Number of redesigned web pages increased in line with enhanced sales promotion.

	FY22 (Actual)	1H FY23 (Actual)	3Q FY23 (Actual)	1-3Q FY23 (Progress rate)	FY23 (Target)	
Monthly Disclosure	No. of new contents for On-Site Training (cumulative)	362 (4,156)	187 (4,343)	89 (4,432)	276 (76.7%)	360 (4,516)
	No. of new contents for Open Seminars (cumulative)	307 (3,937)	334 (4,271)	57 (4,328)	391 (195.5%)	200 (4,137)
	No. of new contents for e-Learning/videos (cumulative)	210 (754)	123 (877)	66 (943)	189 (75.6%)	250 (1,004)
	No. of redesigns of the primary page *1	-	4,286	937	5,223 (104.5%)	5,000
Monthly Disclosure	No. of inquiries *2,3	5,086	3,007	1,561	4,568 (76.1%) (129.3% YoY)	6,000
	No. of new contracts of WEBinsource *4 (Cumulative no. of organizations)	2,975 (21,644)	1,399 (23,043)	729 (23,772)	2,128 (88.7%) (▲6.3% YoY)	2,400 (24,044)
	Number of newly contracted trainers *5 Unit: People (No. of contracted trainers)	62 (377)	29 (406)	13 (419)	42 (Increase progress 105.0%)	40 (417)
	Of which, No. of DX trainers *5 Unit: People (No. of contracted trainers)	17 (84)	18 (102)	5 (107)	23 (Increase progress 92.0%)	25 (107)

※1 Number of changes made to the display format of internal links in the main column to increase number of pages viewed per user.

※2 Calculation method has been changed from 1Q FY23 financial results ※3 Each inquiry resulted in an increase in revenue of 277 thousand yen (actual results for FY22)

※4 Each WEBinsource acquisition had the effect of increasing revenues by 139 thousand yen in the Open Seminars Business (actual results for FY22)

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



# Major News of 3Q FY23 (As of July 19, 2024)

■ Our content capabilities are recognized by expanding regional business sites, being selected as DX partners, and receiving orders for regional revitalization services.

	News	Business Fields
April	Started training operation services as the contractor for "Training Program Services for Local Government Training Center in Fukui Prefecture"	Training management for local governments
	Started operation for the educational and training platform 'Plant' for teachers and staff, commissioned by Ministry of Education, Culture, Sports, Science and Technology - Providing an LMS used by 900,000 teachers and staff nationwide	IT Services
	Started operation "Japan Nursing Association On-Demand Training Delivery System", commissioned by the Japan Nursing Association - Providing an LMS that supports the learning of 150,000 nurses nationwide	IT Services
	Selected by Nara Prefecture as a contractor of the "Project to Promote Online Training"	Training management for local governments
	Opened Minato Mirai Office in Kanagawa Prefecture	Strengthen community-based sales
May	Opened Kitakyushu Office in Fukuoka, and Sales Branches in Toyama and Kanazawa in Ishikawa Prefecture respectively	Strengthen community-based sales
	Developed 10 correspondence education courses for engineer training with Tech Bowl, Inc.	DX, Content Development
	Received an order for a corporate experience program for high school students, commissioned by Nagoya City in Aichi Prefecture	Regional Revitalization Service
June	'Learning Practical Management Knowledge from Kobe University MBA Professors' will be opened (From October 2024) - Implemented an industry-academia collaboration project with the NPO Research Institute of Advanced Management (RIAM)	Industry-academia collaboration, Content Development
	Selected as a partner for 'Digital HR Development Training' by YUASA TRADING CO.,LTD.	DX, Consulting
	Added 'SmartPacks Purchase Function' to 'WEBinsource' - Immediate purchase on the web page became available, improving the convenience of taking Open Seminars	Open Seminars
	Received an order for a Design Management Value Co-creation Project, commissioned by Wakayama Prefecture	Regional Revitalization Service
	Selected as a partner for the "DX HR Development Program" by MS&AD InterRisk Research & Consulting, Inc.	DX, Consulting
July	Selected as the contractor for Tochigi Prefecture's 'Distributing Advertising Banner and Other Services Related to Evacuation at the Time of Warning Announcement for 2024'	Web Marketing



## ■ Promoting digital skills and content development for government agencies and public institutions

Rank	1Q FY23		2Q FY23		3Q FY23	
1	Digital Skills	24	Digital Skills	44	Digital Skills	30
2	Business Skills	21	For Managers	24	Business Skills	22
3	Sales & Marketing	9	Business Skills	12	For Managers	13
4	For Newcomers & Young Employees	8	Sales & Marketing	3	Sales & Marketing	5
5	For Managers	7	Risk Management & Compliance	3	For Mid-level Employees	5
6	Promoting Health Management	5	For Regional Revitalization Service	3	Communication	3

## ■ Key Theme: 3Q Development Status

Segment	Development Policies
Digital Skills	<ul style="list-style-type: none"> <li>▪ Developed 14 titles related to ChatGPT. Currently, 33 related training programs are available, and we will continue to expand the program to meet the needs of various learner levels. (First-time Generative AI Training, ChatGPT × Python Programming Training, etc.)</li> <li>▪ Developed a number of programs for ChatGPT and business skills training, simulating practical scenes of use (e.g., ChatGPT and document creation, manual creation, conceptualization, etc.)</li> </ul>
Public sector and local governments	<ul style="list-style-type: none"> <li>▪ Developed 14 training programs for public sector and local governments, such as Business Improvement Training from Case Studies, Accompanied Support for Public Policy-making Training, Evaluation Matching Training, BPR Training, etc. Conducted interviews with government agencies on their issues and Continued to strengthen development.</li> </ul>

Chap. 02

3Q FY23 Performance by Business

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# Consolidated Profit & Loss Statement - Overview

Unit: million yen

	3Q FY22 (Actual)	4Q (Actual)	1Q FY23 (Actual)	2Q (Actual)	3Q (Actual)	YoY	
Net sales	<b>2,694</b>	<b>2,884</b>	<b>2,870</b>	<b>3,148</b>	<b>3,155</b>	<b>+461</b>	<b>+17.1%</b>
(YoY)	(+14.1%)	(+13.3%)	(+11.0%)	(+20.3%)	(+17.1%)		
(QoQ)	(+77)	(+189)	(▲14)	(+27)	(+7)		
Gross profit	<b>2,021</b>	<b>2,236</b>	<b>2,224</b>	<b>2,436</b>	<b>2,379</b>	<b>+357</b>	<b>+17.7%</b>
(YoY)	(+14.5%)	(+14.7%)	(+13.6%)	(+20.2%)	(+17.7%)		
(QoQ)	(▲5)	(+215)	(▲11)	(+212)	(+357)		
(Gross profit margin)	(75.0%)	(77.5%)	(77.5%)	(77.4%)	(75.4%)	(+0.4pt)	
Operating profit	<b>877</b>	<b>1,133</b>	<b>1,061</b>	<b>1,339</b>	<b>1,139</b>	<b>+262</b>	<b>+29.9%</b>
(YoY)	(+15.0%)	(+21.9%)	(+18.8%)	(+29.2%)	(+29.9%)		
(QoQ)	(▲159)	(+255)	(▲72)	(+278)	(▲199)		
(Operating profit margin)	(32.6%)	(39.3%)	(37.0%)	(42.5%)	(36.1%)	(+3.5pt)	
Ordinary profit	<b>878</b>	<b>1,133</b>	<b>1,061</b>	<b>1,341</b>	<b>1,140</b>	<b>+261</b>	<b>+29.8%</b>
(YoY)	(+16.3%)	(+21.6%)	(+19.2%)	(+29.7%)	(+29.8%)		
(QoQ)	(▲155)	(+254)	(▲71)	(+279)	(▲201)		
Net Profit	<b>584</b>	<b>772</b>	<b>726</b>	<b>1,025</b>	<b>677</b>	<b>+92</b>	<b>+15.8%</b>
(YoY)	(+13.0%)	(+33.3%)	(+19.0%)	(+44.9%)	(+15.8%)		
(QoQ)	(▲122)	(+188)	(▲46)	(+298)	(▲348)		

# On-Site Training

Unit: million yen

	3Q FY22 (Actual)	4Q (Actual)	1Q FY23 (Actual)	2Q (Actual)	3Q (Actual)	YoY	
Net sales	<b>1,461</b>	<b>1,406</b>	<b>1,571</b>	<b>1,149</b>	<b>1,612</b>	<b>+150</b>	<b>+10.3%</b>
(YoY)	(+14.2%)	(+11.5%)	(+12.4%)	(+14.0%)	(+10.3%)		
(QoQ)	(+453)	(▲55)	(+165)	(▲422)	(+463)		
Gross profit	<b>1,142</b>	<b>1,093</b>	<b>1,262</b>	<b>915</b>	<b>1,246</b>	<b>+103</b>	<b>+10.9%</b>
(YoY)	(+13.6%)	(+9.8%)	(+14.3%)	(+13.2%)	(+10.9%)		
(QoQ)	(+333)	(▲49)	(+168)	(▲346)	(+330)		
(Gross profit margin)	(78.2%)	(77.7%)	(80.3%)	(79.7%)	(77.3%)	(▲0.9pt)	
Number of trainings conducted	<b>5,220</b>	<b>5,039</b>	<b>5,567</b>	<b>3,840</b>	<b>5,645</b>	<b>+425</b>	<b>+8.1%</b>
(YoY)	(+13.1%)	(+11.3%)	(+9.1%)	(+9.8%)	(+8.1%)		
(QoQ)	(+1,724)	(▲181)	(+528)	(▲1,727)	(+1,805)		
Of which, online training	<b>921</b>	<b>1,313</b>	<b>1,456</b>	<b>943</b>	<b>741</b>	<b>▲180</b>	<b>▲19.5%</b>
(Composition ratio)	(17.6%)	(26.1%)	(26.2%)	(24.6%)	(13.1%)	(▲4.5pt)	
Average unit price Unit: Thousand yen	<b>280.1</b>	<b>279.2</b>	<b>282.3</b>	<b>299.3</b>	<b>285.6</b>	<b>+5.6</b>	<b>+2.0%</b>
(YoY)	(+1.0%)	(+0.2%)	(+3.1%)	(+3.8%)	(+2.0%)		
(QoQ)	(▲8.4)	(▲0.9)	(+3.2)	(+17.0)	(▲13.6)		

※ Gross profit by business has not been audited by Ernst & Young ShinNihon LLC

# Open Seminars

Unit: million yen

	3Q FY22 (Actual)	4Q (Actual)	1Q FY23 (Actual)	2Q (Actual)	3Q (Actual)	YoY	
Net sales	<b>709</b>	<b>724</b>	<b>696</b>	<b>642</b>	<b>859</b>	<b>+150</b>	<b>+21.2%</b>
(YoY)	(+16.1%)	(+16.2%)	(+10.3%)	(+16.2%)	(+21.2%)		
(QoQ)	(+156)	(+15)	(▲28)	(▲53)	(+216)		
Gross profit	<b>548</b>	<b>588</b>	<b>557</b>	<b>484</b>	<b>682</b>	<b>+133</b>	<b>+24.3%</b>
(YoY)	(+17.3%)	(+20.9%)	(+13.4%)	(+20.6%)	(+24.3%)		
(QoQ)	(+147)	(+39)	(▲31)	(▲72)	(+198)		
(Gross profit margin)	<b>(77.4%)</b>	<b>(81.3%)</b>	<b>(80.0%)</b>	<b>(75.4%)</b>	<b>(79.4%)</b>	<b>(+2.0pt)</b>	
Number of attendees Unit: people	<b>31,008</b>	<b>33,550</b>	<b>32,907</b>	<b>29,366</b>	<b>35,928</b>	<b>+4,920</b>	<b>+15.9%</b>
(YoY)	(+16.7%)	(+16.8%)	(+9.9%)	(+13.7%)	(+15.9%)		
(QoQ)	(+5,190)	(+2,542)	(▲643)	(▲345)	(+6,562)		
Of which, online training (Composition ratio)	<b>19,850</b> (64.0%)	<b>24,230</b> (72.2%)	<b>23,178</b> (70.4%)	<b>21,837</b> (74.4%)	<b>19,336</b> (53.8%)	<b>▲514</b> (▲10.2pt)	<b>▲2.6%</b>
No. of trainings conducted	<b>2,644</b>	<b>2,530</b>	<b>2,709</b>	<b>3,016</b>	<b>2,928</b>	<b>+284</b>	<b>+10.7%</b>
(YoY)	(+25.4%)	(+2.6%)	(+2.7%)	(+11.4%)	(+10.7%)		
(QoQ)	(▲63)	(▲114)	(+179)	(+307)	(▲88)		
No. of attendees per training	<b>11.7</b>	<b>13.3</b>	<b>12.1</b>	<b>9.7</b>	<b>12.3</b>	<b>+0.54</b>	<b>+4.6%</b>
(YoY)	(▲6.9%)	(+13.8%)	(+6.9%)	(+2.1%)	(+4.6%)		
(QoQ)	(+2.1)	(+1.6)	(▲1.1)	(▲2.4)	(+2.53)		
Average unit price per training Unit: thousand yen	<b>22.8</b>	<b>21.5</b>	<b>21.1</b>	<b>21.8</b>	<b>23.9</b>	<b>+1.0</b>	<b>+4.6%</b>
(YoY)	(▲0.5%)	(▲0.6%)	(+0.4%)	(+2.1%)	(+4.6%)		
(QoQ)	(+1.4)	(▲1.3)	(▲0.4)	(+0.7)	(+2.0)		

※ Gross profit by business has not been audited by Ernst & Young ShinNihon LLC

Unit: million yen

	3Q FY22 (Actual)	4Q (Actual)	1Q FY23 (Actual)	2Q (Actual)	3Q (Actual)	YoY
Net sales	<b>240</b>	<b>327</b>	<b>286</b>	<b>757</b>	<b>338</b>	<b>+98 +40.8%</b>
(YoY)	(+22.4%)	(+4.1%)	(+33.8%)	(+45.0%)	(+40.8%)	
(QoQ)	(▲282)	(+87)	(▲41)	(+471)	(▲419)	
<Breakdown>						
Leaf recurring (Monthly revenue)	<b>175</b>	<b>193</b>	<b>211</b>	<b>218</b>	<b>264</b>	<b>+88 50.6%</b>
(YoY)	(+21.1%)	(+22.9%)	(+30.3%)	(+29.7%)	(+50.6%)	
(QoQ)	(+7)	(+17)	(+18)	(+6)	(+46)	
Sales per month ※1	<b>59</b>	<b>67</b>	<b>73</b>	<b>72</b>	<b>89</b>	<b>+30 +51.3%</b>
Average unit price /Organization (Unit: thou. yen)	<b>97.1</b>	<b>102.8</b>	<b>107.7</b>	<b>108.4</b>	<b>126.1</b>	<b>+29.0 +29.8%</b>
Leaf customization sales	<b>61</b>	<b>106</b>	<b>27</b>	<b>385</b>	<b>71</b>	<b>+9 +15.6%</b>
Stress check	<b>2</b>	<b>27</b>	<b>46</b>	<b>154</b>	<b>2</b>	<b>▲0 ▲15.6%</b>
Gross profit ※2	<b>187</b>	<b>266</b>	<b>207</b>	<b>611</b>	<b>245</b>	<b>+58 +31.0%</b>
(YoY)	(+31.3%)	(+3.1%)	(+40.3%)	(+42.9%)	(+31.0%)	
(QoQ)	(▲240)	(+79)	(▲59)	(+404)	(▲366)	
(Gross profit margin)	<b>(78.1%)</b>	<b>(81.5%)</b>	<b>(72.5%)</b>	<b>(80.8%)</b>	<b>(72.6%)</b>	<b>(▲5.4pt)</b>

※1 Monthly charges for the last month of each quarter are shown.

※2 Gross profit by business has not been audited by Ernst &amp; Young ShinNihon LLC

# IT Services KPI

	3Q FY22 (Actual)	4Q (Actual)	1Q FY23 (Actual)	2Q (Actual)	3Q (Actual)	YoY	
<b>&lt;Monthly Subscription Model&gt; (Unit: organization)</b>							
Leaf paid subscribers	<b>612</b>	<b>638</b>	<b>662</b>	<b>676</b>	<b>710</b>	<b>+98</b>	<b>+16.0%</b>
(YoY)	(+22.9%)	(+22.2%)	(+20.1%)	(+15.0%)	(+16.0%)		
(QoQ)	(+24)	(+26)	(+24)	(+14)	(+34)		
Leaf Active Users (Unit: thousand people)	<b>2,722</b>	<b>2,895</b>	<b>3,060</b>	<b>3,216</b>	<b>3,826</b>	<b>+1,104</b>	<b>+40.6%</b>
(YoY)	(+33.4%)	(+37.1%)	(+25.5%)	(+26.0%)	(+40.6%)		
(QoQ)	(+169)	(+173)	(+164)	(+156)	(+610)		
On-the-web appraisal form services	<b>190</b>	<b>201</b>	<b>206</b>	<b>215</b>	<b>222</b>	<b>+32</b>	<b>+16.8%</b>
(YoY)	(+22.6%)	(+21.8%)	(+22.6%)	(+16.8%)	(+16.8%)		
(QoQ)	(+6)	(+11)	(+5)	(+9)	(+7)		
<b>&lt;Services based on Individual Contract&gt;</b>							
Leaf No. of Customization	<b>19</b>	<b>38</b>	<b>15</b>	<b>39</b>	<b>38</b>	<b>+19</b>	<b>+100.0%</b>
(YoY)	(+5.6%)	(▲26.9%)	(+36.4%)	(+27.8%)	(+100.0%)		
(QoQ)	(▲35)	(+19)	(▲23)	(▲25)	(▲1)		
No. of Stress Check Support Service	<b>13</b>	<b>65</b>	<b>137</b>	<b>341</b>	<b>12</b>	<b>▲1</b>	<b>▲7.7%</b>
(YoY)	(▲27.8%)	(▲7.1%)	(+50.5%)	(+4.6%)	(▲7.7%)		
(QoQ)	(▲313)	(+52)	(+72)	(+204)	(▲329)		

# Other Businesses (Rising Next)

Unit: million yen

		3Q FY22 (Actual)	4Q (Actual)	1Q FY23 (Actual)	2Q (Actual)	3Q (Actual)	YoY	
Net sales		<b>283</b>	<b>426</b>	<b>316</b>	<b>598</b>	<b>345</b>	<b>+62</b>	<b>+22.0%</b>
(YoY)		(+2.8%)	(+23.3%)	(▲8.0%)	(+12.3%)	(+22.0%)		
(QoQ)		(▲249)	(+142)	(▲109)	(+282)	(▲252)		
Gross profit *		<b>142</b>	<b>287</b>	<b>198</b>	<b>424</b>	<b>204</b>	<b>+62</b>	<b>+44.1%</b>
(YoY)		(▲4.3%)	(+37.4%)	(▲7.9%)	(+9.5%)	(+44.1%)		
(QoQ)		(▲245)	(+145)	(▲89)	(+226)	(▲220)		
(Gross profit margin)		<b>(50.1%)</b>	<b>(67.5%)</b>	<b>(62.6%)</b>	<b>(71.0%)</b>	<b>(59.2%)</b>	<b>(+9.0pt)</b>	
<Breakdown>								
Video sales	Net sales	69	84	96	248	108	+39	+56.6%
(Outright Purchase)	No. of Videos	327	345	447	1,084	454	+127	+38.8%
Video production	Net sales	14	21	19	33	17	+2	+17.3%
	No. of Viewers	15	23	40	47	61	+46	+306.7%
Video rental	Net sales	6	9	8	9	10	+3	+48.2%
	No. of Contents	3,066	3,542	3,910	3,965	4,378	+1,312	+42.8%
Video monthly subscription (STUDIO)	Net sales	41	37	39	41	45	+4	+10.6%
	No. of User IDs (Unit : thou. IDs)	82	85	86	88	89	+7	+9.4%
Consulting/ Assessment Service	Net sales	26	50	35	50	60	+33	+127.0%
	No. of Organizations	54	81	88	99	83	+29	+53.7%
Online Seminar Support Service	Net sales	45	58	51	56	35	▲10	▲22.3%
	No. of Organizations	34	68	75	68	88	+54	+158.8%
Regional Revitalization Service	Net sales	2	99	13	68	0	▲1	▲71.0%
	No. of Projects	6	15	10	25	2	▲4	▲66.7%
Web Marketing	Net sales	70	55	46	49	91	+21	+30.4%

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



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

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# Company Profile

**Company name** Insource Co., Ltd. (Code number: 6200)  
**Tokyo Headquarters** Insource Dokanyama Bldg. 4-19-12 Nishi Nippori, Arakawa-ku, Tokyo  
**Capital** 800,623 thousand yen  
**Foundation** November 2002  
**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 (since October, 2023)

- HR strategy, Consulting, Professional development

### Insource Creative Solutions Corporation (since October, 2023)

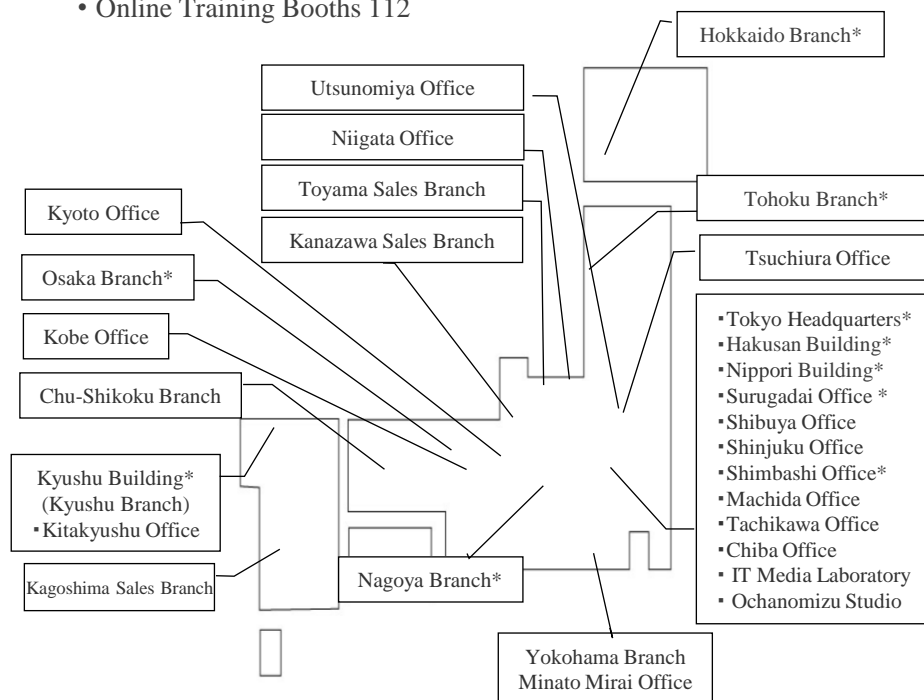
- Training content and video production, website production, consulting

## Business Locations : 29

- Seminar Rooms 46 in 6 cities
- Online Training Booths 112

\* As of the end of June, 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 **95.9 %** / Trainers **93.8%** \* As of the end of June, 2024

## On-Site Training

Sales ratio: 1-3Q FY23 47.2%  
FY22 48.9%

- Offer On-Site Trainings tailored to organizations' needs

Separate and digitalize the roles of trainers and content-creators

\*As of the end of Jun, 2024

Annual total no. of trainings conducted/attendees  
**20,091 times 638** thousand attendees

Of which, no. of online trainings  
**4,453 times 158** thousand attendees

\*Jul., 2023 – Jun., 2024

## Open Seminars

Sales ratio: 1-3Q FY23 24.0%  
FY22 24.3%

- Offer Open Seminars starting from one person

Seminars are held online frequently and nationwide

- More than 4,200 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:  
**11,183 times 131** thousand attendees

Of which, no of online trainings  
**6,108 times 88** thousand attendees

\*Jul., 2023 – Jun., 2024

## IT Services

Sales ratio: 1-3Q FY23 15.1%  
FY22 12.1%

- Leaf Series (HR support system, LMS)

No. of Leaf paid subscribers/ active users  
**710 organizations ▪ 3.82 million people**  
\*As of the end of Jun., 2024

- Stress Check Support Service

Cumulative no. of organizations and examinees  
Over 2,540 organizations, Over 2.7 million employees  
\* As of the end of Jun., 2024

## Other Businesses

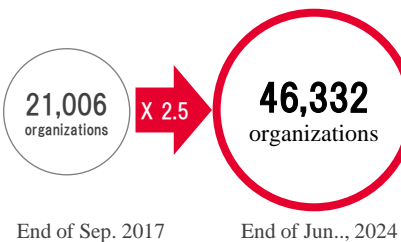
Sales ratio: 1-3Q FY23: 13.7%  
FY22: 14.7%

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

## Numerical comparison between 2017 (listed on TSE First Section) and today

### No. of Clients

※ No. of clients who used our service from establishment



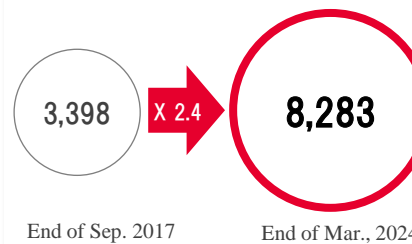
### Sales composition of all business\* by size

	FY16	FY22
Large Enterprise (1,000 or more employees)	44.0%	49.0%
Medium Market Business (300-999)	19.8%	16.1%
SMB (Small Medium Business) (less than 299)	36.3%	34.9%

\* On-Site Training, Open Seminars, IT Services, Other Businesses

↑ Products/Services

### No. of Shareholders



No. of Shares Held	End of Sep. 2017	End of Mar. 2024
Overseas Investors	2.2%	17.1%
Domestic Investors	17.8%	28.1%
Domestic Corporations	43.1%	32.9%
Individual/Others	35.6%	21.9%

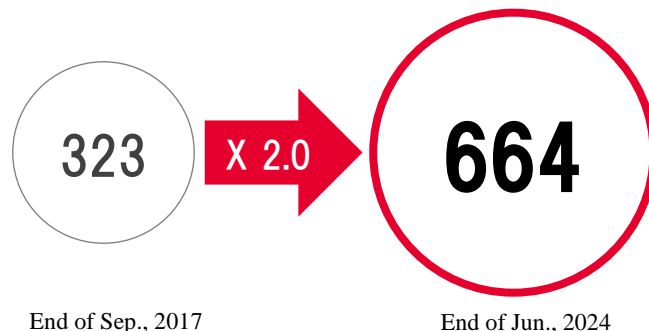
### No. of IR meetings held with institutional investors

	FY16	FY22
Total no. of meetings	71	217
Of which, meetings with overseas investors	4	53

Returns ↑ ↓ Funds



### No. of employees

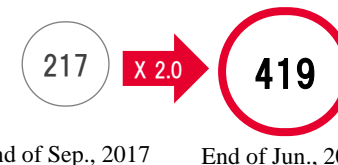


### Diverse in-house specialists

	FY16	End of Jun., 2024
Sales Reps	106	252
Content Creators	97	124
IT Engineers	46	114
Designers	19	20
Digital Marketers	25	37
DX Specialists	—	50
Back Office Personnel	30	42

In cooperation ↔

### No. of Trainers



### No. of trainers by cumulative no. of trainings

End of Jun. 2024	
2,000 times or more	12 trainers
1,000 - 1,999 times	61 trainers
500 - 999 times	81 trainers
100 - 499 times	131 trainers

## ■ Clients composition ratio by industry

The number of clients who used our services in the past year (Jul., 2023 to Jun., 2024)

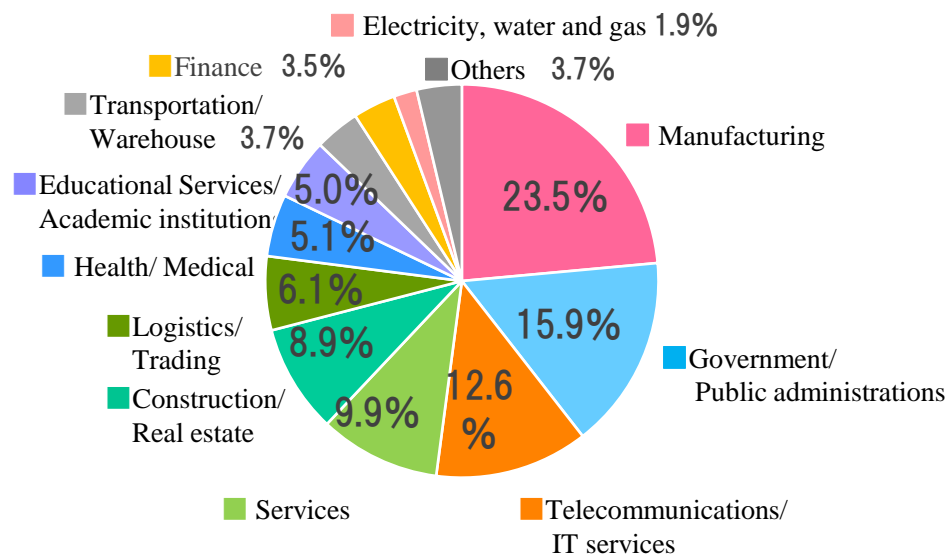
**16,716** organizations

**【Reference】**

The number of clients who have used our services since our foundation

**46,332** organizations

The number of clients who used our services in Jul., 2023-Jun., 2024

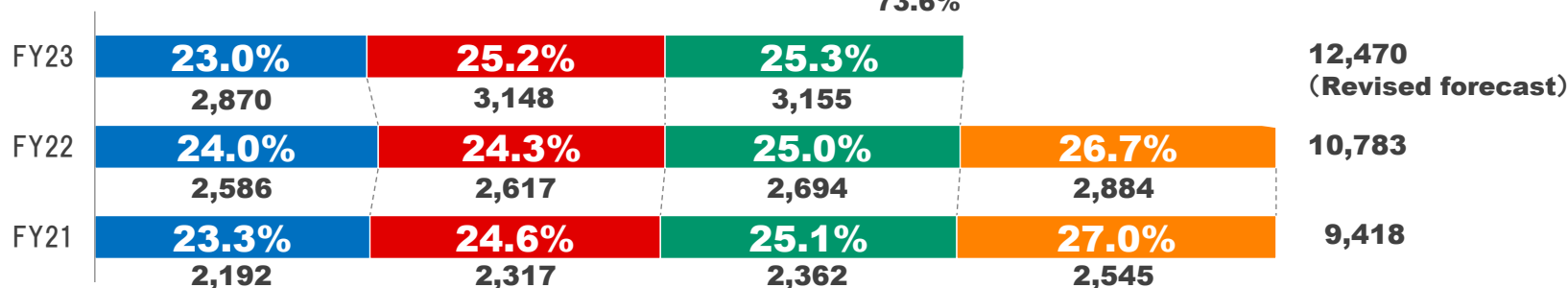


## ■ Sales composition ratio and progress rate by quarter

■ 1Q ■ 2Q ■ 3Q ■ 4Q

Progress rate **73.6%**

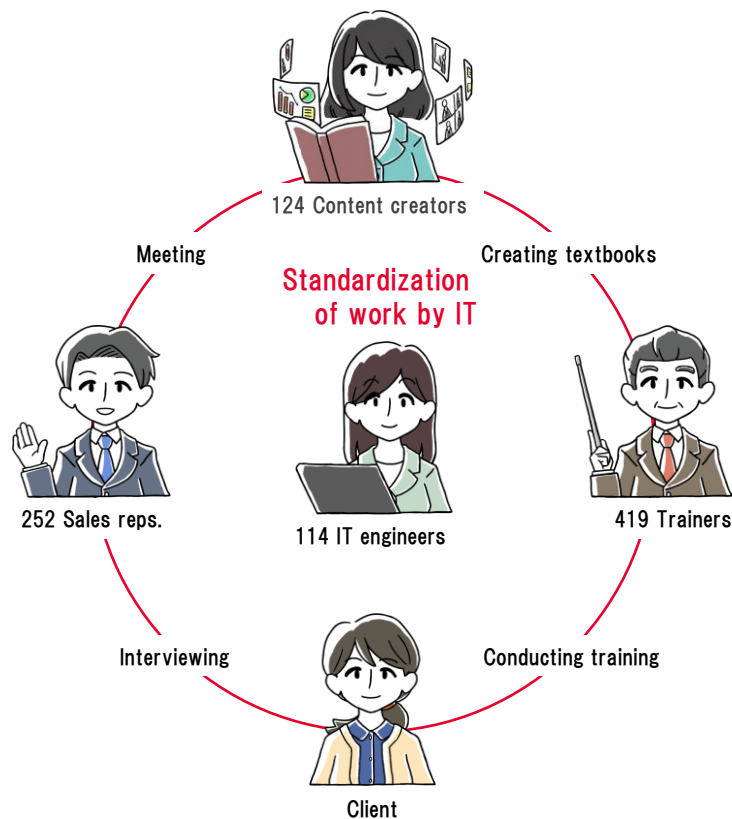
Unit: million yen  
% represents composition ratio & progress rate



# (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 Jun., 2024

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

An in-house agile team of 124 content creators and 114 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 trainings	Open Seminars	Videos /e-Learning
<b>4,432</b>	<b>4,328</b>	<b>943</b>

\*As of the end of Jun., 2024

### ■ Classified by genre (examples)

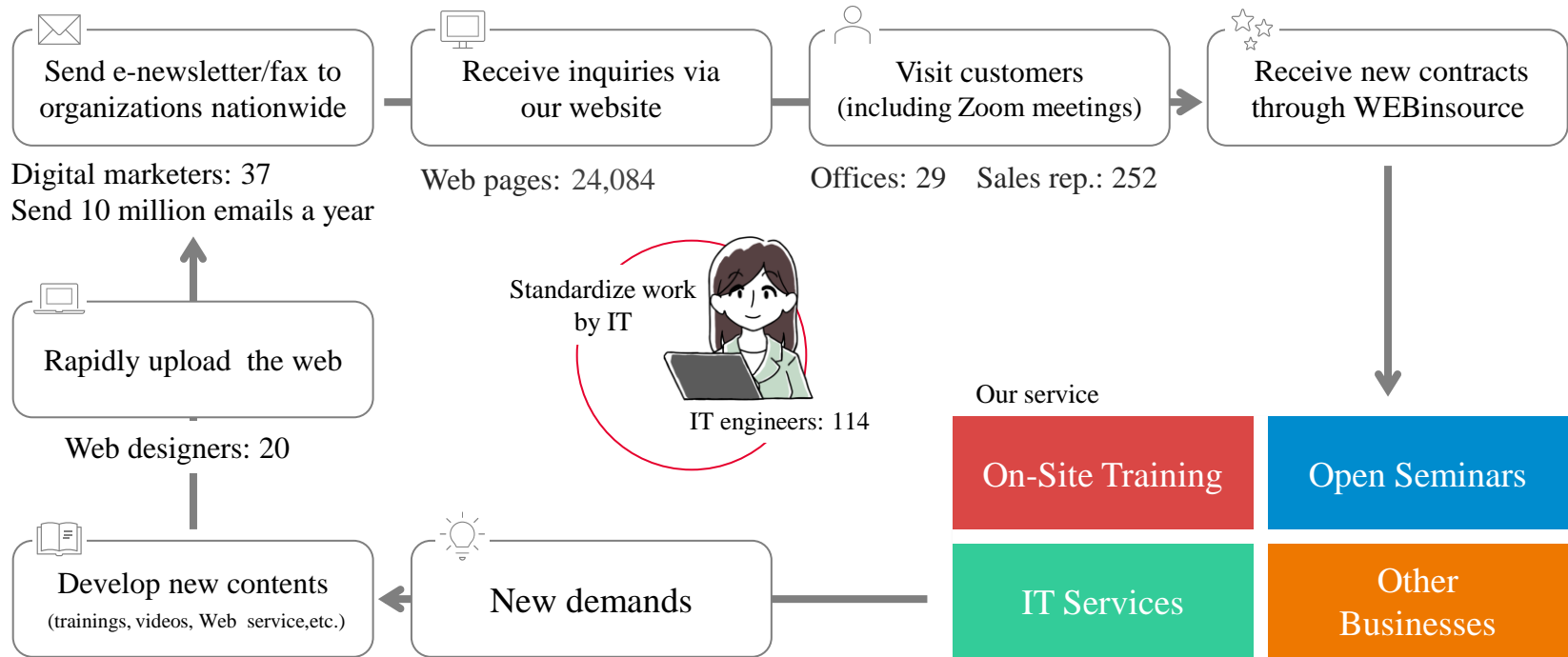
Theme	FY18		FY22		
	No.	Sales Composition ratio	No.	Sales Composition ratio	Sales growth ratio
For managers	1	21.7%	1	21.8%	+65%
Business skills	2	21.4%	2	18.7%	+44%
For new and younger employees	3	13.1%	3	13.3%	+66%
DX/OA/IT	6	6.4%	4	11.6%	+199%
Communication/ CS	4	12.0%	5	9.1%	+24%
Harassment prevention/ Compliance	5	7.5%	6	7.9%	+72%
For mid-career employees	7	4.6%	7	4.8%	+73%
Diversity	8	1.9%	8	1.7%	+44%
Others		11.5%		10.9%	+55%
<b>Total</b>		<b>100.0%</b>		<b>100%</b>	<b>+64%</b>

\*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.



\*As of the end of Jun., 2024

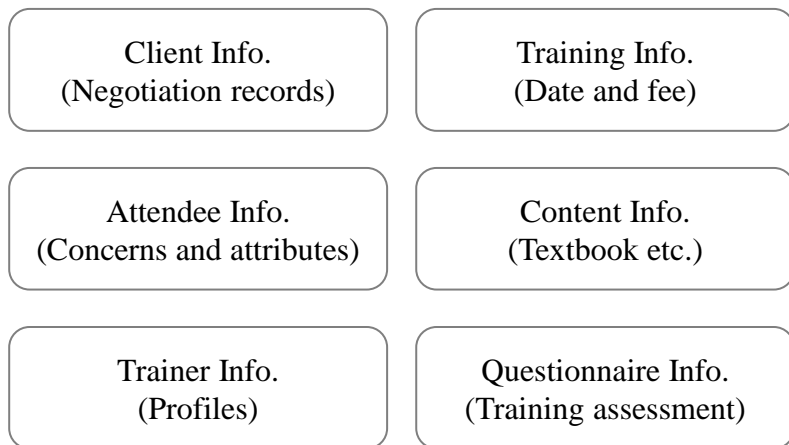
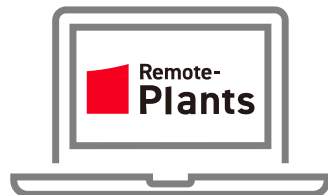
▶ 252 sales representatives and approximately 24,000 web pages created by 37 digital marketers are cooperated for efficient sales activities.

### (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



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>

Name	Target client
Leaf Basic (education management/LMS)	LE
Leaf Lightning (specialized in e-Learning)	MM/SMB
Leaf inorder (distribution of video content)	MM/SMB
Leaf Eva (personnel evaluation)	MM/SMB
Leaf Human Capital Management	LE
Leaf Management (human resources information management)	MM/SMB
Leaf My STORY (activating internal communication)	MM/SMB
Leaf Corporate University	LE/MM
Leaf wellness	MM/SMB

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



- Policy: With the ESG+P (Performance) management policy, aiming for ESG and sustainable performance improvement.
- Evaluation: Maintained an 'AA' MSCI ESG Rating (as of July 22, 2024), evaluating our education business and data security.

## <Main Efforts>

### ■ Environment

- (i) Introduction of renewable energy
  - Decided to switch to 100% renewable energy plan for Insource Nippori Building in September 2024; conversion to renewable energy for all six of our company-owned buildings are expected to be completed.
- (ii) Provision of electronic training textbooks in training business
  - Provided to 49,000 people in 3Q FY23 cumulative (+26.0% YoY).  
Reduced CO2 emissions by 7.4 t compared to paper text offerings.
  - Demand increased for On-Site training, and the number of users of electronic textbooks increased to 21 thousand users (+53.9% YoY).

### ■ Social

1. Project to Eliminate Period Poverty
  - Collecting donations from companies starting at 300,000 yen per unit to provide menstrual products to municipalities.
  - Cumulative results for 3Q FY23(cumulative): Donations from 24 companies, 74 municipalities received, and 44,000 donation packs
  - Donation packs are distributed for installation in elementary and junior high school restrooms and at consultation desks, etc.
2. “mon champ” (Support for welfare organizations to increase sales)
  - Launched an e-commerce site featuring products of welfare organizations in Oct, 2021.
  - Total number of companies reached 44 in 3Q , 2.2 times the number as the end of FY22.



## Materiality and Long-term Indicators

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

	Materiality	Actions	KPI	FY21	FY22	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	640,000	720,000	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)	11,000	13,000	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	3,794	4,156	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	544 8,000 2,112,000	754 10,000 2,895,000	1,500 15,000 7 million
ESG	<b>[E]</b> Responding to climate change	Carbon neutral emissions from business	Scope1+2 (t-CO2)	283	237	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% 37.8%	0% 37.4%	50% 50%
	<b>[S]</b> Community Relations	Solve community issues	No. of Regional Revitalization projects No. of public sector supporting period poverty	24 46	36 62	100 100
	<b>[G]</b> Strengthening governance	Ensuring diversity in management	Ratio of female in the Board of Directors	25%	25%	50%

\*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.

## <Appendix 2> Increase of Human Capital Value

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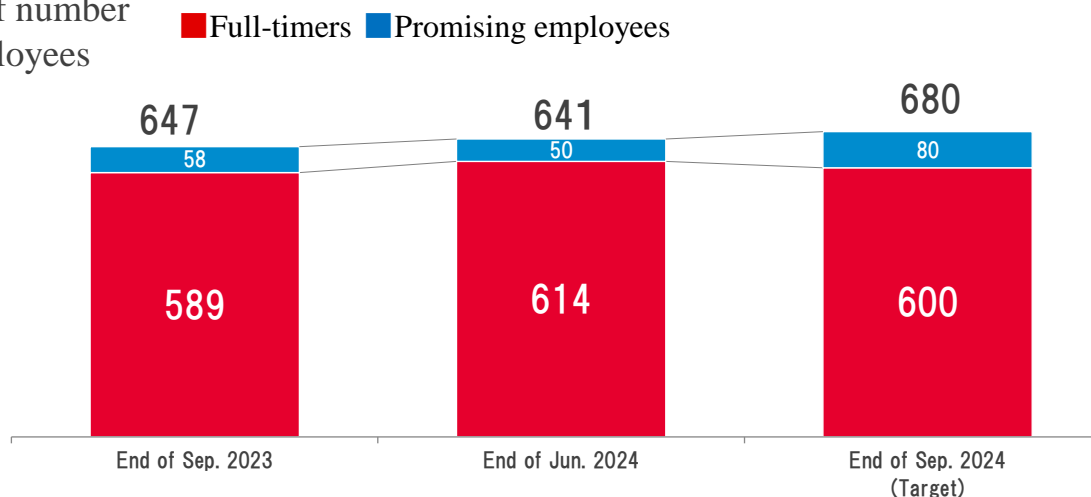


# Human Capital - Number of Employees

- 25 new employees joined us in April, 2024.
- With the expansion of the offices nationwide, the hiring of “area employees”, employed on the condition of working in a specific region, will be strengthened.
- Consolidated number of employees at the end of FY23 has been lowered from the original 707 to 680. Mid-career recruiting activities are still underway.

Consolidated number of employees	End of Sep., FY22 (Actual)	End of Jun., FY23 (Actual) (YoY)	Achievement rate (% of increase target)	End of Sep. FY23 (Target) (YoY)
Total number of employees*	647	664 (+17)	-	680 (+33)
Of which, promising employees*	58	50	62.5%	80 (+22)

Change of number of employees



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

\* Promising employees (Seed investment in human capital) refers to personnel who have joined the company within one year after graduation or within six months after mid-career hiring

■ Female employees account for 58.0% of the entire employees and 39.5% 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)
<b>No. of employees*2</b>	<b>664</b>	<b>385</b> 58.0%
<b>No. of managerial positions</b>	<b>223</b>	<b>88</b> 39.5%

<Private Sectors>  
Ratio of female employees in managerial positions:  
**12.9%** \*1  
(Source: The Gender Equality Bureau of the Cabinet Office (2023))

<b>Foreign nationals</b> *4	<b>8</b>	<b>Seniors (aged over 60)</b>	<b>52</b>	<b>LGBTs</b>	<b>5</b>	<b>People with disabilities</b>	<b>11</b> Disability employment rate: <b>2.92%</b> ※3
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Private Sectors  
 ▪ Legal employment rate: **2.50%**  
 ▪ Actual employment rate: **2.33%**  
 (Source: “2023 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

<b>Content Creators</b>	<b>124</b>	<b>Sales Representatives</b>	<b>252</b>	<b>IT Engineers</b>	<b>114</b>	<b>Back Office Personnel</b>	<b>42</b>
<b>Digital Marketers</b>	<b>37</b>	<b>DX Specialists</b>	<b>50</b>	<b>Designers</b>	<b>20</b>	<b>Service Operators</b>	<b>80</b>

\*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 Jun, 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	FY20	FY21	FY22	Remarks
Performance	Sales per employee (thousand yen)*	22,193	24,181	25,225	Calculated based on the average number of employees (excluding temporary employees) during the period
Performance	Operating profit per employee (thousand yen)*	7,113	8,645	9,220	Calculated based on the average number of employees (excluding temporary employees) during the period
Performance	Average points of "Energy"	3.24	3.24	3.24	"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	15h44m	10h43m	22h30m	Total hours of training and e-Learning courses (excluding study sessions)
Performance	Total number of DX training attendees	201	681	248	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)	156 (34.6%)	185 (37.8%)	211 (37.4%)	
D, E&I	Number of managerial appointments (Percentage of female employees)	43 (44.2%)	38 (52.6%)	29 (48.3%)	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% 46.2%	100% 92.3%	100% 86.0%	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	66.6%	69.6%	72.0%	Aggregate employee stock ownership plan participants and RS (restricted stock compensation) holders

- Two challenges for companies concerning human capital management are “increasing the value of human capital” and “disclosing information on human capital.”
- Major issues which Japanese companies are facing based on disclosure information: 5 themes and 7 items (based on Insource’s research)



	Company Implementation Matters	Problems anticipated in the implementation	Insource Services ※Customized for unique items
STEP1	Set Indicators	<ul style="list-style-type: none"> <li>▪ Create unique indicators in line with management strategy</li> <li>→ indicators that lead to increasing corporate value</li> </ul>	<p><b>Consulting service</b></p> <p>Check and analyze human capital linked to business performance, etc.</p>
STEP2	Collect and organize data	<ul style="list-style-type: none"> <li>▪ Easy to disclose information</li> <li>▪ Consolidate data scattered across multiple systems</li> </ul>	<p><b>Leaf series</b></p> <p>Leaf Management/Leaf Human Capital Management/ Leaf Corporate University</p> <p>&lt;Example&gt;Manage training attendance time data</p>
STEP3	Determine investment policy for human capital	<ul style="list-style-type: none"> <li>▪ Show the gap through As is-To be (current situation and desired state)</li> <li>▪ Choose best talents to invest</li> </ul>	<p><b>Assessment/Leaf Corporate University</b></p> <ul style="list-style-type: none"> <li>▪ Develop and provide original assessments such as “giraffe”/tiered tests/engagement diagnostics, etc.</li> </ul>
STEP4	Implement education to achieve the goal	<ul style="list-style-type: none"> <li>▪ Develop and implement unique educational program</li> <li>▪ Use e-Learning to increase the implementation rate of education.</li> </ul>	<p><b>Training (On-Site Training , Open Seminars, e-Learning, video)</b></p> <ul style="list-style-type: none"> <li>▪ Meet diverse training needs by various methods, period, budget, etc.</li> <li>▪ Career education / DX training / Leader development / Diversity promotion</li> </ul> <p><b>LMS “Leaf” /Leaf Corporate University</b></p>
STEP5	Evaluate educational effectiveness and incorporate into disclosure indicators	<ul style="list-style-type: none"> <li>▪ Need to evaluate the effectiveness of the unique education</li> </ul>	<p><b>Assessment/Leaf Corporate University</b></p> <p>Compare with the historical data with the above STEP2-3</p>

<Appendix 3>

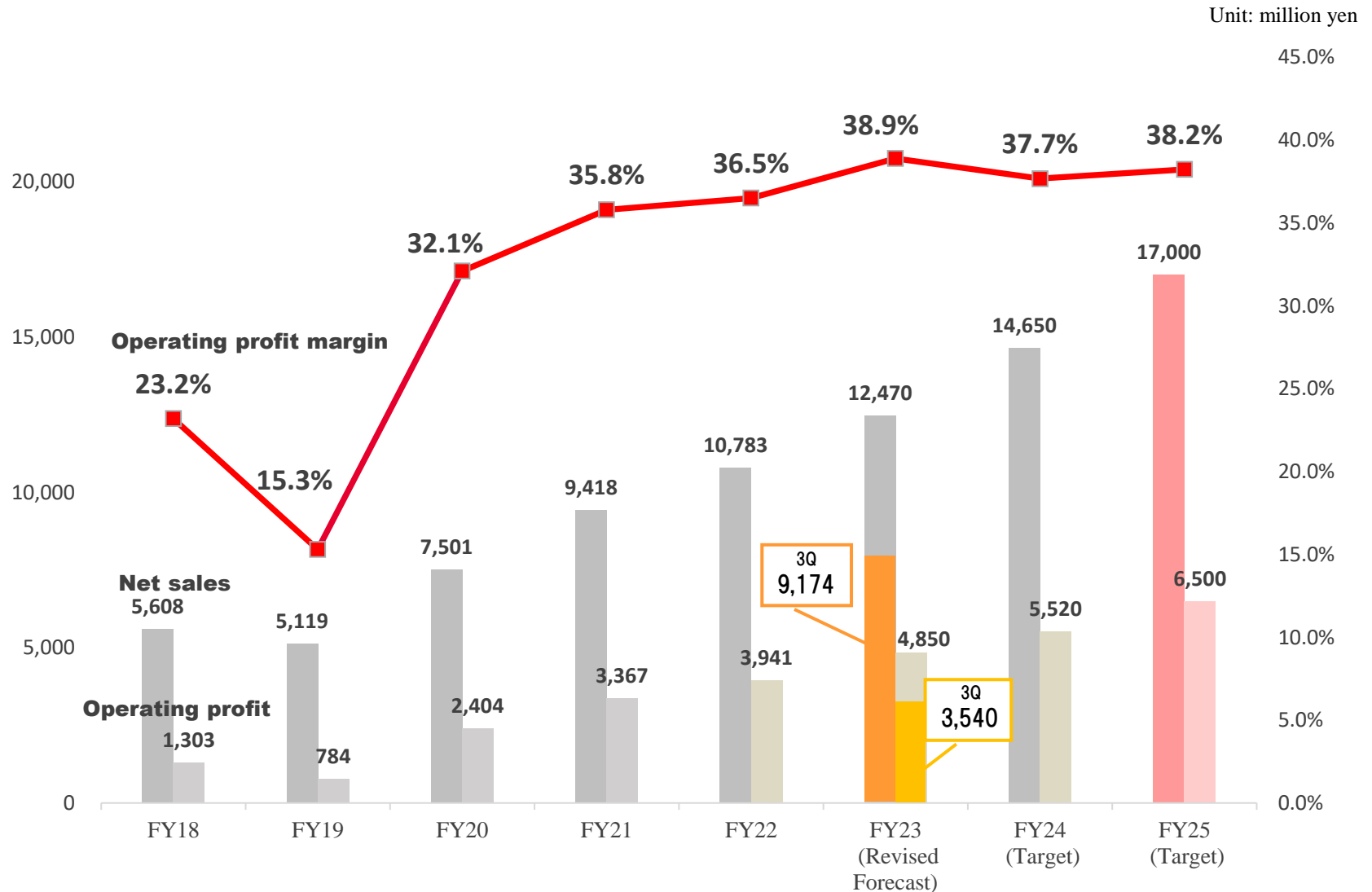
FY23 Financial Consolidated Forecast and  
Three-year Business Plan "Road to Next 2026"



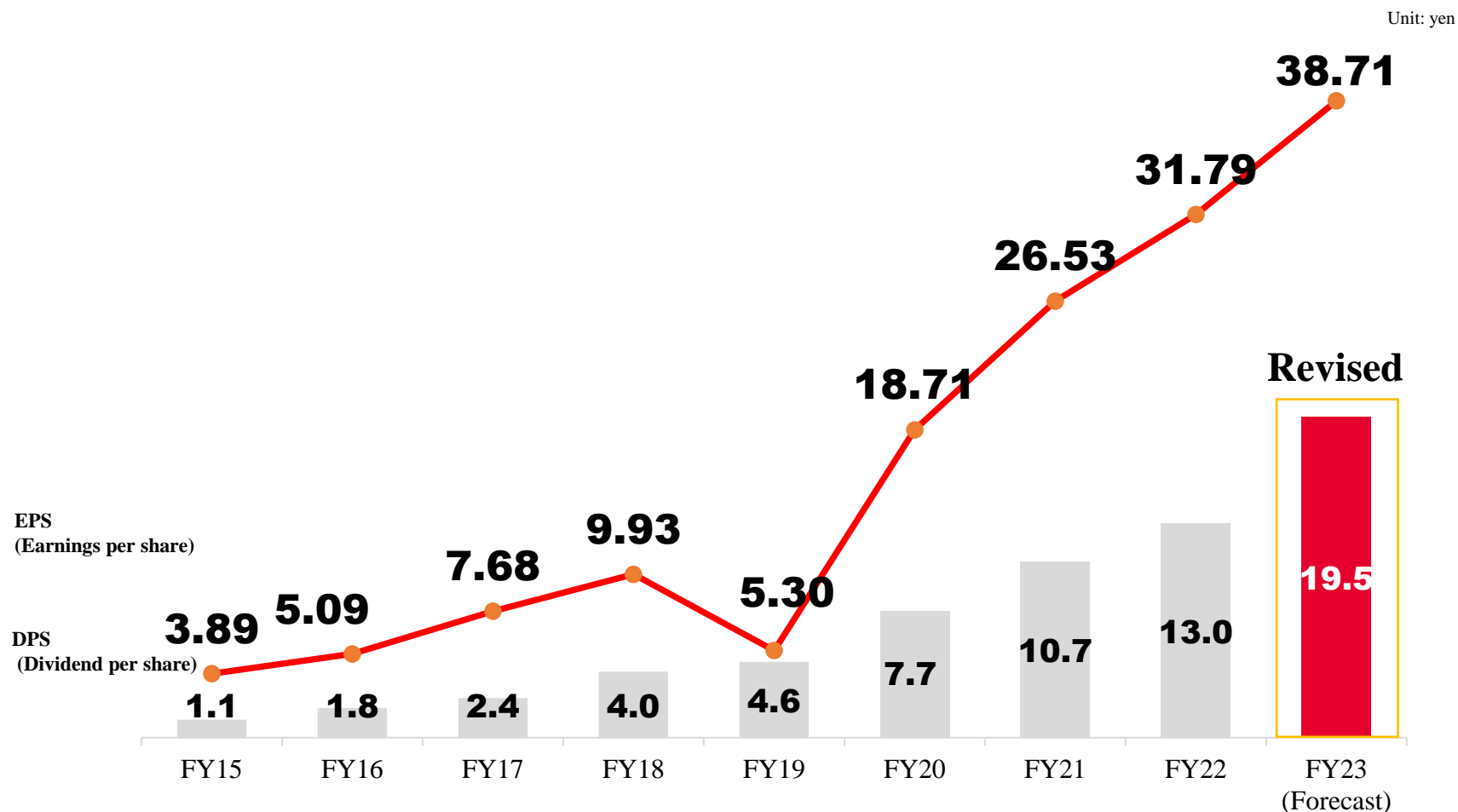


# Three-year Business Plan “Road to Next 2026” -Financial Results and Targets

Targets net sales of 17 billion yen, operating profit of 6.5 billion yen, and operating profit margin of 38.2% in FY25.



■ Dividend per share for FY23 is planned to be 17.1 times\* that of FY15 at the time of the IPO.



(\* ) We conducted stock splits on May 1, 2018, September 1, 2019, January 1, 2021 and January 1, 2023. The year-end dividend amount reflects this stock split.  
EPS and DPS reflects this stock split.

## Basic Policy

- Strengthen the content IP, which Insource has one of the largest training programs in Japan.
- Expand the target client base beyond HR education department.
- Continue to achieve high-growth and operating profit margin of 33% or more. For FY25, target net sales of 17 billion yen, CAGR of 16.4%, operating profit of 6.5 billion.

## Key measures

1. Expand sales per client by responding to a wide range of corporate management issues.  
Strengthen contents IP and enhance sales activities beyond HR education departments such as human capital management, strengthening recruitment, promoting DX, strengthening sales, and strengthening management capabilities (support for listing).
2. Maximize the value of content IP by increasing the number of clients through improvement in multiple use and delivery.
  - a. Accelerate securing partner channels in addition to independent sales channels to strengthen delivery to customers.
  - b. Overseas expansion through multi-use and multi-language support.
3. Continue to develop and promote sales of “Rising Next”, a new focused business.
  - a. Promote sales of existing services and develop new growth areas.
  - b. Full-scale provision of services for individuals, including responding to reskilling needs.

# Developing our Content IP and Growing our Business

## Continue to develop more than 300 programs per year to meet the needs of the times

Fiscal year	FY19	FY20	FY21	FY22	FY23 onwards
Social situation	Spread of COVID-19	Restricted activities due to the COVID-19	Accelerating the Promotion of Human Capital Management through "Basic Policies 2022"	Emergence of the generating AI Full-scale launch of Regional Revitalization COVID-19 settlement	Further development of digital utilization Diversification of working styles and mobility of human resources Progress in health and productivity management
Themes for development	<ul style="list-style-type: none"> <li>•Correspondence to telework</li> <li>•Crisis management</li> </ul>	<ul style="list-style-type: none"> <li>•DX promotion</li> <li>•Expansion of video content</li> </ul>	<ul style="list-style-type: none"> <li>•Development by corporate size</li> <li>•Career development by generation</li> </ul>	<ul style="list-style-type: none"> <li>•Return to workplace</li> <li>•Reinforcing face-to-face sales</li> </ul>	<ul style="list-style-type: none"> <li>•Respond to full-fledged demand for reskilling (especially DX)</li> <li>•Strengthening multilingual support</li> <li>•Training for public sector and local governments</li> </ul>
Total number of new contents	319	321	333	362	More than 360 programs per year
Example of program	<ul style="list-style-type: none"> <li>• Instructional training for subordinates in telework</li> <li>•Online business negotiation training</li> <li>•Webinar for new graduates</li> </ul>	<ul style="list-style-type: none"> <li>•Series for system engineers</li> <li>•Series - Learning from history and people's life</li> <li>•Office® Series-Learning from Videos</li> </ul>	<ul style="list-style-type: none"> <li>•Training for enterprises</li> <li>•Training for growth companies</li> <li>•Trainings to overcome difficulties (by generation)</li> </ul>	<ul style="list-style-type: none"> <li>•ChatGPT utilization</li> <li>•Character Education series</li> <li>•New Managers Series</li> <li>•Series for a shy person</li> </ul>	<ul style="list-style-type: none"> <li>•Expansion of DX programs tailored to individual reskilling needs</li> <li>•Strengthen industry-and job-specific programs</li> <li>•Expansion of health and productivity management promotion programs</li> <li>•Strengthening multilingual response to regional power</li> </ul>

## Top 5 of contents genre in each fiscal year

Rank	FY19		FY20		FY21		FY22	
1	Telework COVID-19 measures	42	Digital skills	47	Business skills	43	Communication	40
2	For managers	33	For sales staff	44	Communication	38	Digital skills	32
3	Communication	31	For managers	32	Career/Motivation	36	Business skills	32
4	Digital skills	23	Subordinate guidance and OJT	22	For managers	32	For managers	27
5	For new graduates	23	Compliance	19	Digital skills	30	Subordinate guidance and OJT	23



# Future Business Expansion Plans

## Expand client base and further enhance content IP

Develop content IP by broadening the range of target clients to include all corporate organizations, administrations, and individuals, extending the scope beyond HR education department.

Target	Corporate HR department				Corporate planning and sales planning departments			Government administration	Individual
Issues	Human resource development	Personnel/ evaluation	Labor/ Benefits	Employment	DX promotion	Sales force strengthening	Management capabilities strengthening	Regional revitalization	Reskilling
Services provided by Insource Group	<b>1.Training/ e-learning/ Assessment</b> <ul style="list-style-type: none"> <li>•Tiered</li> <li>•Communication</li> <li>•Productivity improvement</li> <li>•Career</li> </ul>	<b>1.Training/ e-learning/ Assessment</b> <ul style="list-style-type: none"> <li>•For assessors</li> <li>•MBO</li> <li>•Personal interviews</li> </ul>	<b>1.Training/ e-learning Assessment</b> <ul style="list-style-type: none"> <li>•Harassment</li> <li>•Health and productivity management</li> <li>•Labor management</li> </ul>	<b>1.Training/ e-learning Assessment</b> <ul style="list-style-type: none"> <li>•For new graduates</li> </ul>	<b>1.Training/ e-learning Assessment</b> <ul style="list-style-type: none"> <li>•Excel, PPT</li> <li>•Python</li> <li>•DX</li> <li>•Project management</li> </ul>	<b>1.Training/ e-learning Assessment</b> <ul style="list-style-type: none"> <li>•Sales</li> <li>•Marketing</li> <li>•CS improvement</li> </ul>	<b>1.Training/ e-learning Assessment</b> <ul style="list-style-type: none"> <li>•Training for management</li> <li>•Promotion of female employees activities</li> </ul>	<b>2.Regional Revitalization</b>	<b>3. Learning support/ Career support</b> <ul style="list-style-type: none"> <li>•OA skills</li> <li>•ChatGPT</li> <li>•Programming</li> </ul>
	<b>1.HR Tech</b> <ul style="list-style-type: none"> <li>•Leaf</li> <li>•Leaf corporate university</li> <li>•STUDIO</li> </ul>	<b>1.HR Tech</b> <ul style="list-style-type: none"> <li>•Evaluation sheet to Web</li> <li>•Leaf Eva</li> </ul>	<b>1.HR Tech</b> <ul style="list-style-type: none"> <li>•Stress check support</li> <li>•Leaf wellness</li> </ul>	<b>2.Recruitment site Production</b>	<b>2. Consulting</b> DX Promotion, Sales Strategy, Management Strategy (Mid-term Management Plan)				
	<b>2. Consulting</b> Comprehensive support for realizing human capital management (value enhancement and information disclosure)						<b>2. Web Marketing Support</b> <ul style="list-style-type: none"> <li>•EC website</li> <li>•Digital sales</li> </ul>	<b>3. Listing support/ IR support</b>	
	<b>2.Consulting</b> <ul style="list-style-type: none"> <li>•Building education system</li> </ul>	<b>2.Consulting</b> <ul style="list-style-type: none"> <li>•Building evaluation system</li> </ul>			<b>1. Current main business    2. “Rising Next” (Newly focused business)</b> <b>3. Planned to be developed and offered in the future</b>				



Strengthen the management base

(Contents Development/Sales Force/System Development + Internal human capital)

<b>FY23 Key Themes</b>	<b>1. Marketing</b> <ul style="list-style-type: none"> <li>▪ Segmentation based on client characteristics in addition to company size and industry.</li> <li>▪ Diversify sales and promotional methods by segment.</li> <li>▪ Secure sales partners and strengthen cooperation.</li> </ul>	<b>2. Consulting</b> <p>Provide medium-to long-term and comprehensive support for management issues such as human capital management, reskilling, and the development of next-generation leaders along with clients.</p>	<b>3. Recruitment and education</b> <ul style="list-style-type: none"> <li>▪ Educate employees thoroughly in four areas: marketing, consulting, project management, and digital utilization.</li> <li>▪ Hire limited-area staff actively.</li> </ul>
Content development	<ul style="list-style-type: none"> <li>▪ Content development tailored to customer characteristics                             <ul style="list-style-type: none"> <li>- Owners, traditional companies, and advanced companies etc.</li> </ul> </li> <li>▪ Service for individuals (Reskilling)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Develop new services that comprehensively resolve corporate, administrative, and individual issues, not limited to human resource development.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Established ICS in Oct., 2023 to secure highly specialized human resources in Kyushu region. Securing new 2025 graduates as well as mid-career hires.</li> </ul>
Sales	<ul style="list-style-type: none"> <li>▪ Sales activities and direct marketing tailored to customer characteristics</li> <li>▪ Expand sales channels through alliances with other companies.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Established ICO in Oct., 2023 and launched a sales force specializing in consulting projects, mainly by Insource executive officers.</li> <li>▪ Strengthen systematic and comprehensive proposal-based sales that do not end in a single year.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strengthen mid-career recruitment of consulting sales representative.</li> <li>▪ Hiring front-office sales representative in the Tokyo metropolitan area and Kansai region.</li> <li>▪ Hiring limited-area staff. Responding to the Z-generation's local orientation.</li> </ul>
System development	<ul style="list-style-type: none"> <li>▪ CRM modification for sales rep.                             <ul style="list-style-type: none"> <li>- Expansion of data maintenance functions and information volume</li> </ul> </li> <li>▪ Strengthen direct marketing functions</li> <li>▪ API collaboration through alliances with other companies.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Consulting proposal automation tool                             <ul style="list-style-type: none"> <li>- Started with a Open Seminars course selection system tailored to the training system of customers.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Hiring engineers in the Utsunomiya area where IMD is located. Responding to the Z-generation's local orientation.</li> </ul>
Internal human capital	<ul style="list-style-type: none"> <li>▪ Knowledge education on customer characteristics.</li> <li>▪ Educate skill to create target list</li> <li>▪ Increase inside sales personnel and educate skills.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Consulting Suggestion Skills Training                             <ul style="list-style-type: none"> <li>- Enhancing consulting framework, and basic skills such as preparation of materials.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Select “Project management” and “digital utilization capabilities” for company-wide education.</li> <li>▪ Use Leaf Corporate University to strengthen weaknesses - Implementation of assessment by each division and take recommended Open Seminars.</li> </ul>

# Three-year Business Plan “Road to Next 2026” - Targets by business



## Sales Targets and Key Measures by Business Segment

Unit: million yen

Business	FY22 (Actual)	FY23 (Forecast)	FY24 (Target)	FY25 (Target)	Key Measures
Overall (YoY) (Progress rate of 1-3Q FY23) CAGR: <b>16.4%</b>	10,783 (+14.5%)	<b>Revised</b> ▲60 12,470 (+15.6%) (73.6%)	14,650 (+17.5%)	17,000 (+16.0%)	<ul style="list-style-type: none"> <li>Expand sales per client by responding to a wide range of corporate management issues.</li> <li>Maximize the value of content IP by increasing the number of clients through improvement in multiple use and delivery.</li> <li>Continue to develop and promote sales of “Rising Next”, a new growing field.</li> </ul>
On-Site Training (YoY) (Progress rate of 1-3Q FY23) CAGR: <b>17.2%</b>	5,275 (+13.1%)	<b>Revised</b> ▲335 5,875 (+11.4%) (73.8%)	7,300 (+24.3%)	8,500 (+16.4%)	<ul style="list-style-type: none"> <li>Strengthen consulting and improve sales per client.</li> <li>Continue to expand sales force and strengthen education.</li> </ul>
Open Seminars (YoY) (Progress rate of 1-3Q FY23) CAGR: <b>16.0%</b>	2,617 (18.0%)	<b>Revised</b> +60 3,100 (+18.4%) (70.9%)	3,530 (+13.9%)	4,090 (+15.9%)	<ul style="list-style-type: none"> <li>Strengthen sales to individuals to meet needs for reskilling.</li> <li>Secure business partners to strengthen distributor sales.</li> </ul>
DX related (*1) (YoY) (Progress rate of 1-3Q FY23) CAGR: <b>34.9%</b>	920 (+34.5%)	1,380 (+49.9%) (60.7%)	1,800 (+30.4%)	2,320 (+28.9%)	<ul style="list-style-type: none"> <li>Expand target client and strengthen content development.</li> <li>Mid-sized and growing companies, individuals (reskilling), ChatGPT and Python utilization, etc.</li> </ul>
IT Services (YoY) (Progress rate of 1-3Q FY23) CAGR: <b>17.8%</b>	1,304 (+8.9%)	<b>Revised</b> +150 1,780 (+36.5%) (77.6%)	1,870 (+5.1%)	2,130 (+13.9%)	<ul style="list-style-type: none"> <li>Considering 11 Leaf series, promote to appropriate clients and strengthen acquisition of new projects.</li> <li>Add new features and pricing plan to the series launched in FY22.</li> <li>Increase LTV of existing users over 3.82 million (*2).</li> </ul>
Other Businesses (YoY) (Progress rate of 1-3Q FY23) CAGR: <b>12.8%</b>	1,586 (+18.7%)	<b>Revised</b> +65 1,715 (+8.0%) (73.5%)	1,950 (+13.7%)	2,280 (+16.9%)	<ul style="list-style-type: none"> <li>Regional Revitalization –Strengthen SMB support, develop tourism DX areas, etc.</li> <li>Online support: Acquire new private-sector projects and consulting to current clients.</li> <li>Web Marketing –Expand business scope of website production/system.</li> <li>Placement/Recruiting-Improve order rate and strengthen cycle of high compensation per case and secure limited job offers.</li> <li>Consulting - Develop consulting and specialist training programs.</li> </ul>

\*1 On-Site Training and Open Seminars related to DX. We have recalculated actual results and reestablished targets.

\*2 As of the end of June, 2024

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

- The market size is estimated to be 320 billion yen in 2023 and over 400 billion yen in 2026.\*1 Of which, the DX training market is estimated to be 35 billion yen in 2023 and 40 billion yen in 2026.\*2
- The market share of Insource is about 3.1%\*3, and there is a lot of room for growth in the future.

## ■ HR digitalization market -Expansion is expected

- The market size is estimated to be 240 billion yen in 2022 and expected to be 440 billion yen in 2027.\*4
- 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 FY22 is 1.3 billion yen and there is a lot of room for growth.

## ■ National budget related to regional revitalization -The government promotes regional revitalization projects

- National budget is 1.7 trillion yen in 2023\*5 and is expected to continue to grow.
- Specific support and human resource education will be required to create a sustainable and developmental economic cycle in the region in the future, such as management support for SMBs, support for tourism promotion, and promotion of entrepreneurship.

\*1 Calculated based on the MHLW's Basic Survey on HR Development and MIC' Labor Force Survey.

\*2 Calculated based on Information-technology Promotion Agency, Japan (IPA), "Survey of Enterprises and IT Human Resources for Digital Transformation (DX) Promotion" report and Ministry of Internal Affairs and Communications, "Economic Census - Activity Survey."

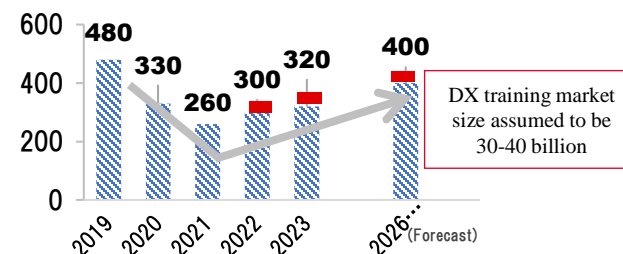
\*3 Calculated on the assumption that sales related to the career training market for FY22 are 10 billion.

\*4 Calculated based on the "Basic Survey of the Information and Communications Industry" by the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry

\*5 Calculated based on the "Regional Development Budget" on the website of the Secretariat for Promotion of Regional Revitalization of Japan

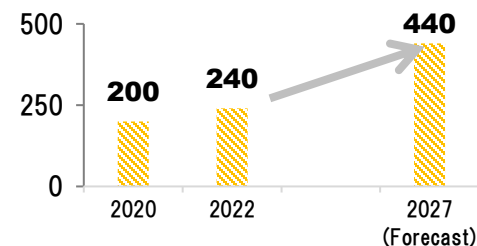
Training market size forecast

Unit (billion yen)



HR digitalization market forecast

Unit (billion yen)



National budget related to regional revitalization

Unit (trillion yen)

