



2nd Quarter of Fiscal Year Ending March 2023 (FY2023)

Financial Results Briefing Material

Confidence Inc.

Securities code: 7374

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**Business Plan and Growth Potential
Announced on June 23, 2022**

01

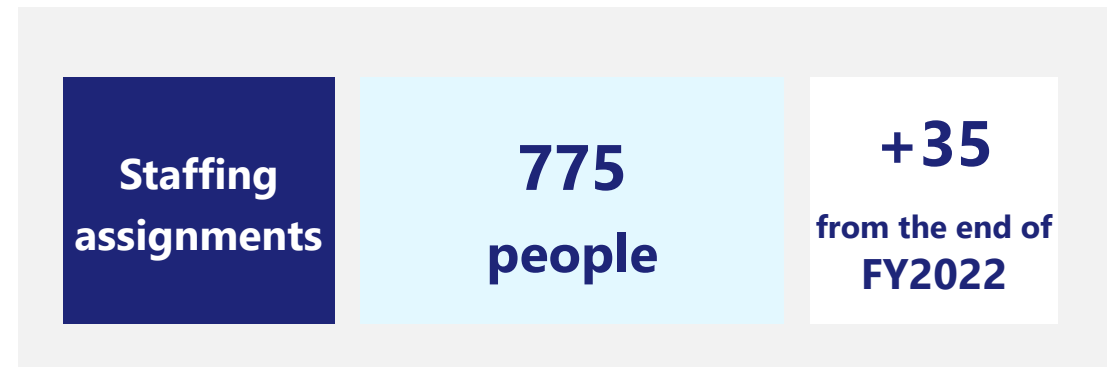


Executive Summary

Financial Highlights of Q2 FY2023 (Cumulative)

- Revenue grew **21.5%** year on year, with the number of creator staffing assignments increasing by **35 people** from the end of the previous fiscal year
- Due to enhanced productivity, operating profit increased by **41.5%** year on year. Operating profit margin also grew, surpassing the target of **15%**

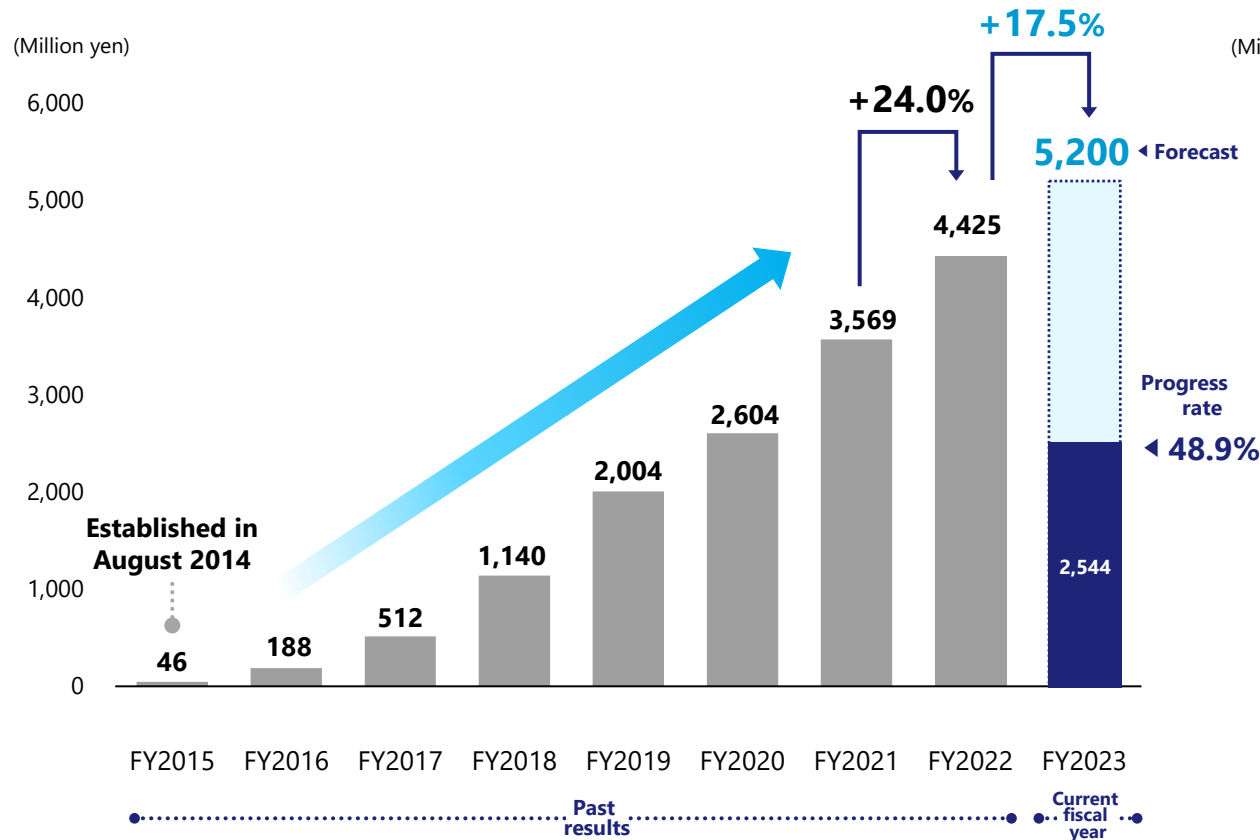
Q2 results (cumulative)



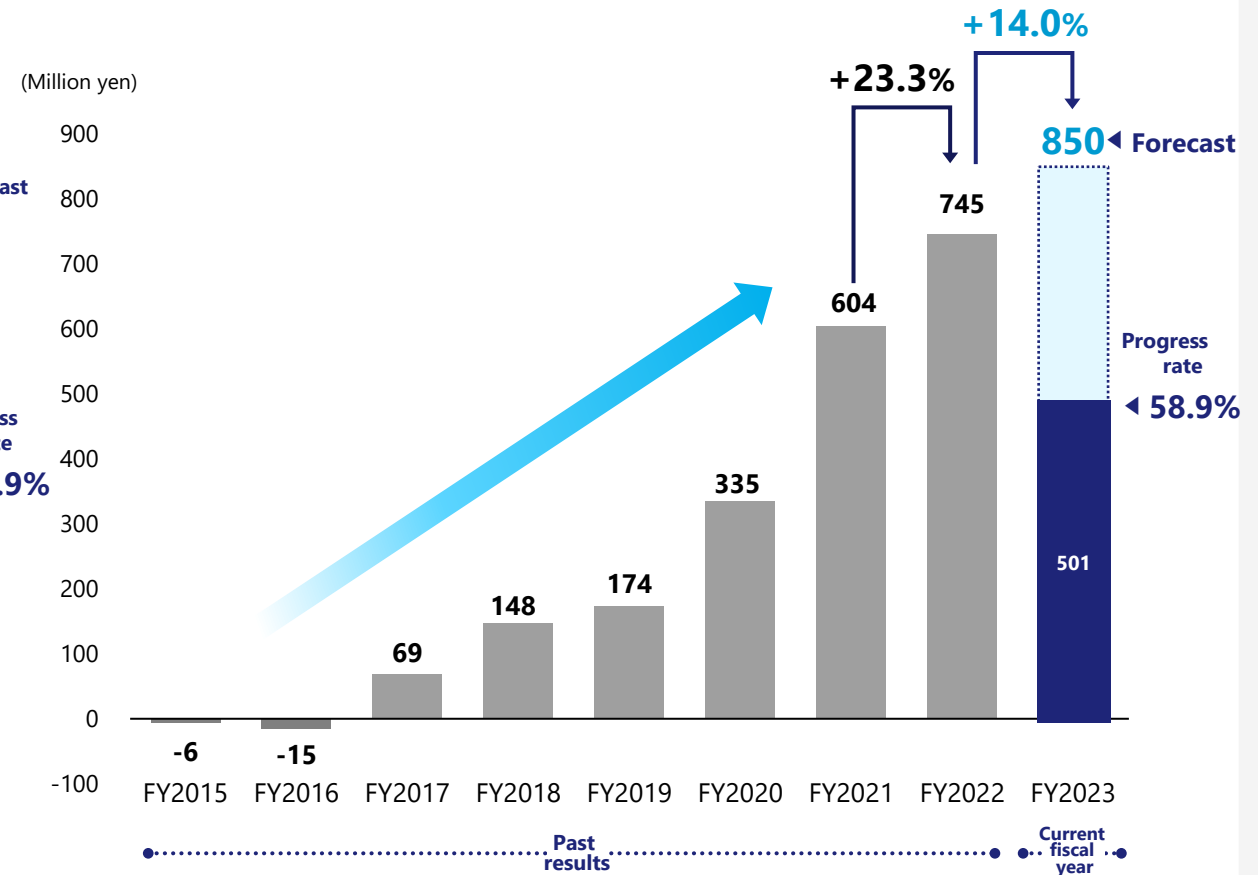
Q2 FY2023 Performance Trends (Cumulative)

- FY2023 (ending March 2023) : Revenue of **5,200 million yen** and operating profit of **850 million yen** set as targets, announced on May 12, 2022 in the Consolidated Financial Results for the Fiscal Year Ended March 2022
- Strong progress made in Q2 (cumulative) as well ➔ [Progress rate] Revenue: **48.9%** (47.8% a year earlier) / operating profit: **58.9%** (49.2% a year earlier)

Revenue



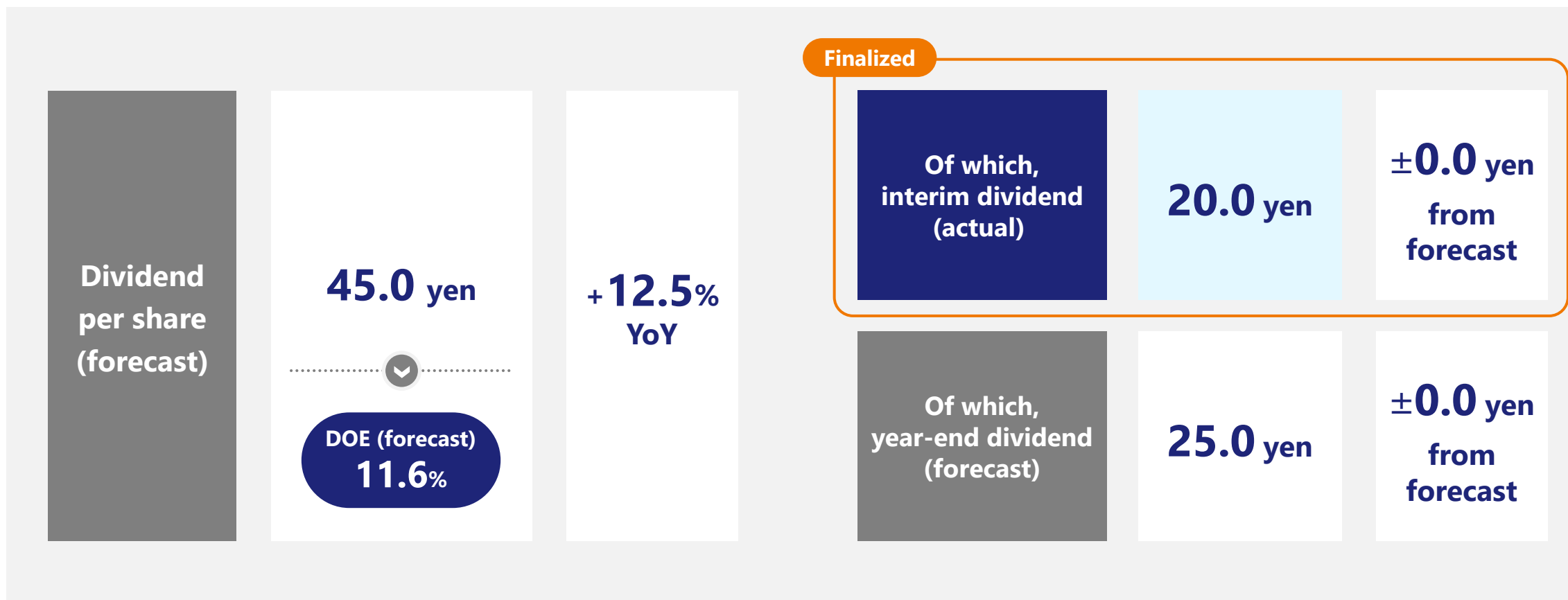
Operating profit



Shareholder Returns for Q2 FY2023 (Interim): Summary

- Interim dividend for FY2023 has been finalized at **20.0 yen** per share, as announced on May 12, 2022 in the Consolidated Financial Results for the Fiscal Year Ended March 2022
- Full-year forecast: no revision is made to total dividend of **45.0 yen** per share, the most recently announced forecast
 - ➔ Annual DOE (dividend on equity ratio) (forecast) is at a high level of **11.6%**

FY2023: Interim dividend results / year-end dividend forecast



02

Company Overview

Vision

Envisioning the future together at the frontline of the creative industry

Jointly create a future in which creators achieve their dreams of career enhancement, the products in which they were involved are well-received, which leads to the advancement of client organizations, the industry, and society



| | | | | |
|--------------------------------|---|------------------|------------------|-------------------|
| Company name | Confidence Inc. | | | |
| Representative | Nobuyuki Takushi, President Joined Staff Service Co., Ltd. (currently Staff Service Holdings Co., Ltd.) in 1996, and worked as a sales manager and a person in charge of recruiting in the Human Resources Department. Joined Staff Service Sales Marketing Co., Ltd. (currently Link Agent Inc.) and, as Director and General Manager of Marketing, drove growth of such departments as staffing, recruitment and outsourcing. Took office as President of Confidence Inc. in 2015 (current position). | | | |
| Established | August 2014 | | | |
| Head office location | BYGS Shinjuku Bldg, 10F 2-19-1 Shinjuku, Shinjuku-ku, Tokyo | | | |
| Consolidated subsidiary | Dolphin Inc. | | | |
| Officers | President | Nobuyuki Takushi | Outside Director | Hirofumi Miki |
| | Senior Managing Director | Takuro Yoshikawa | Outside Director | Toshinori Aoki |
| | Director and General Manager, Administration Division | Koji Nagai | Outside Auditor | Takashi Yachi |
| | Outside Director | Reona Amemiya | Outside Auditor | Tadahiko Yasukuni |
| | Outside Director | Midori Mizutani | Outside Auditor | Kenya Fujimori |
| Paid-in capital | 498.73 million yen (as of September 30, 2022) | | | |
| Line of business | Staffing, recruitment and outsourcing services for gaming and entertainment industries Media operations | | | |
| No. of employees | 903 (as of September 30, 2022) | | | |

1. HR Solution business

Staffing business/recruitment business

Accommodate the needs of each phase/department



Outsourcing business

Provide outsourcing support from development to operation phases



2. Media business

Media site operations

Lovely
Media for women



Plush
Fortune-telling media



GAMEMO
Interview media
related to Web 3.0



Web marketing business

Conduct promotion support, such as social media operation service, based on operational know-how of media sites, and accommodate not only the gaming industry but a wide range of other industries



03

Consolidated Financial Results and Segment Results

[Consolidated] Financial Highlights of Q2 FY2023 (Cumulative)

- Revenue and respective profits kept growing steadily from the year-earlier period
- In terms of progress toward the earnings forecast for FY2023 (full year), operating profit and other profits at lower stages made progress larger than anticipated

Q2 results (cumulative)

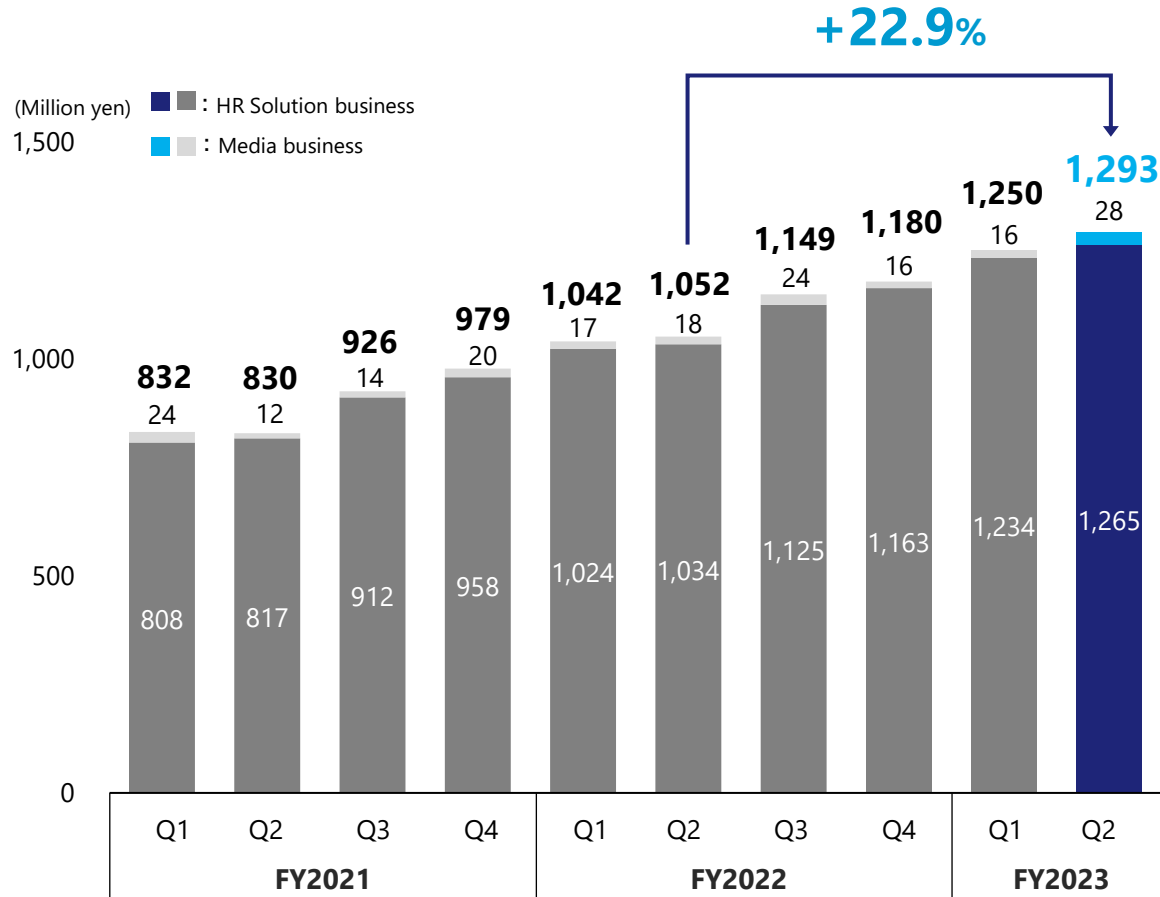
| (Million yen) | FY2022 (Q2) | FY2023 (Q2) | YoY | Full year forecast (announced on May 12, 2022) | Progress rate | FY2022 (Full year) |
|-------------------------|----------------|----------------|----------|--|---------------|-----------------------|
| Revenue * | 2,094 | 2,544 | +21.5% | 5,200 | 48.9% | 4,425 |
| Gross profit | 718 | 903 | +25.7% | 1,787 | 50.5% | 1,528 |
| Gross profit margin | 34.3% | 35.5% | +1.2 pts | 34.4% | - | 34.5% |
| Operating profit | 354 | 501 | +41.5% | 850 | 58.9% | 745 |
| Operating profit margin | 16.9% | 19.7% | +2.8 pts | 16.3% | - | 16.8% |
| Ordinary profit | 347 | 500 | +44.1% | 848 | 59.0% | 737 |
| Profit | 233 | 339 | +45.2% | 585 | 57.9% | 530 |

* Figures after eliminating internal sales within the consolidated companies are indicated

[Consolidated] Quarterly Results Trends by Business

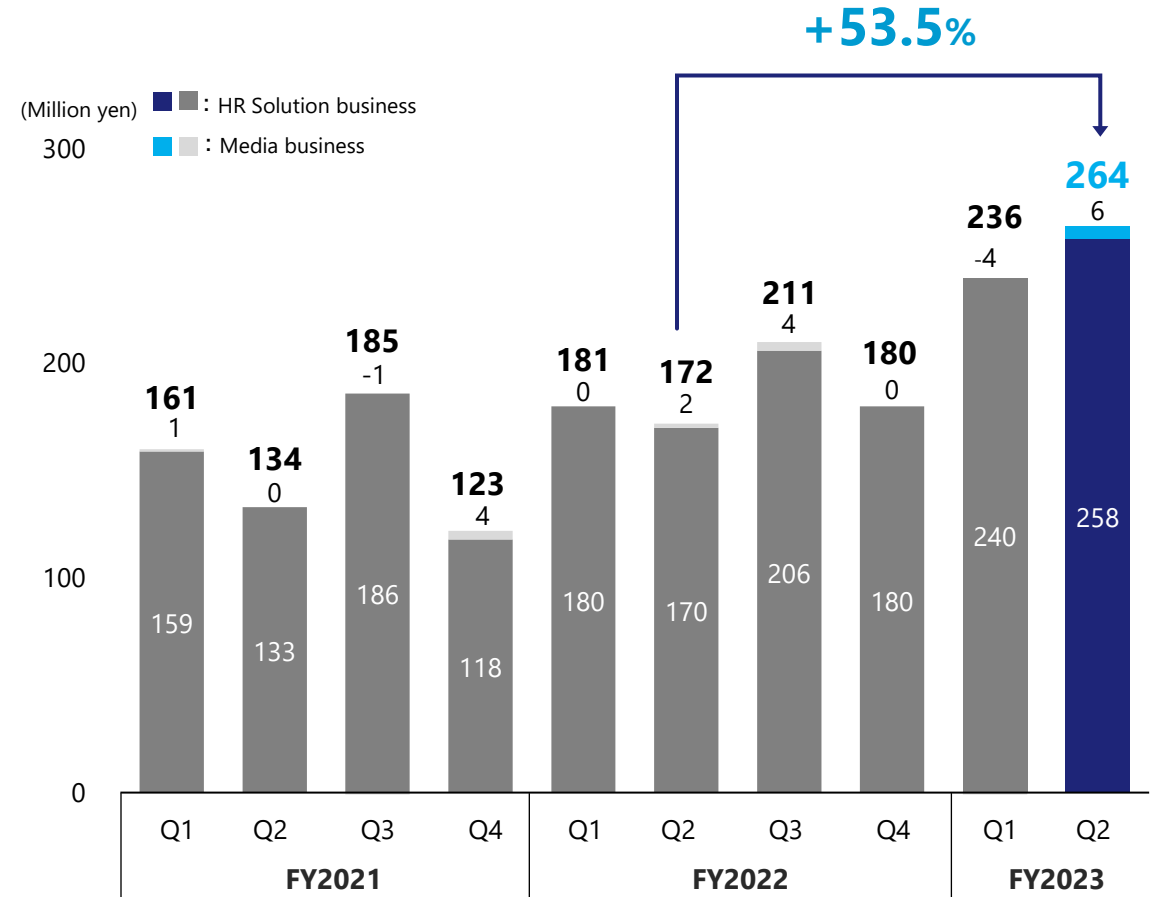
- The HR Solution business, our mainstay operations, grew steadily and **recorded the highest revenue** in Q2 FY2023
- Operating profit showed an upward trend, reflecting the impact of head office relocation completed in Q1, among other factors

Revenue (quarterly trends)



* Figures after eliminating internal sales within the consolidated companies are indicated

Operating profit (quarterly trends)



[HR Solution Business] Financial Highlights of Q2 FY2023 (Cumulative)

- Achieved strong growth while keeping profit margin at a high level

Q2 results (cumulative)

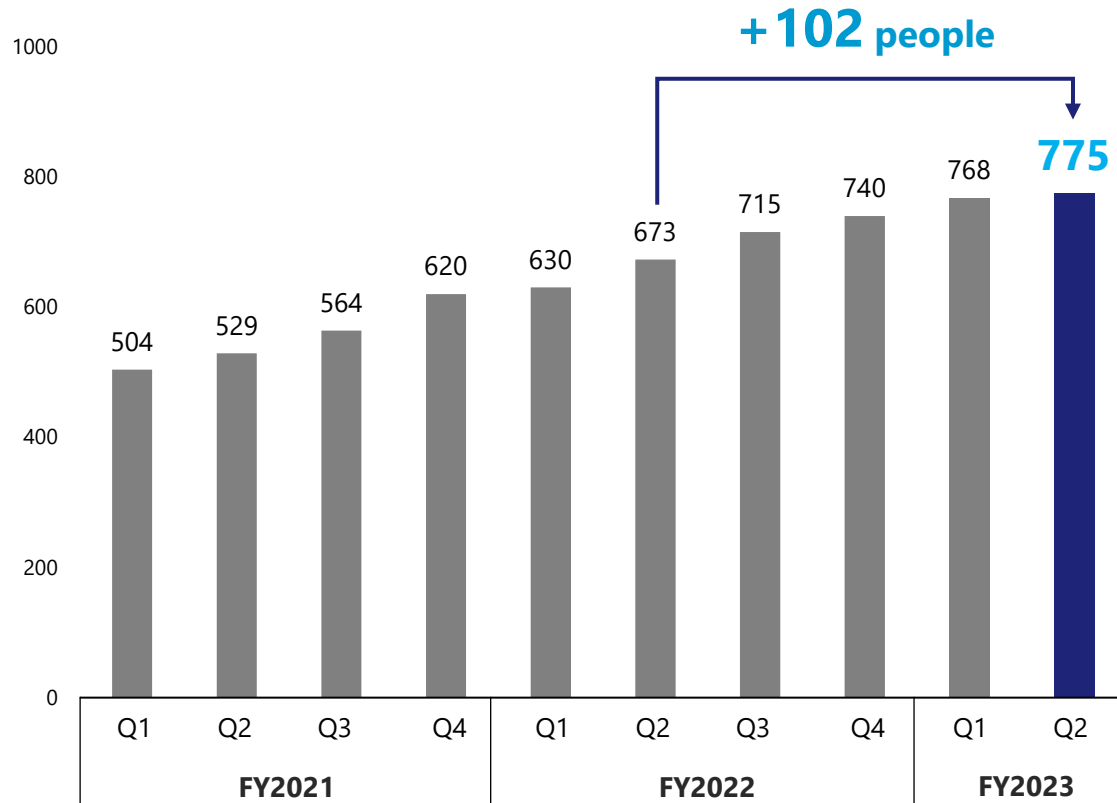
| (Million yen) | FY2022 (Q2) | FY2023 (Q2) | YoY | Full year forecast (announced on May 12, 2022) | Progress rate | FY2022 (Full year) |
|-----------------------|----------------|----------------|----------|--|---------------|-----------------------|
| Revenue * | 2,059 | 2,510 | +21.9% | 5,078 | 49.4% | 4,353 |
| Gross profit | 693 | 883 | +27.3% | - | - | 1,481 |
| Gross profit margin | 33.7% | 35.2% | +1.5 pts | - | - | 34.0% |
| Segment profit | 538 | 730 | +35.6% | - | - | 1,166 |
| Segment profit margin | 26.2% | 29.1% | +2.9 pts | - | - | 26.8% |

* Figures before eliminating internal sales within the consolidated companies are indicated

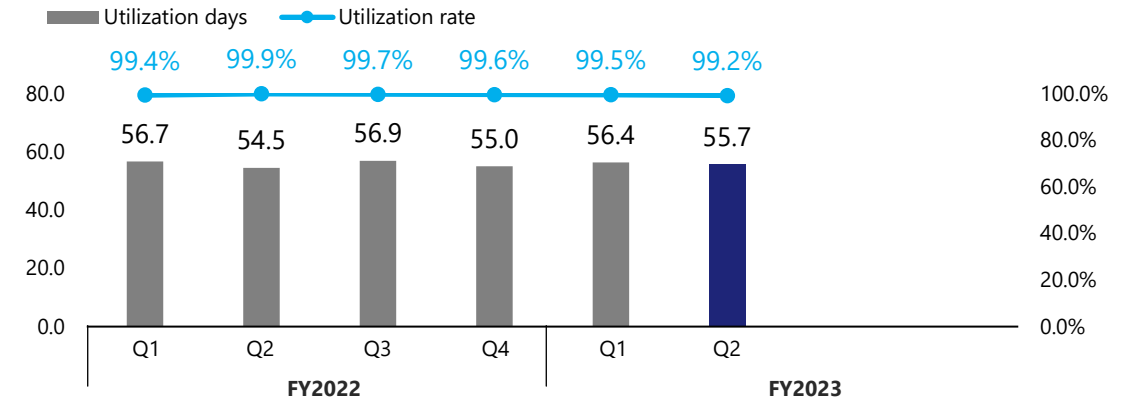
[Human Resources Business] Trends in Major KPIs

- Creator staffing assignments, which serve as the foundation of the Company's recurring income model, steadily increased to end up at **775** (an increase of **102** from the year-earlier period)
- The utilization rate has been kept at a high level since last year

Creator staffing assignments



Utilization days*1 / Utilization rate*2

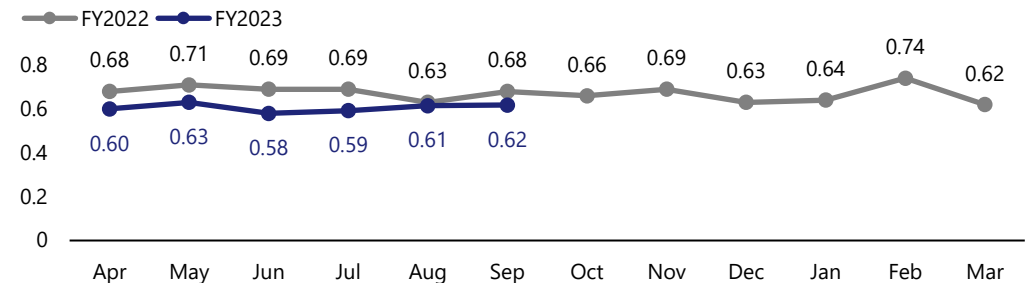


*1 Quarterly total of the number of days arrived at by dividing the total number of days worked by each person on a monthly basis by the number of utilized persons at the end of the month

*As the above formula is applied from the current fiscal year, figures for the previous fiscal year have been re-calculated by using the formula

*2 The ratio obtained by dividing the number of non-utilized persons at month end by the total staffing assignments at month end

Trends in average daily overtime hours*



* Daily average obtained by dividing the average total monthly overtime hours by the average number of actual utilization days

[Media Business] Financial Highlights of Q2 FY2023 (Cumulative)

- Although the Media business accounts for a small portion of the entire revenue and the impact on consolidated results is limited, the progress rate as of the end of Q2 fell below the forecast at 34.2%
- The business, which posted segment loss in Q1, turned to be profitable in Q2

Q2 results (cumulative)

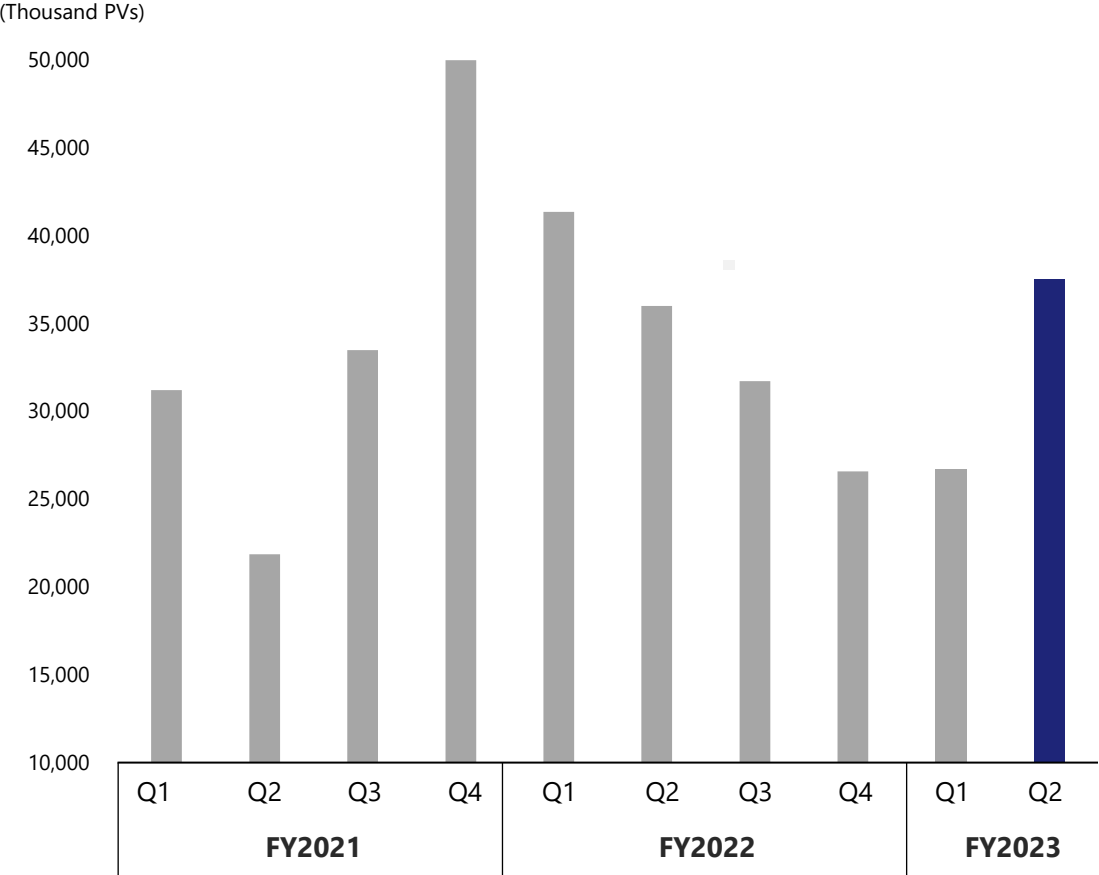
| (Million yen) | FY2022 (Q2) | FY2023 (Q2) | YoY | Full year forecast (announced on May 12, 2022) | Progress rate | FY2022 (Full year) |
|-----------------------|----------------|----------------|-----------|--|---------------|-----------------------|
| Revenue * | 35 | 44 | +24.1% | 130 | 34.2% | 77 |
| Gross profit | 25 | 20 | -19.4% | - | - | 46 |
| Gross profit margin | 69.9% | 45.4% | -24.5 pts | - | - | 60.4% |
| Segment profit | 7 | 6 | -12.3% | - | - | 13 |
| Segment profit margin | 20.4% | 14.4% | -6.0 pts | - | - | 17.5% |

* Figures before eliminating internal sales within the consolidated companies are indicated

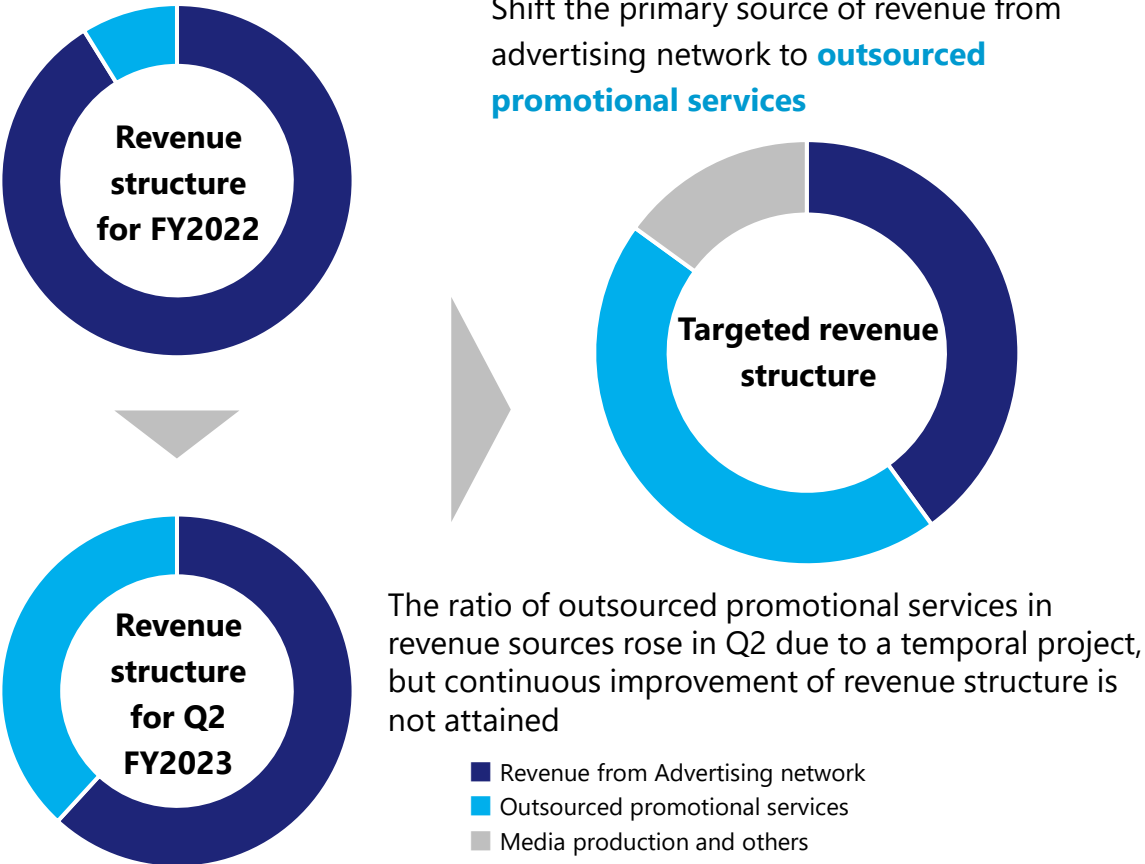
[Media Business] Trends in Major KPIs and Targeted Revenue Structure

- Page views (PVs) somewhat improved in Q2, standing at the similar level as the year-earlier quarter
- The ratio of outsourced promotional services in revenue sources rose in Q2 due to a temporal project, but the transformation of revenue structure remains to be an issue to address on a continuous basis

Trends in PVs



Improvements in current revenue structure / Target



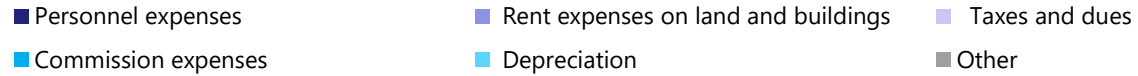
[Consolidated] Quarterly SG&A Expenses Trends

- In Q2, SG&A expenses showed a downward trend from Q1 without the impact of increased depreciation associated with head office relocation
➔ costs were controlled appropriately
- In the second half of FY2023, meanwhile, will proactively invest for future growth and aim for higher growth rates

Quarterly trends

(Million yen)

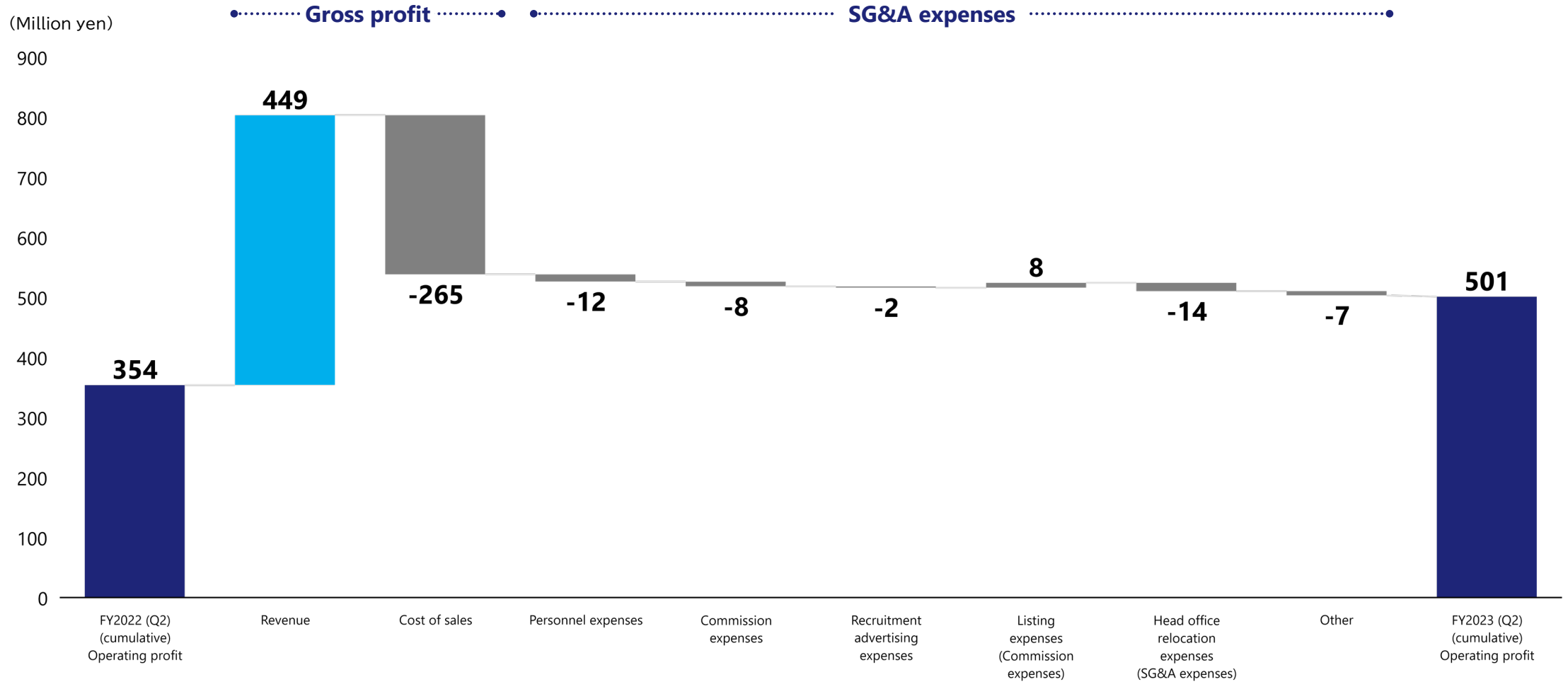
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- *1 Includes performance bonus (15 million yen for FY2021 / 16 million yen for FY2022)
- *2 Includes impact of head office relocation (19 million yen for FY2022 / 14 million yen for FY2023)

[Consolidated] Factor Analysis of Increase/Decrease in Operating Income (YoY)

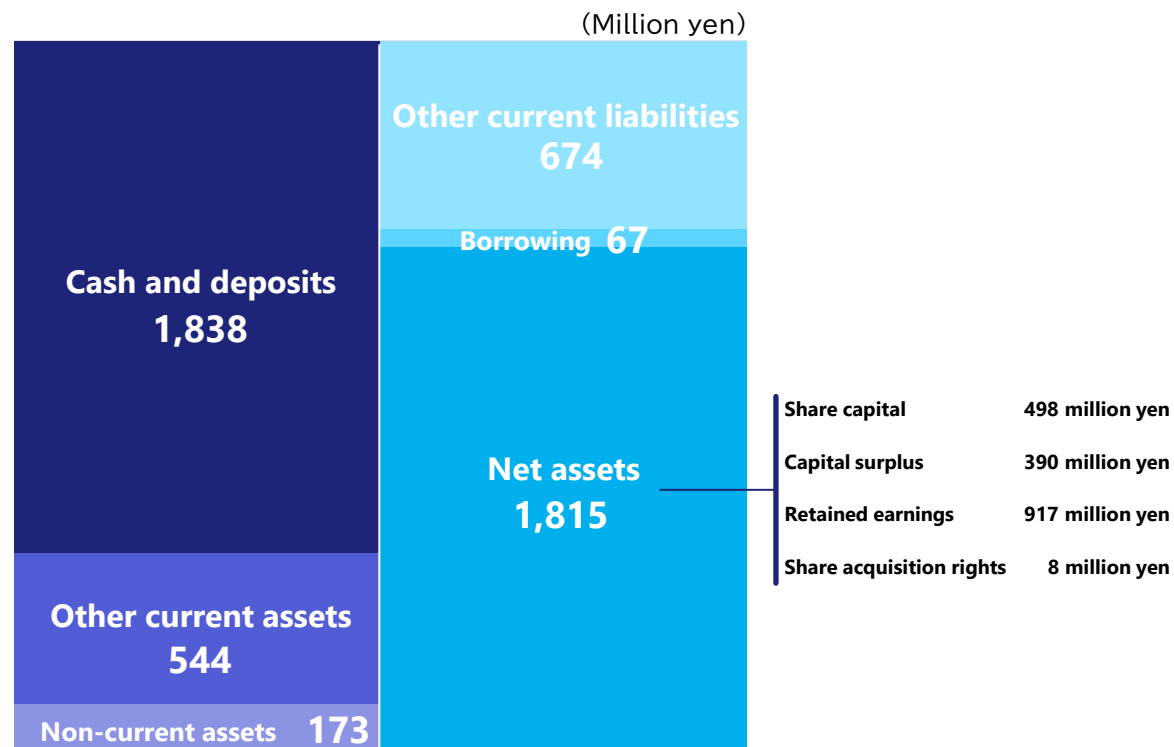
- Gross profit increased steadily along with business expansion, contributing to larger operating profit



[Consolidated] Balance Sheets/Statements of Cash Flows

- There is no concern about financial stability (net cash: **1.77 billion yen** / equity ratio: **70.7%**)

Balance sheets at end of Q2 FY2023



Cash flows for Q2 FY2023 (Cumulative)

(Million yen)

| | |
|---|--------------|
| Balance of cash and deposits as of March 31, 2022 | 1,724 |
| Cash flows from operating activities * | +371 |
| Cash flows from investing activities | -31 |
| Cash flows from financing activities ** | -225 |
| Increase/decrease in cash and deposits | +114 |
| Balance of cash and deposits as of September 30, 2022 | 1,838 |

* Subtotal of cash flows from operating activities: +485 million yen, income taxes: -105 million yen, other, net: -8 million yen

** Dividends paid: -183 million yen, repayments of borrowings: -45 million yen, other, net: +2 million yen

Financial indicators

Net cash **1.77 billion yen**

Equity ratio **70.7%**

04

Progress in Growth Strategies/Business Topics

Growth Strategy (Overall)

Medium-term growth strategy

Deepen client relationships and establish an ecosystem



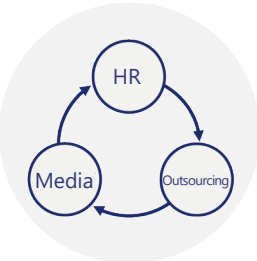
Acquire an overwhelming market share in staffing business by deepening client relationships

Staffing



Maximize transaction opportunities by strengthening cross-selling

Staffing × Recruitment × Outsourcing



Enhance business management efficiency by establishing an ecosystem

HR Solution × Media

Long-term growth strategy

Utilize knowledge obtained from expanding target markets and outsourcing service business, and develop into new markets



Expand business of HR Solution services
Industry | Area | Contract type

Entertainment industry | Regional operation base | Freelance



Expand the scale and accumulate knowledge by expanding the outsourcing service business

Promotions | Gaming-related outsourcing



Expand matching solutions
Expanding into new areas

Web 3.0 | Metaverse | Other areas

Growth Strategy: Expand Business of HR Solution Services

Press release dated September 15, 2022



Expand business of HR Solution services

Industry | Area | Contract type

Entertainment industry

Regional operation base

Freelance

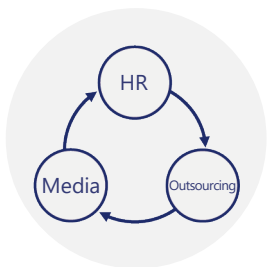
- **Expand business scale** and **enhance name recognition** by expanding geographical areas

| | |
|----------------------------|---|
| Branch | Confidence Inc. Osaka Branch |
| Location | Daiei Building New Building 9F 1-12-7 Shibata, Kita-ku, Osaka-shi, Osaka 530-0012 |
| Branch established | October 1, 2022 |
| Start of operations | December 1, 2022 (scheduled) |

- Aim to develop into gaming companies located in the **Kansai area**, which the second largest market in Japan, in addition to deepening relationships with existing gaming companies in the Tokyo metropolitan area
- As for financial impact, minimize the initial launch costs as the starting point and aim to **expand sales** while **maintaining high profit margin**, by taking advantage of the characteristics of the HR Solution business



Growth Strategy: Enhance Business Management Efficiency by Establishing an Ecosystem



Enhance business management efficiency

by establishing an ecosystem

HR Solution

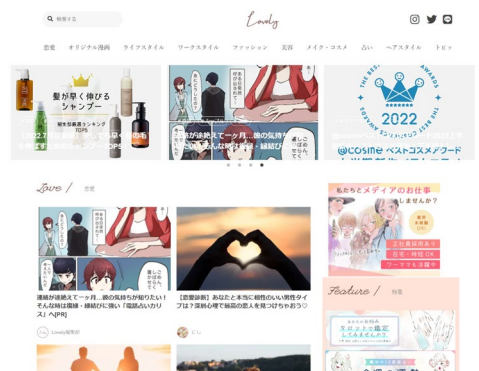


Media

- Knowledge obtained from Media business operations

Lovely

Media for women



No. of followers
36 thousand

Plush

Fortune-telling media



Monthly PVs
10 million PVs

Content creation

Marketing skills

Social media operations

Search engine optimization (SEO)

Press release dated September 5, 2022

- Make "GAMEMO," the gaming media operated by the Company, into an interview media covering companies related to **Web 3.0 and metaverse in the entertainment area**



- Make it the first step for obtaining business opportunities in preparation for the formation of new markets going forward, taking into account the recent market trends

05

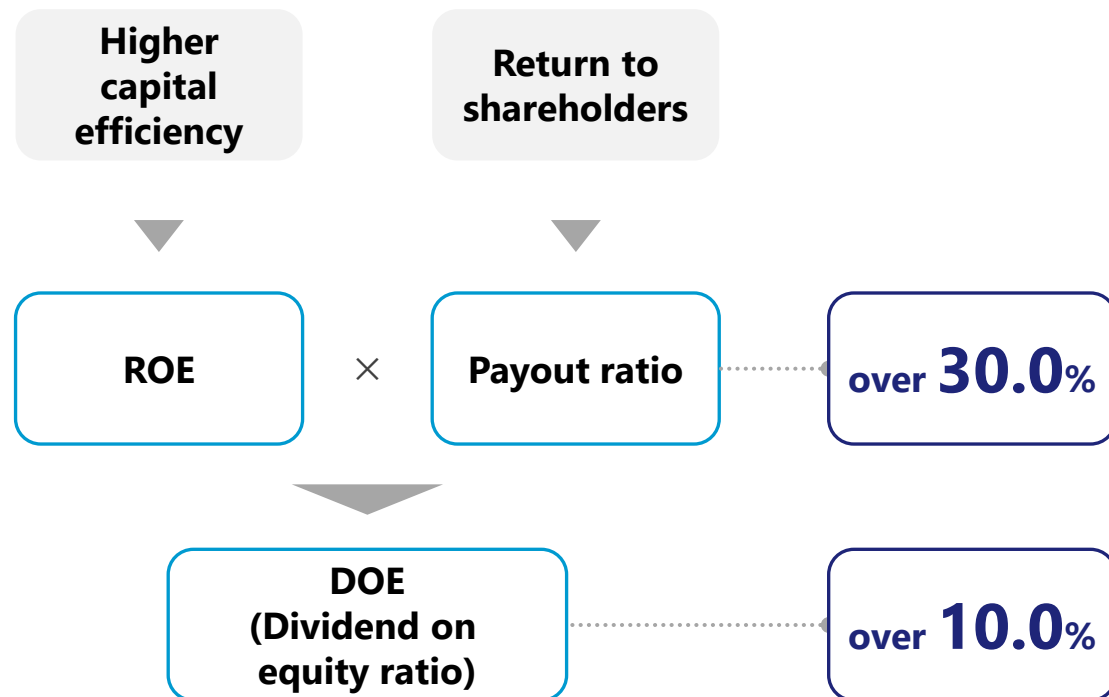
Shareholder Returns

Policy and Status of Shareholder Returns for Q2 FY2023 (Interim)

- For FY2023, plan to increase dividends from 40.0 per share in the previous fiscal year to **45.0 yen** per share for the full year
- Of the amount, interim dividend has been finalized at **20.0 yen** per share

Policy on Shareholder Returns

Target indicators



FY2023: Interim dividend results /year-end dividend forecast

| | | |
|--|-----------------|-------------------------------|
| Dividend per share (forecast) | 45.0 yen | +12.5% YoY |
| Finalized | | |
| Of which, interim dividend (actual) | 20.0 yen | ±0.0 yen from forecast |
| Of which, year-end dividend (forecast) | 25.0 yen | ±0.0 yen from forecast |

* No change has been made to the forecast year-end dividend as of November 10, 2022

Appendix

Business Plan and Growth Potential

Announced on June 23, 2022



Business Model, Source of Competitiveness and Market Environment

Our Competitive Advantages and Strengths

Business strategy

Maximize the total amount of matching by maximizing the number of job seekers and job openings

Our strengths



Hiring capabilities

- Attract creators through proactive entry into popular industries
 - ➔ Number of applicants: **approx. 10,000/year**

Sales capabilities

- Ability to cultivate new companies without depending on specific clients
 - ➔ Number of corporate clients (total): **over 200 companies**

Matching capabilities

- Maintain a high level of utilization rate through highly precise matching
 - ➔ Average utilization rate: **99.7%**

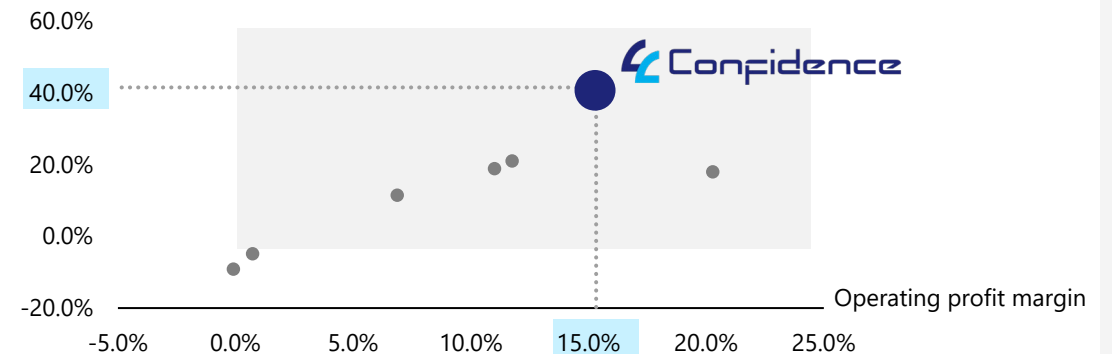
* Compiled based on the actual data through FY2022

Efficient organizational operations

Conduct organizational design based on division of labor and standardization, and simplify operations as much as possible

Comparison with competitors: growth rate x profit margin

5-year CAGR of Revenue



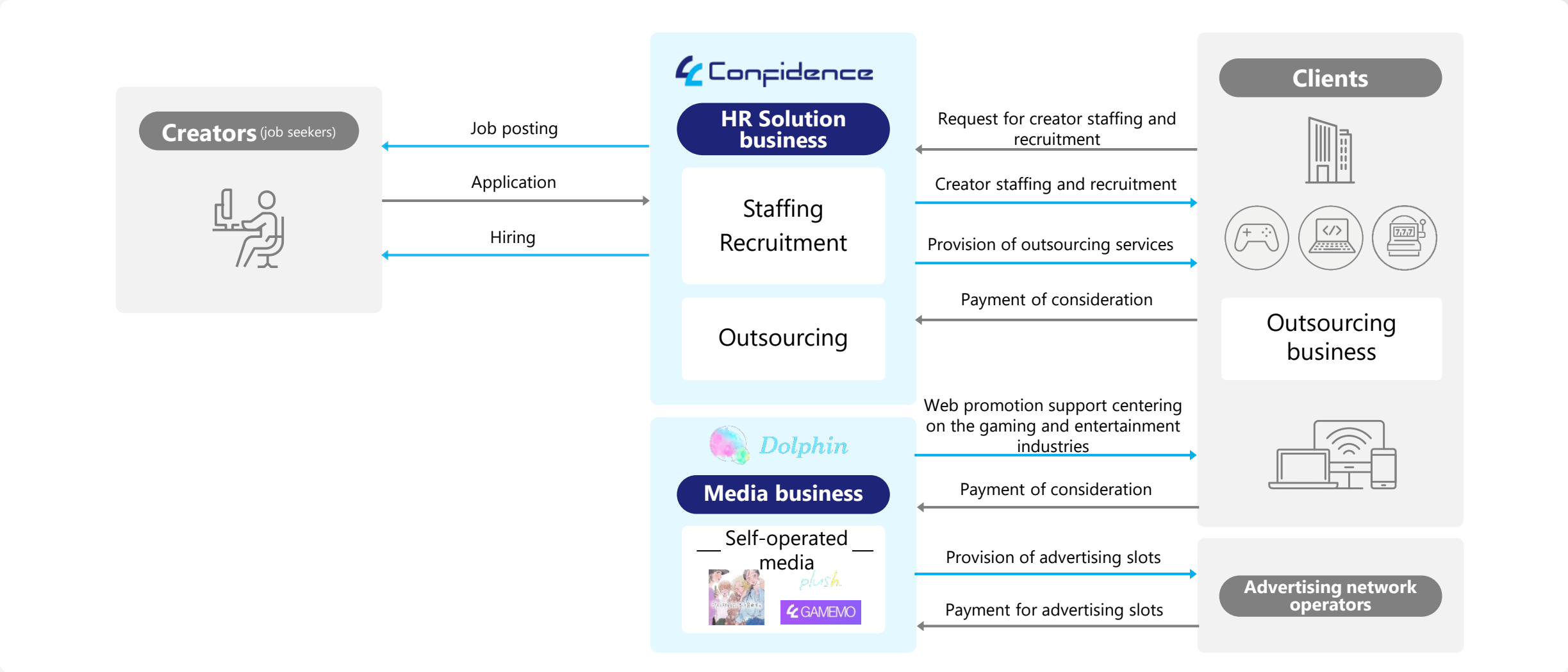
* Prepared by Confidence based on information publicized by other companies that conduct the same business as ours

* 5-year CAGR of Revenue is calculated based on each company's forecast of its ongoing fiscal year for the fifth year (FY2022 actual figure is used for Confidence)

Since its establishment in August 2014, the Company has achieved high business growth rates and profitability despite being a latecomer to the industry

Business Diagram

- Recruit and hire creators to deliver staffing, recruitment and outsourcing services for the gaming industry
- Provide media operation assistance services on top of earning advertising income through the operation of our own media



Our Major Revenue Structure and KPIs: HR Solution Business (1/2)

- The revenue structure and KPIs of the HR Solution business - staffing business, which accounts for the majority of our sales, are as follows
- With a particular focus on creator staffing assignments among the breakdown items, aim to achieve gross profit margin of 30% and operating profit margin of over 15% for the entire Group

□ : Business KPIs

■ : Indicators we attach particular importance to

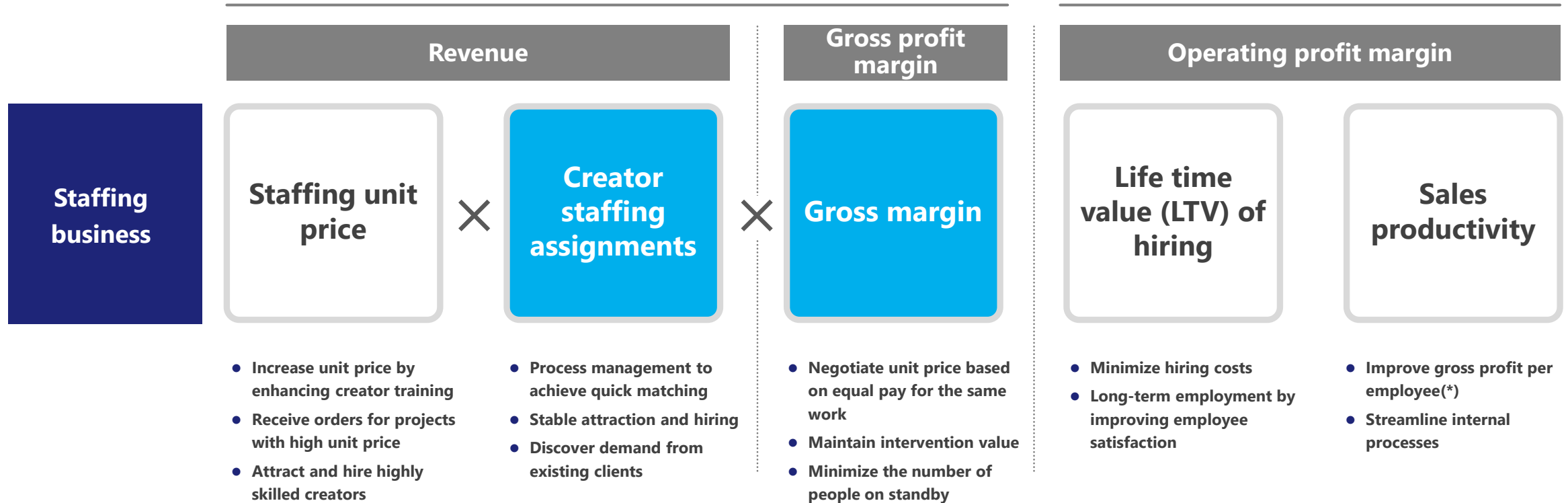
Confidence

HR Solution business

Media business

Gross profit

Operating profit



* Measures to improve gross profit per employee are the same as measures to improve sales and gross profit margin

Our Major Revenue Structure and KPIs: HR Solution Business (2/2)

- The revenue structure and KPIs for the HR Solution business - outsourcing business and recruitment business, which are related to the staffing business, our core business, are as follows

□ : Business KPIs

■ : Indicators we attach particular importance to

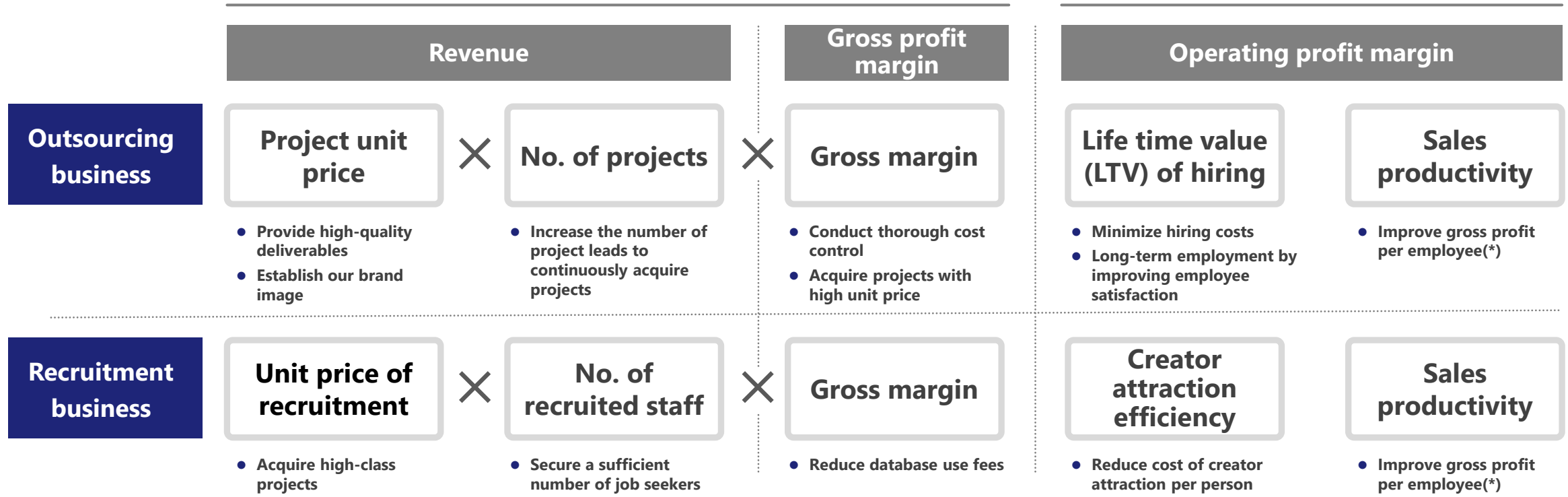


HR Solution business

Media business

Gross profit

Operating profit



* Measures to improve gross profit per employee are the same as measures to improve sales and gross profit margin

Our Major Revenue Structure and KPIs: Media Business

- The revenue structure and KPIs of the Media business are as follows
- Aim to shift from the existing media site operations business to the revenue structure centering on web promotion business

□ : Business KPIs

■ : Indicators we attach particular importance to

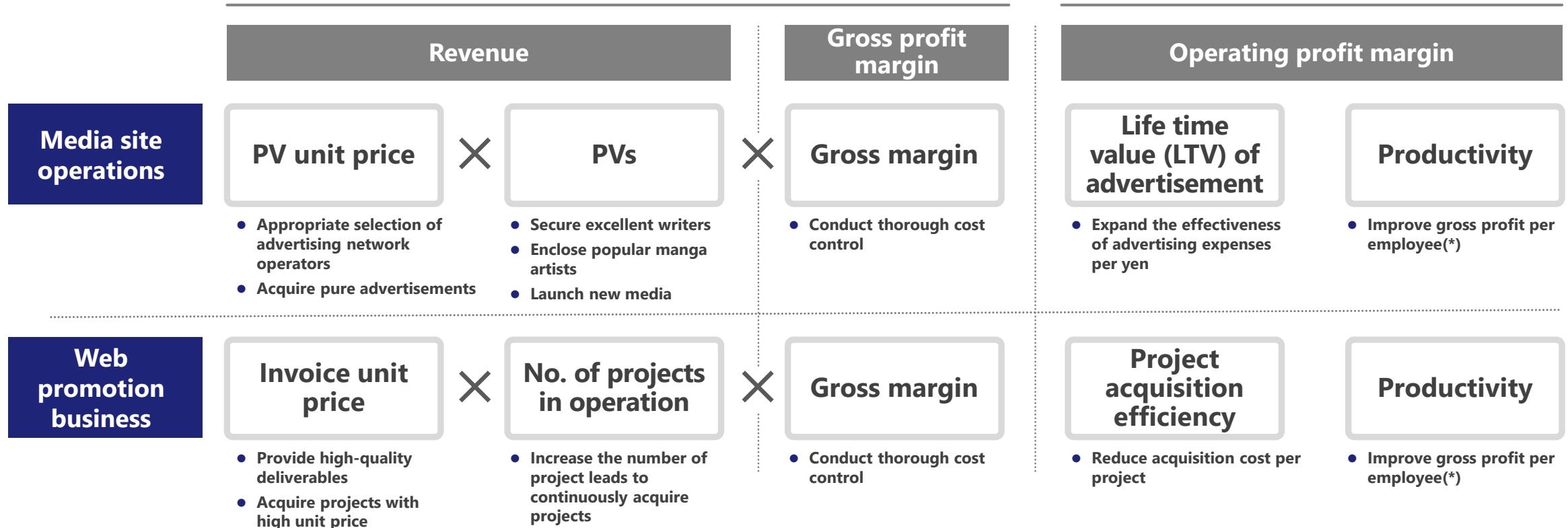


HR Solution business

Media business

Gross profit

Operating profit

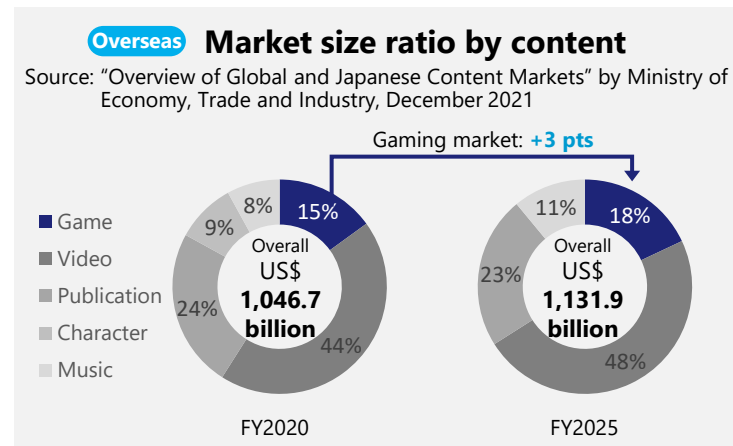
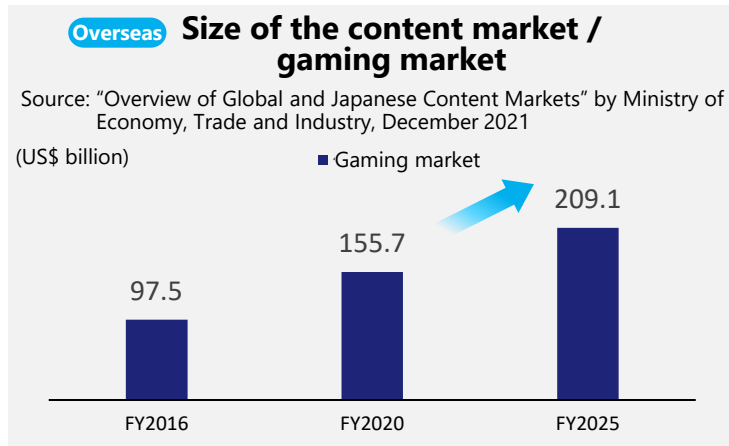
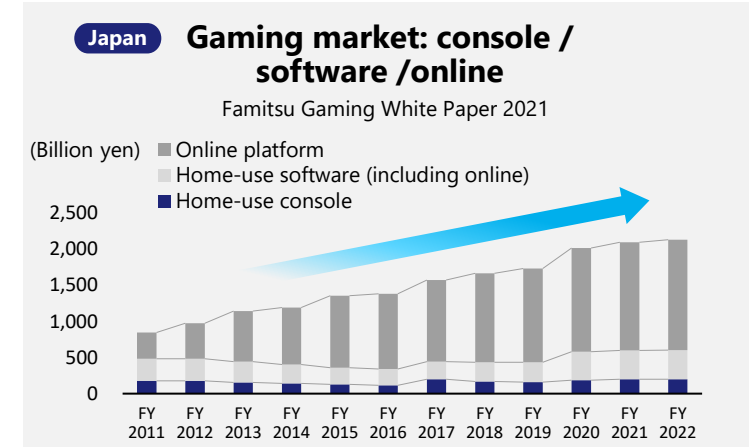
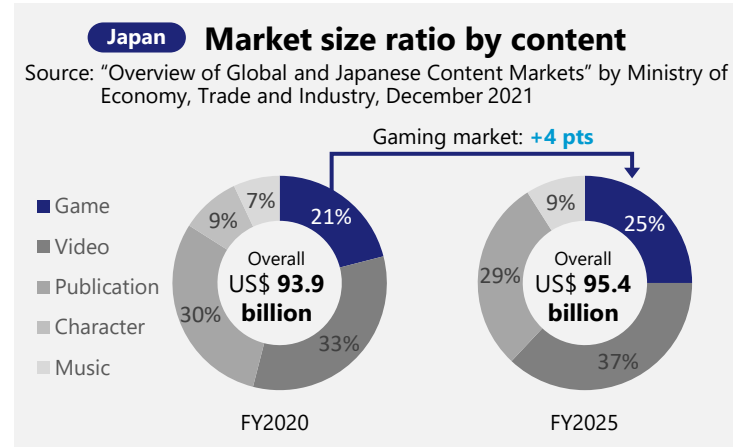
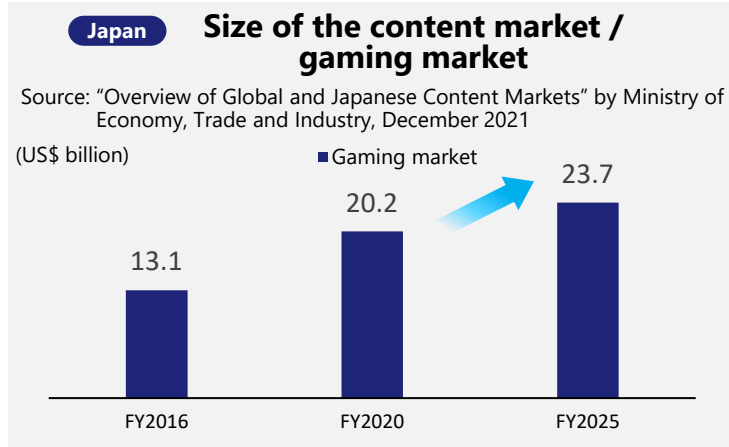


* Measures to improve gross profit per employee are the same as measures to improve sales and gross profit margin

[Existing Areas] Trends in the Content / Gaming Markets

- Of the content market, **the gaming market** is projected to remain on **an expansion trend both in Japan and overseas**
- Consequently, demand for human resources from gaming companies is assumed to keep growing

Trends in the gaming market



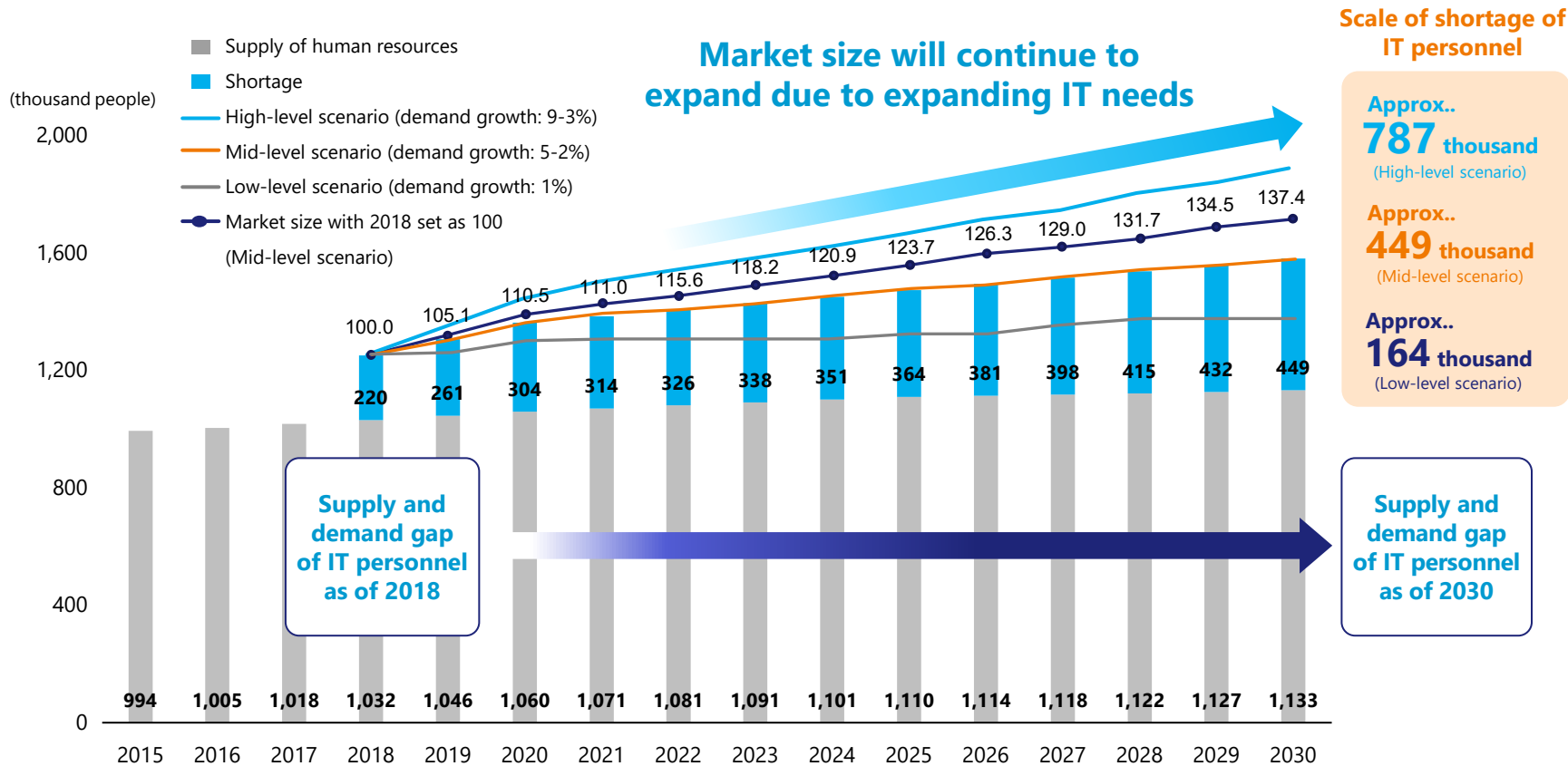
While the growth of the content market as a whole is moderate in both the global and domestic markets, the presence of the gaming market is increasing markedly year by year

Demand for human resources from gaming companies is assumed to remain on a growing trend

[Existing Areas] Supply and Demand Situation for IT Personnel

- According to a survey conducted by the Ministry of Economy, Trade and Industry, **the shortage of IT personnel tends to expand year by year in response to the expansion of IT needs**
- **A similar trend is assumed to continue in the gaming industry** → Recruitment will become increasingly difficult for continuous growth

Estimation on the supply and demand of IT personnel



Market size expands due to growing IT needs

▼

Shortage of IT personnel becomes more serious

▼

Similar trends are assumed to occur in the gaming and entertainment industries

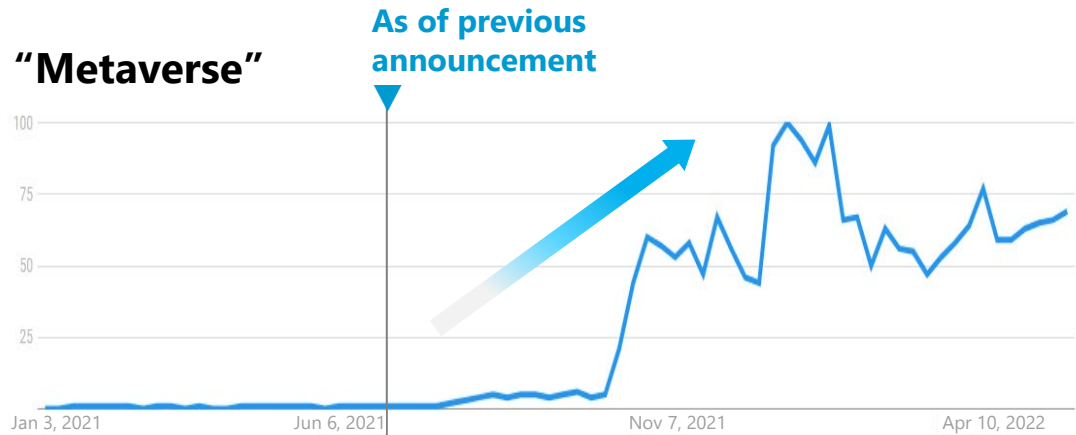
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Hiring of human resources will become even more difficult

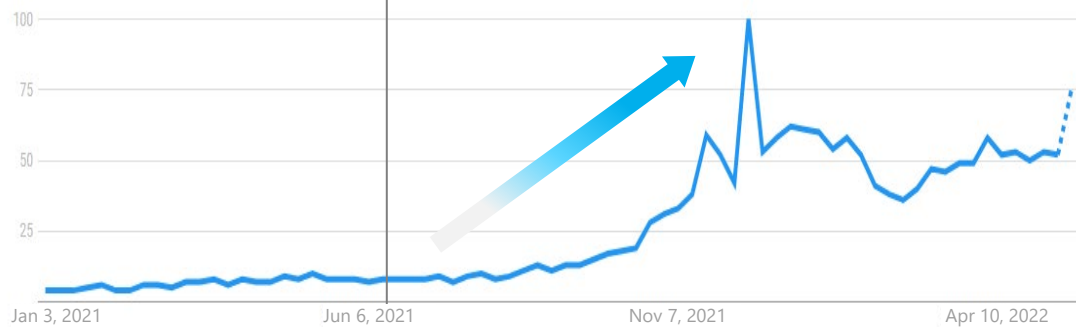
Source: excerpt from "Report on the Supply and Demand Survey for IT personnel" (project commissioned by the Ministry of Economy, Trade and Industry) by Mizuho Information & Research Institute, Inc., March 2019

[New Areas] Changes in Recent industry Trends

Changes in the industry trends from the previous announcement to the latest



"Metaverse" and "Web3" have become a global trend



Source: Google Trends ▶ Search object: all countries / Jan 1, 2021 - May 31, 2022

Status of companies in the gaming industry and other industries (examples)

Overseas

Facebook

- Changed the company name to Meta / announced "Horizon Home," an initial metaverse concept

NVIDIA

- Announced "Omniverse," a metaverse production platform

Microsoft

- Announced "Microsoft Mesh," a mixed reality platform / Acquired Activision Blizzard (a gaming company)*
- * The largest acquisition ever made by the company (as of June 2022) at total acquisition price of approx. \$68.7 billion

Japan

Sony

- Reinforced endeavors to create new live entertainment experiences in the "metaverse" domain that is expected to grow

Bandai Namco

- Constructed "IP Metaverse" as its axis strategy on IP / established a fund to invest in startups in and outside Japan, such as those related to VR/AR/XR, Web3 and metaverse

CyberAgent

- Established a blockchain-based gaming subsidiary to enter into GameFi business

KDDI

- Opened virtual "Virtual Shibuya" as its "Shibuya 5G Entertainment Project"

Source: Prepared by Confidence based on the websites and press releases of respective companies

[New Areas] Gaming Industry and Future Target Markets

Changes in content creation, distribution and usage brought about by digitization

Transformation of industrial structure

- The market becomes borderless and globalized
- Distribution routes become double-tracked and diversified
- Personal products are directly delivered

Personal creative activities

- Contents created by ordinary people expand due to popularization of production/editing solutions

New trends in the virtual space

- Commercial transactions on the metaverse space
- Possibility of a new life as a reality different from the real world



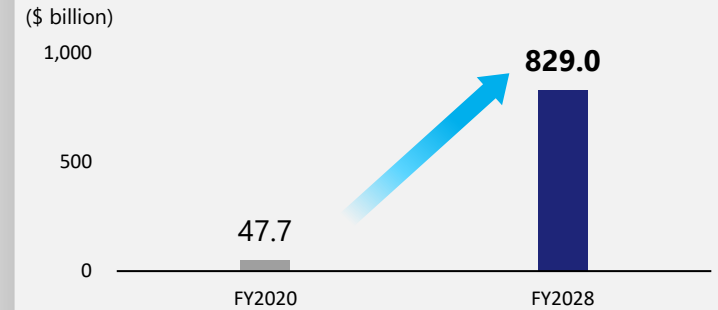
- Since the 3DCG space and community in games are close to the concept of the metaverse, proactive investments are made in gaming business as a foothold for metaverse-related businesses

- Possibility of forming a new labor market → Areas having high affinity with our focus areas

Source: Prepared by Confidence using excerpts from "Content Strategy in the Digital Age" by Intellectual Property Strategy Promotion Bureau, Cabinet Office, released in January 2022

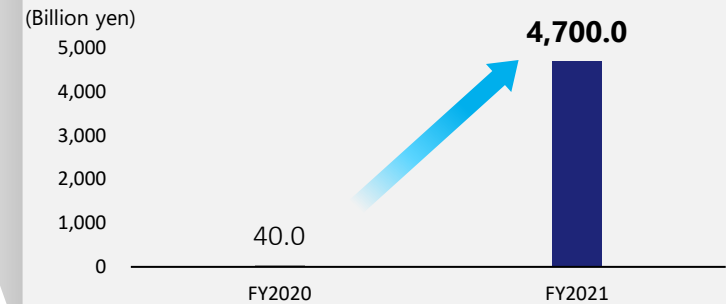
Overseas Metaverse market

"GLOBAL METAVERSE MARKET 2018-2028" by Emergen Research, released in November 2021



Overseas NFT (Non-Fungible Token) market

"NFT White Paper (draft)" by the NFT Production Review Project Team of Liberal Democratic Party, released in March 2022





Growth Strategy/M&A Strategy

Image of Future Growth

- Securely grow the “game x human resources” area, our existing domain, while entering the peripheral areas and outsourcing service area
- Also, look to expansion into new markets in new areas (such as Web 3.0 and metaverse) in response to changes in the external environment

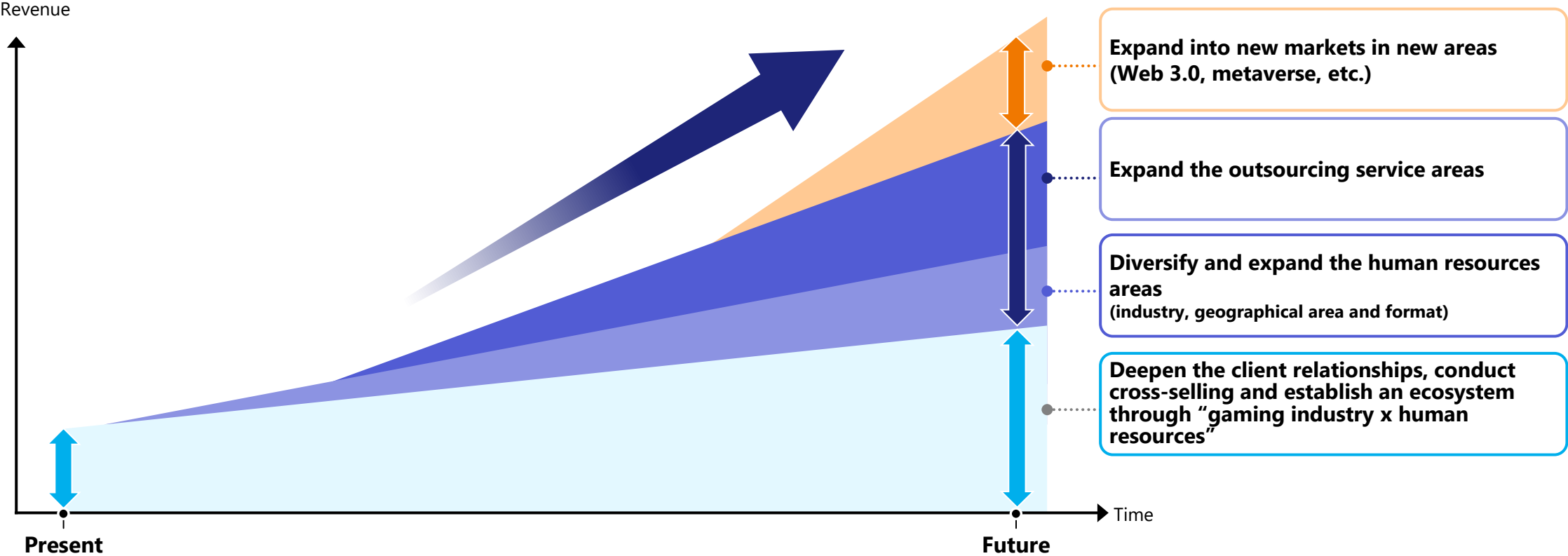
Deepen and expand existing business



Advance into new areas

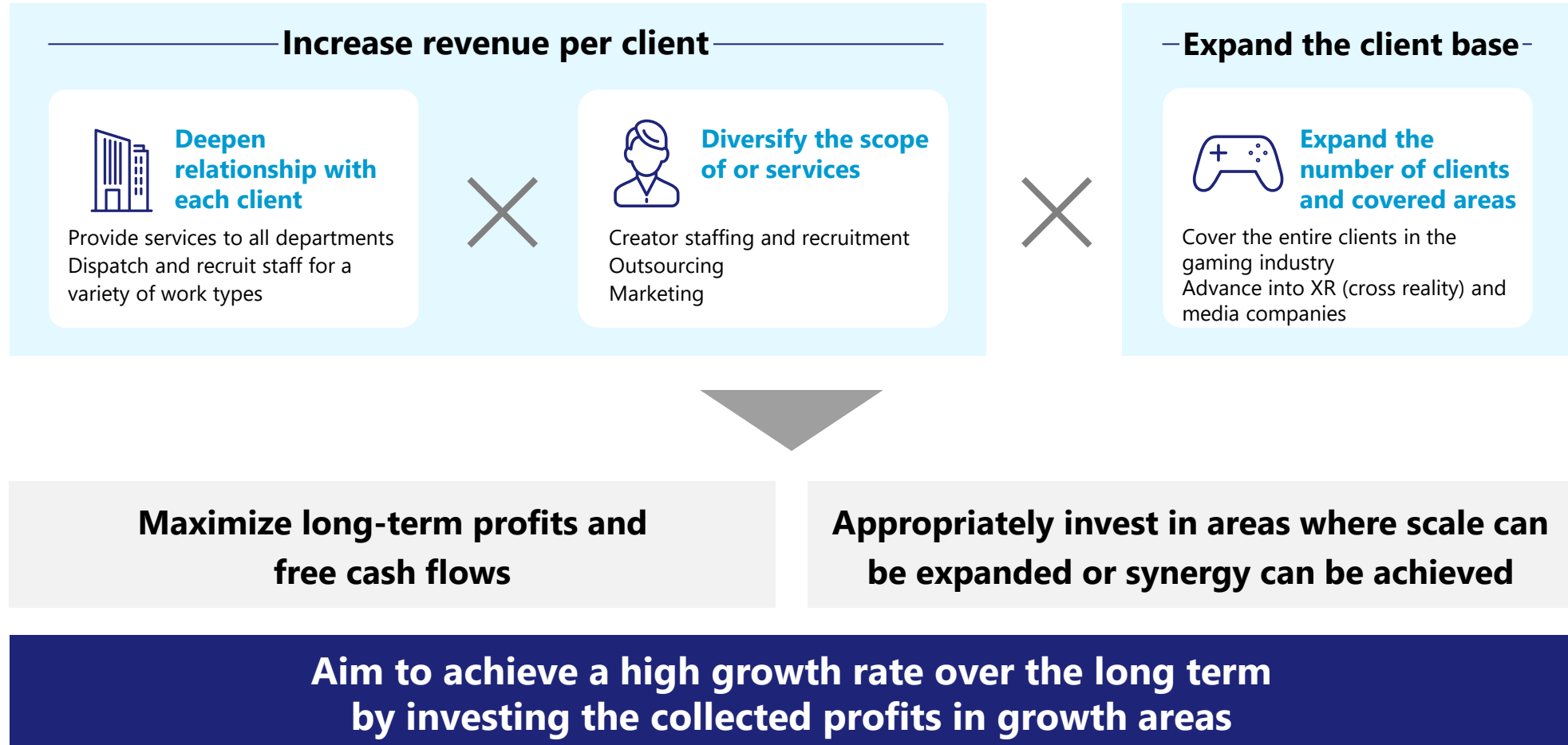
Focus on staffing in the gaming area, our main business

Expand the Web promotion area, positioned as a focus business, and enter new areas



Basic Strategy and Investment Concept for the Image of Future Growth

- As the basic strategy and investment concept for our future growth, maximize revenue per client and the client base, and proactively invest the collected profit in new areas with high growth potential



Growth Strategy (Overall)

- Medium-term: Expand business by deepening client relationships and establishing a virtuous cycle (ecosystem) of business collaborations
- Long-term: Expand target markets and develop into new markets in new areas (such as Web 3.0 and metaverse) with matching solutions

Medium-term growth strategy

Deepen client relationships and establish an ecosystem



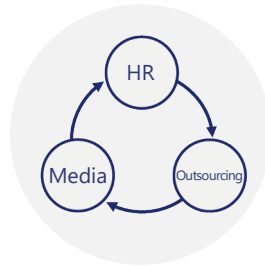
Acquire an overwhelming market share in staffing business by deepening client relationships

Maximize the number of people dispatched per client



Maximize transaction opportunities by strengthening cross-selling

Increase revenue per client by diversifying the scope of our services



Enhance business management efficiency by establishing an ecosystem

Establish a service circulation through collaboration between the HR Solution business and the Media business

Long-term growth strategy

Accumulate knowledge through expanding target markets and outsourcing service business, and develop into new markets in new areas (such as Web 3.0 and metaverse)



Expand business of HR Solution services

Diversify client industries, regional areas and contract types



Expand the scale and accumulate knowledge by expanding the outsourcing service business

Expand the scope of services to accumulate knowledge and pool diverse human resources



Expand matching solutions

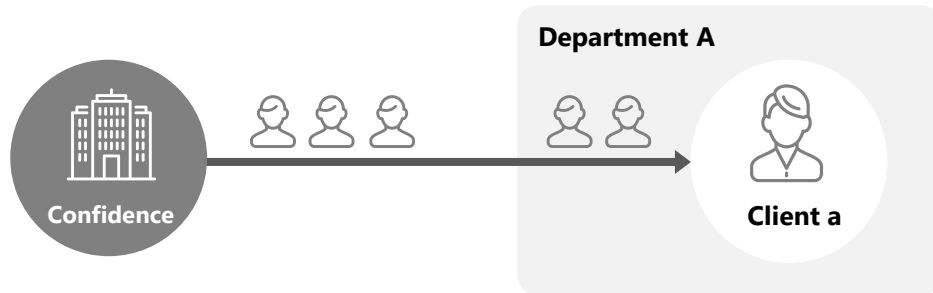
Expand into new markets in new areas (Web 3.0, metaverse, etc.)

[Medium-Term Growth Strategy (1)]: Expand Staffing Business by Deepening Client Relationships

- Aim to gain the overwhelmingly No.1 position as staffing business operator in the gaming industry by further deepening client relationships

Before deepening client relationships

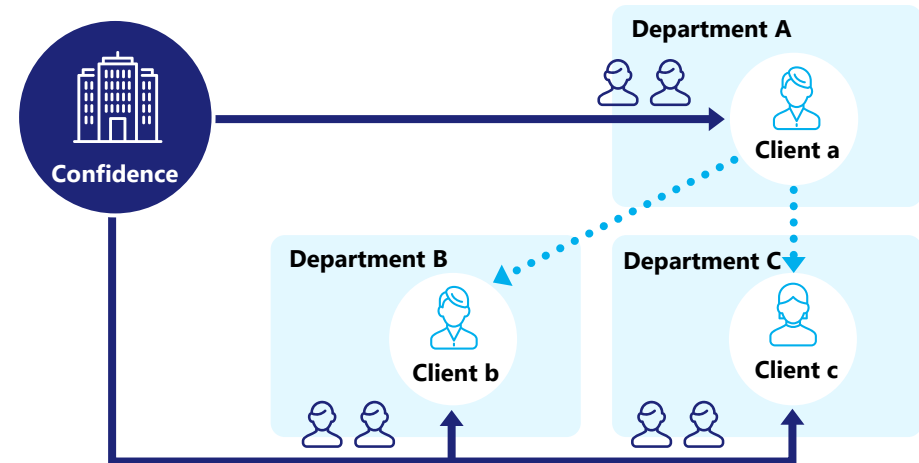
Once the human resource needs at certain departments are met, human resources become saturated to limit employment opportunities for creators.



After deepening client relationships

- Understand future needs by interviewing clients about their development schedules
- Cultivate new human resource needs through referrals to other departments
- ▶ **Acquire new employment opportunities for creators**

Maximize the number of people dispatched per client



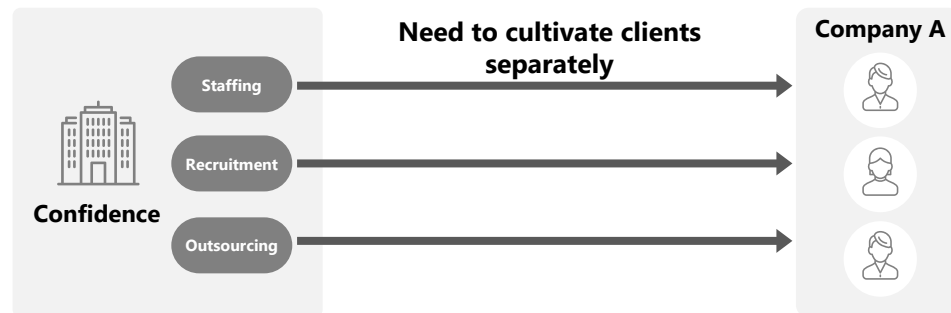
[Medium-Term Growth Strategy (2)]: Conduct Cross-Selling to Existing Clients

- Expand revenue through cross-selling of recruitment and outsourcing services by leveraging the network built in staffing business

Before cross-selling

Recruitment department and outsourcing service department separately work to expand into clients' other departments

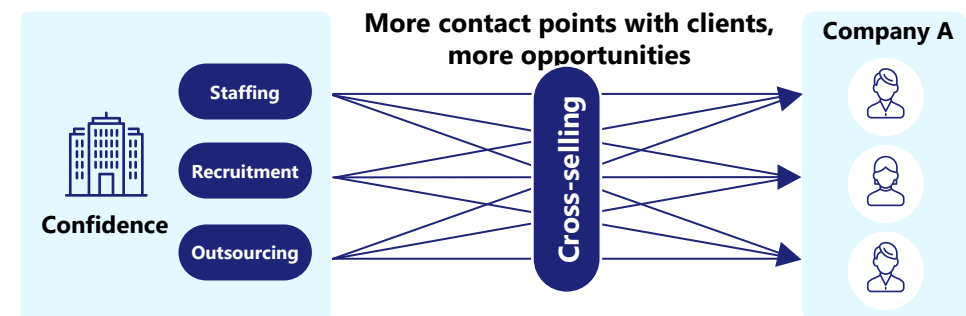
- ▶ Fail to identify clients' needs, causing potential loss of opportunity to occur



After cross-selling

- Recruitment: Can obtain attractive job offers by increasing contact points
- Outsourcing: Can understand needs accurately and provide services at an appropriate timing by in a timely manner by discerning clients' development schedules
- ▶ **More contact points will allow us to provide services more efficiently**

Revenue per client increases by diversifying our services provided to clients



[Medium-Term Growth Strategy (3)]: Establish and Expand Ecosystem

- Establish and expand an ecosystem of staffing, recruitment, outsourcing and media businesses, improve management efficiency, and increase opportunities to provide services to the gaming industry

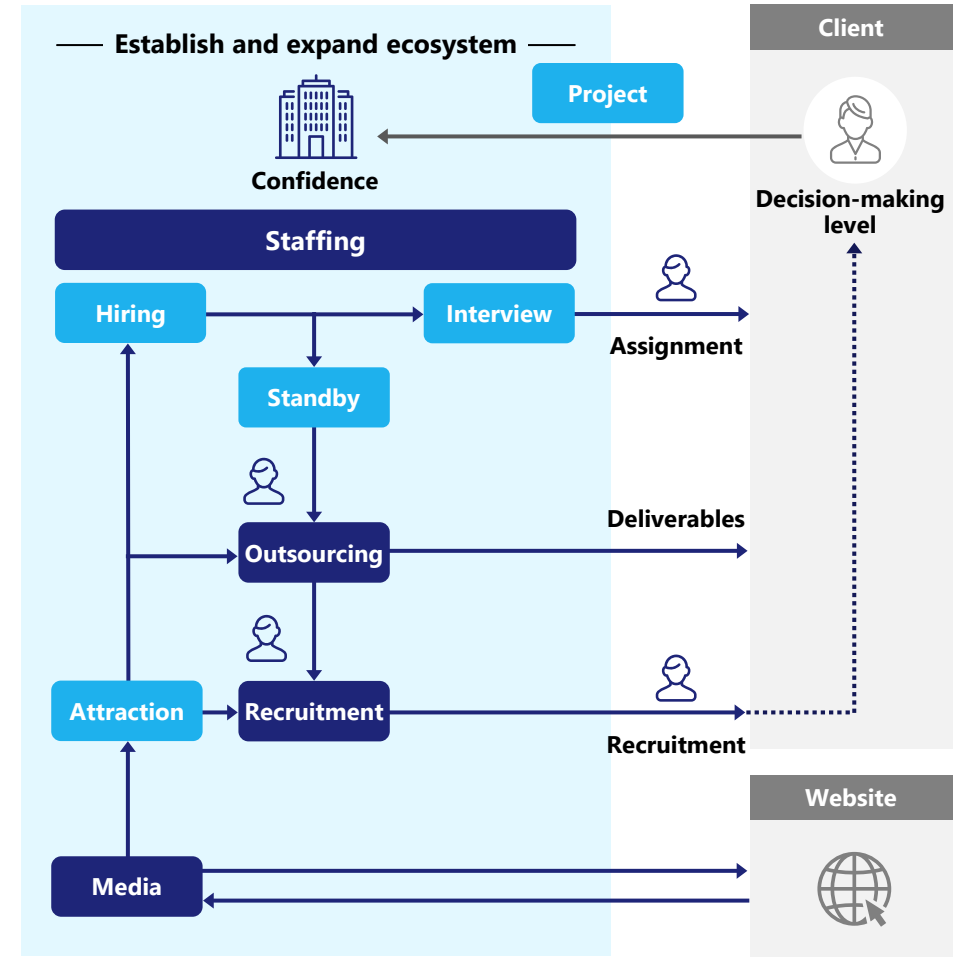
Establish an ecosystem

- **Attract more people for staffing and recruitment** by utilizing customer attraction know-how of the Media business
- Have less-experienced creators **employed at outsourcing service projects**
- **Enhance creator skills** through on-the-job training at outsourcing service projects
- **Increase charge rates** by employing high-skilled creators, or **support their job transfer** to gaming companies through recruitment

Expand the ecosystem

- **Increase outsourcing service projects and recruitment achievements** by utilizing networks established through staffing
- Increase in outsourcing service projects and **presence of key persons at clients** through recruitment **increase staffing opportunities**
- **Conduct promotion assistance for gaming companies** by utilizing the customer attraction know-how of the Media business

Have each business exercise synergy
to enhance corporate management efficiency

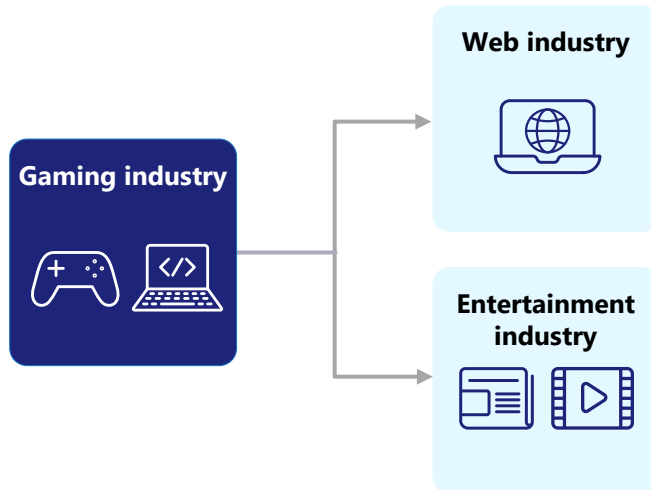


[Long-Term Growth Strategy (1)]: Diversify and Expand HR Solution Areas (Industry, Geographical Area and Work Type)

- Work to diversify and broaden the client industries, geographical areas and formats (freelancers), and advance into web and entertainment areas instead of specializing in gaming industry

Diversification of industries

- Expand the HR Solution business in the entertainment and web industries, which are peripheral area of the gaming industry
- Accumulate knowledge about the entertainment and web industries



Expansion of regional areas

- Establish operation bases in Fukuoka and Osaka
- Enhance name recognition and expand business scale by expanding regional areas

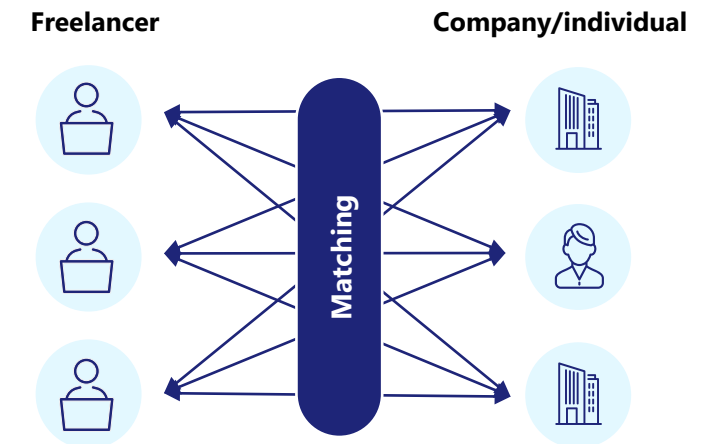
Plan to expand into Fukuoka and Osaka

Look to expand overseas in the future



Diversification of contract types (freelancers)

- Enter the freelance area, which uses a different contract format from that of staffing and recruitment
- Form teams of highly skilled talents and provide a wide range of services by building a network with freelancers

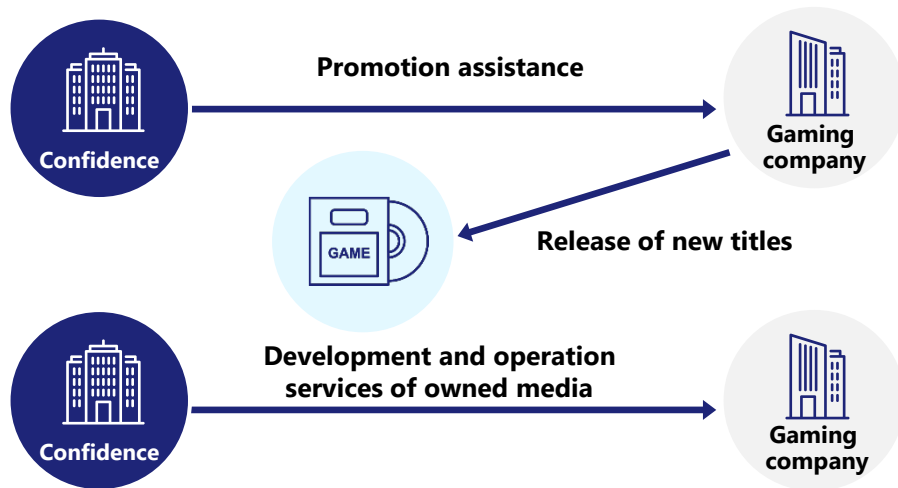


[Long-Term Growth Strategy (2)]: Expand Outsourcing Service Area

- Expand media-related outsourcing services and, by further enlarging and diversifying the human resource pool, provide a variety of HR Solution services

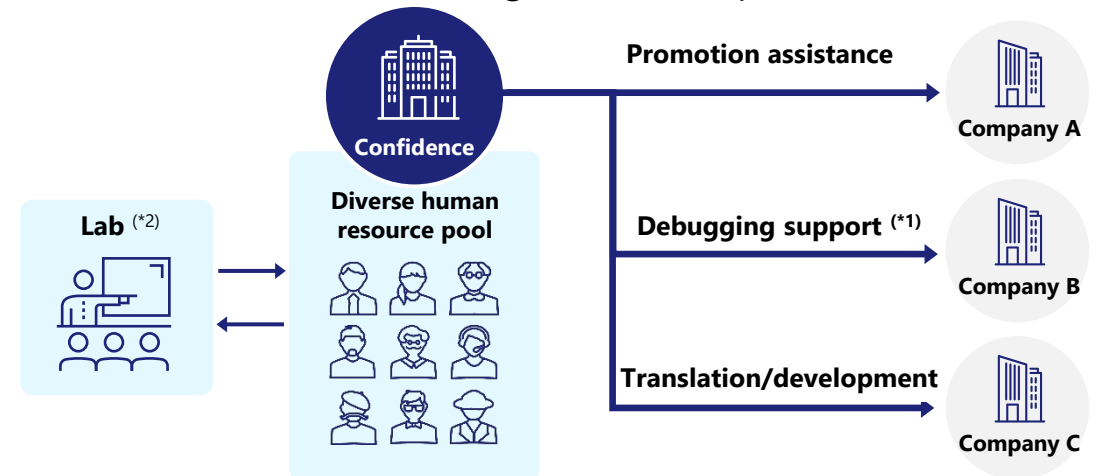
Media-related outsourcing services

- Conduct promotional assistance to gaming companies upon release of new titles (attracting customers through social media and by influencers)
- Develop owned media for gaming companies or game titles and conduct operation services



Expand the scale and further diversify the human resource pool

- Secure a pool of diverse human resources by handling a variety of outsourcing services, such as promotional assistance, debugging, translation and development
- Establish a lab to allow employees to mutually acquire new skills by securing a diverse pool of human resources
- Provide new services using the skills acquired at the lab



(*1) Debugging refers to the task of finding and revising computer program bugs and defects and making changes to ensure operation in accordance with specifications

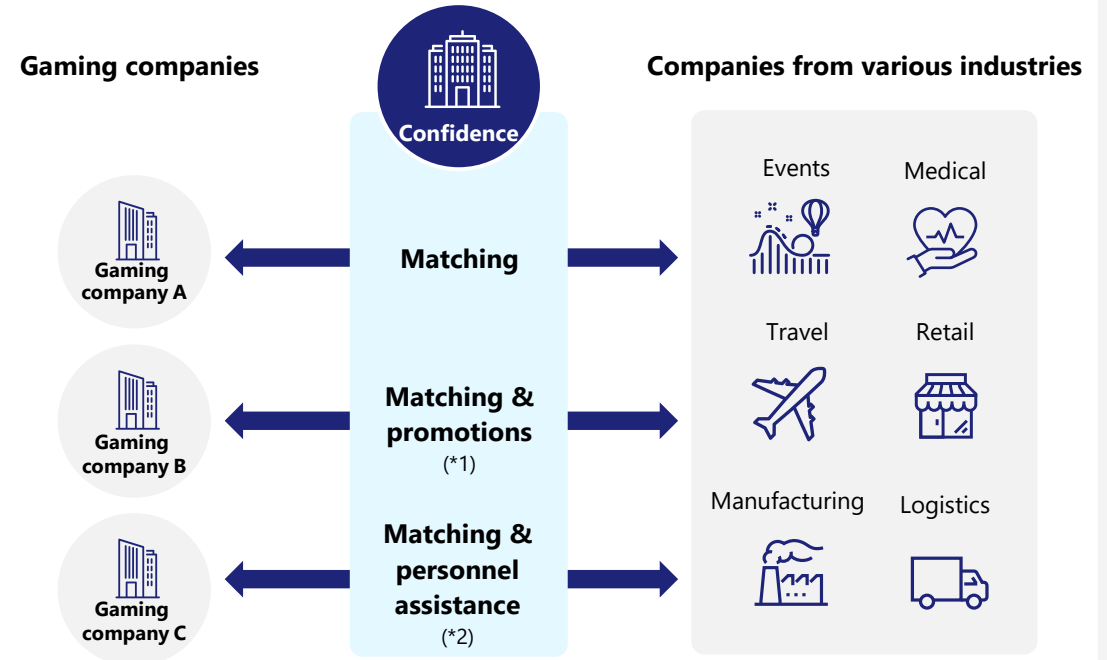
(*2) Abbreviation for laboratory

[Long-Term Growth Strategy (3)]: Expansion into New Areas (Web 3.0 and Metaverse, Etc.)

- Match the technology of the gaming industry with companies in various industries by utilizing our network with gaming companies and, after matching, provide support to the companies by our talents utilizing the know-how accumulated in our staffing and outsourcing businesses
- Consequently, conduct business activities with an aim to enter new markets in new areas (such as Web 3.0 and metaverse) for a variety of companies

Matching the technology of gaming companies and various industries

- Conduct business matching through Confidence as the contact point in order to allow companies of various industries to utilize the technologies held by gaming companies
- Provide promotion and personnel assistance along with matching
- Network with divisions and departments at gaming companies

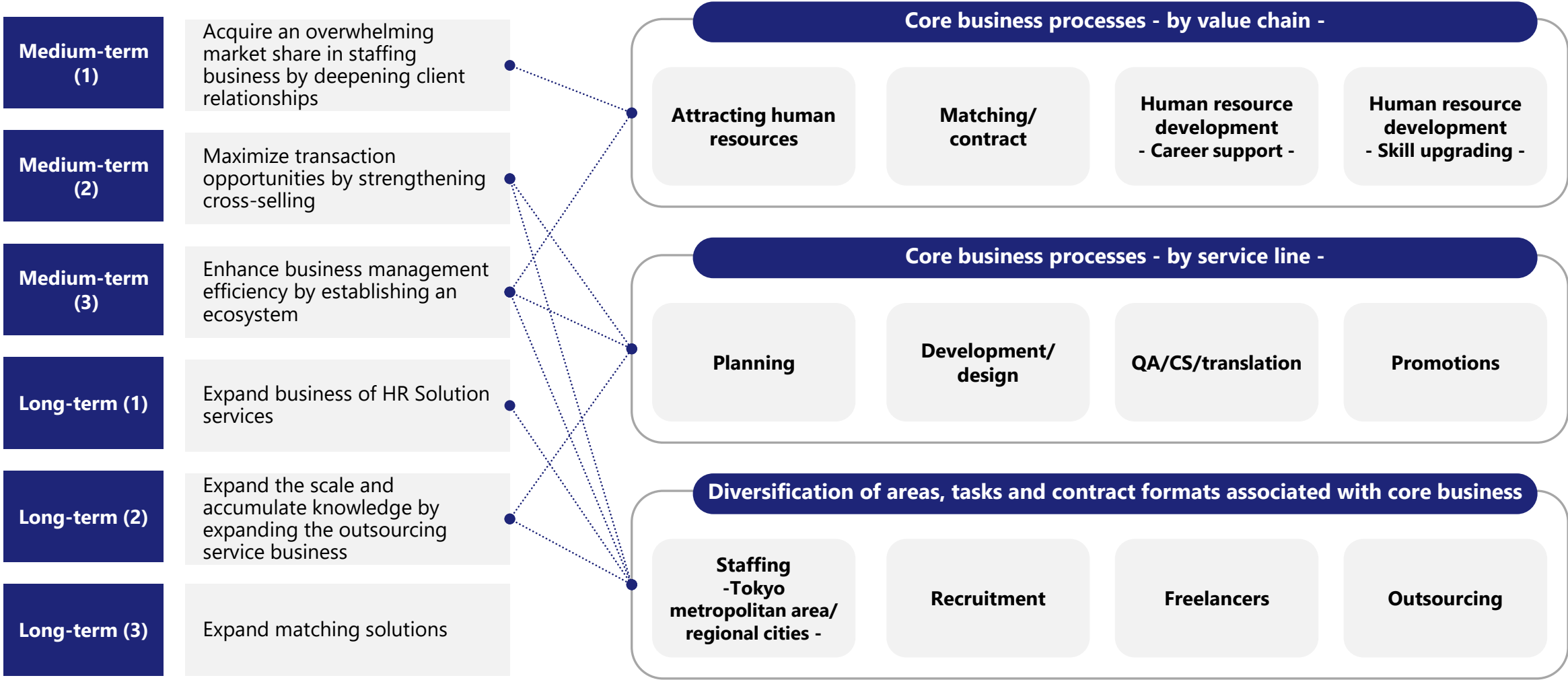


New areas (Web 3.0 / metaverse)

- (*1) It is assumed that Confidence will serve as the contact point with gaming companies for companies of various industries interested in gaming-related technologies, and complete matching by selecting and advising what services can be provided
- (*2) Look to enter into new markets in new areas (such as Web 3.0 and metaverse) by offering services for companies in various industries to conduct promotion with entertainment aspects through gaming-related technologies, among other measures

[M&A Strategy]: Approach to Business Development Based on Growth Strategy

Approach to business development: break down the focus areas around the core business (staffing), and newly establish, deepen and expand each part on our own or through external forces (M&A)



[M&A Strategy]: M&A Policy / Financial Discipline / Governance

- Proactively utilize M&A for the portions indispensable for future growth while considering the timeline
- Set up disciplines for executing the M&A

Targeted M&A candidates

- Focus on consistency with the target businesses and areas set out in the medium- to long-term growth strategy (Refer to the previous page)

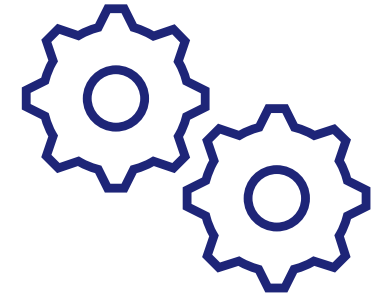
Financial discipline for executing M&As

- The operating profit margin we target must be kept in mind and, as a rule, we should be able to create more value than the goodwill after M&A so that the deal is expected to contribute to profit
- The acquisition price should not be overvalued (investigate with EBITDA multiple in mind)

Post-M&A governance

- In principle, dispatch our personnel as officers
- Integrate back offices in pursuit of economies of scale
- Conduct regular monitoring after investment (at the same level as the businesses operated by the Company)

Organic growth of existing businesses



Accelerate further growth through M&A



Risk Information



Major Risks Related Business Environment

- Of the risks described in the annual securities report (filed on June 30, 2022), the major risks are as follows

| Business risk | Risk overview | Probability of occurrence | Degree of impact | Our policy to address the risk |
|--|--|---------------------------|------------------|---|
| HR Securing human resources | Shortage of human resources due to increased demand may not allow to meet the needs of our client companies | Medium | Medium | We have taken measures to enhance our welfare programs, training systems and employee exchange systems, etc. in order to secure stable, ready-to-work human resources |
| HR Entry of competitors | Entry of competitors enticed by market expansion may reduce staffing fees | Medium | Medium | We have superiority over actual and potential competitors thanks to our strong networks with major companies in the industry, accumulation of excellent know-how in hiring human resources, and strong collaboration between the hiring department and sales department |
| HR Dependence on a specific industry (gaming industry) | The market may shrink in accordance with cooling of the gaming market | Low | Medium | We respond by expanding the scope of the HR Solution business into IT/Web business, video distribution business, live distribution business, AR/VR business, etc., which are adjacent fields of the gaming industry |
| HR Violation of laws and regulations | Infringement of labor-related laws and regulations may lead to cancellation, etc. of government approval and authorization | Medium | Large | We ensure thorough compliance with various laws and regulations by conducting compliance training, strengthen the system by holding Risk Management Committee meetings, and strive to prevent legal violations from happening by conducting continuous internal audits |
| Media Updates of search engines | The order in the display of search results of our clients may be lowered and the unit price of remuneration we receive from clients may decrease | Medium | Small | We always monitor various indicators including the number of views and stay time, and constantly implement such measures as increasing the number of posted articles and improving the quality of articles |



Envisioning the future together at the frontline of the creative industry

Inquiries about this material: Administration Division (ir@confidence-inc.jp)

Handling of this material

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In addition, the information contained in this material and related to matters other than the Company has been quoted from publicized information. The Company has made no verification about the accuracy and appropriateness, etc. of such information, and provides no guarantee about it.