

Translation

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## Summary of Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending March 2023 (Based on Japanese GAAP)

February 9, 2023

Company name: Confidence Inc.

Listing exchange: Tokyo Stock Exchange

Securities code: 7374

URL: <https://confidence-inc.jp>

Representative: Nobuyuki Takushi, President

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Scheduled date for filing quarterly securities report: February 9, 2023

Scheduled date for commencing dividend payments: -

Preparation of supplementary materials on quarterly financial results: Yes

Holding of quarterly financial results briefing session: No

(Amounts are rounded down to the nearest million yen, unless otherwise noted)

### 1. Consolidated Financial Results for the First Three Quarters

(April 1, 2022 to December 31, 2022) of the Fiscal Year Ending March 31, 2023

(1) Consolidated Operating Results (Cumulative)

(Percentage figures represent year-on-year changes)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three quarters ended December 31, 2022	3,861	19.0	742	31.3	741	32.8	503	23.0
First three quarters ended December 31, 2021	3,244	25.3	565	17.5	558	16.5	409	27.8

(Note) Comprehensive income

First three quarters ended December 31, 2022: 503 million yen [23.0%]

First three quarters ended December 31, 2021: 409 million yen [27.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First three quarters ended December 31, 2022	109.92	106.54
First three quarters ended December 31, 2021	91.58	87.47

(Note) Diluted earnings per share for the first three quarters ended December 31, 2022 is calculated by using the average share price for the period from the initial listing date to the end of the said quarters, deeming it to be the period-average share price, as the Company was listed on the Tokyo Stock Exchange Mothers market on June 28, 2021.

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	2,659	1,889	70.7
As of March 31, 2022 (end of previous fiscal year)	2,437	1,655	67.6

(Reference) Total shareholders' equity

As of December 31, 2022: 1,879 million yen

As of March 31, 2022: 1,648 million yen

### 2. Cash Dividends

	Annual dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 2022	-	0.00	-	40.00	40.00
Fiscal year ending March 2023	-	20.00	-		
Fiscal year ending March 2023 (Forecast)				28.00	48.00

(Note) Revisions to the most recently announced dividend forecast: Yes

For the revisions to the dividend forecast, please refer to “Notice Concerning Revisions to Full-Year Earnings Forecast and Dividend Forecast” (Japanese) announced today (February 9, 2023).

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentage figures indicate year-on-year changes)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	5,200	17.5	910	22.1	909	23.2	600	13.0	130.93

(Note) Revisions to the most recently announced earnings forecast: Yes

For the revisions to the consolidated earnings forecast, please refer to “Notice Concerning Revisions to Full-Year Earnings Forecast and Dividend Forecast” (Japanese) announced today (February 9, 2023).

\* Notes

(1) Changes in significant subsidiaries during the quarter (changes in specified subsidiaries resulting in change in scope of consolidation): No

(2) Application of accounting treatments specific to the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

1) Changes in accounting policies due to revisions to accounting standards and other regulations: No

2) Changes in accounting policies other than those in 1) above: No

3) Changes in accounting estimates: Yes

4) Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2022	4,585,800 shares	As of March 31, 2022	4,580,400 shares
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2) Number of treasury shares at the end of the period

As of December 31, 2022	46 shares	As of March 31, 2022	- shares
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3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

First three quarters ended December 31, 2022	4,582,667 shares	First three quarters ended December 31, 2021	4,470,364 shares
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\* This summary of financial results is not subject to quarterly review procedures by a public accountant or audit corporation.

\* Explanation regarding appropriate use of earnings forecasts, and other notes

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual financial results and the like may differ materially due to various factors.

**Quarterly Consolidated Financial Statements and Major Notes**  
**(1) Quarterly Consolidated Balance Sheets**

(Thousands of yen)

	Previous fiscal year (As of March 31, 2022)	Third quarter of current fiscal year (As of December 31, 2022)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	1,724,844	1,906,497
Accounts receivable - trade	515,231	528,919
Accounts receivable - other	589	791
Other	27,597	46,241
<b>Total current assets</b>	<b>2,268,262</b>	<b>2,482,449</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	34,293	46,801
Accumulated depreciation	(18,645)	(5,203)
Buildings, net	15,648	41,597
Tools, furniture and fixtures	26,151	44,584
Accumulated depreciation	(17,383)	(20,051)
Tools, furniture and fixtures, net	8,767	24,532
<b>Total property, plant and equipment</b>	<b>24,415</b>	<b>66,130</b>
<b>Intangible assets</b>		
Software	11,789	17,431
Trademark right	145	132
<b>Total intangible assets</b>	<b>11,935</b>	<b>17,564</b>
<b>Investments and other assets</b>		
Deferred tax assets	49,008	27,704
Guarantee deposits	83,319	64,191
Other	618	1,618
<b>Total investments and other assets</b>	<b>132,946</b>	<b>93,513</b>
<b>Total non-current assets</b>	<b>169,297</b>	<b>177,208</b>
<b>Total assets</b>	<b>2,437,559</b>	<b>2,659,657</b>

(Thousands of yen)

	Previous fiscal year (As of March 31, 2022)	Third quarter of current fiscal year (As of December 31, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Current portion of long-term borrowings	90,000	45,000
Accounts payable - other	43,685	118,842
Accrued expenses	258,920	289,585
Income taxes payable	118,577	112,409
Accrued consumption taxes	131,543	111,845
Deposits received	16,144	44,497
Refund liabilities	276	203
Provision for bonuses	100,504	47,412
Other	-	330
<b>Total current liabilities</b>	<b>759,652</b>	<b>770,126</b>
<b>Non-current liabilities</b>		
Long-term borrowings	22,500	-
Deferred tax liabilities	-	62
<b>Total non-current liabilities</b>	<b>22,500</b>	<b>62</b>
<b>Total liabilities</b>	<b>782,152</b>	<b>770,189</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	497,384	498,734
Capital surplus	389,378	390,728
Retained earnings	761,274	990,054
Treasury shares	-	(83)
<b>Total shareholders' equity</b>	<b>1,648,036</b>	<b>1,879,433</b>
Share acquisition rights	7,371	10,034
<b>Total net assets</b>	<b>1,655,407</b>	<b>1,889,468</b>
<b>Total liabilities and net assets</b>	<b>2,437,559</b>	<b>2,659,657</b>

**(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income**Quarterly Statements of Income  
(Cumulative)

(Thousands of yen)

	First three quarters of previous fiscal year (April 1, 2021 – December 31, 2021)	First three quarters of current fiscal year (April 1, 2022 – December 31, 2022)
Revenue	3,244,960	3,861,482
Cost of sales	2,127,523	2,497,095
Gross profit	1,117,437	1,364,387
Selling, general and administrative expenses	551,958	622,138
Operating profit	565,478	742,249
Non-operating income		
Interest income	4	8
Rental income from buildings	-	30
Gain on sale of goods	2	-
Total non-operating income	6	38
Non-operating expenses		
Interest expenses	1,353	645
Commission expenses	-	207
Share issuance costs	6,008	-
Total non-operating expenses	7,361	852
Ordinary profit	558,123	741,435
Extraordinary income		
Gain on reversal of share acquisition rights	-	759
Total extraordinary income	-	759
Extraordinary losses		
Loss on retirement of non-current assets	-	2,873
Office relocation expenses	-	10,157
Total extraordinary losses	-	13,031
Profit before income taxes	558,123	729,164
Income taxes - current	126,377	204,084
Income taxes - deferred	22,347	21,366
Total income taxes	148,725	225,451
Profit	409,398	503,712
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	409,398	503,712

Quarterly Consolidated Statements of Comprehensive Income  
(Cumulative)

(Thousands of yen)

	First three quarters of previous fiscal year (April 1, 2021 – December 31, 2021)	First three quarters of current fiscal year (April 1, 2022 – December 31, 2022)
Profit	409,398	503,712
Other comprehensive income		
Total other comprehensive income	-	-
Comprehensive income	409,398	503,712
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	409,398	503,712
Comprehensive income attributable to non-controlling interests	-	-

### (3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in the Amounts of Shareholder's Equity)

Not applicable.

(Change in Accounting Estimate)

(Change in estimated useful life)

The Company made a resolution at its Board of Directors' meeting held on November 10, 2022 regarding the relocation of the QA studio for its outsourcing business. In association with this, the useful life of non-current assets that are unlikely to be used after the relocation has been shortened, which will be applied prospectively.

Moreover, by revising the estimate for the cost of restoration to the original state, the Company reasonably estimated the amount of security deposits deemed to be ultimately uncollectible, and recognized the amount attributable to the first three quarters of the current fiscal year as expenses.

As a result of this change in the estimate, operating profit, ordinary profit and profit before income taxes for the first three quarters of the current fiscal year decreased by 2,816 thousand yen, respectively, compared with the previous estimate method.

(Segment Information, Etc.)

[Segment information]

I. First three quarters of the previous fiscal year (April 1, 2021 – December 31, 2021)

Information on revenue and profit or loss by reportable segment

(Thousands of yen)

	Reportable segment			Adjustments (Note 1)	Amount recorded in quarterly statements of income (Note 2)
	HR Solution business	Media business	Total		
Revenue					
Sales to outside customers	3,184,741	60,218	3,244,960	-	3,244,960
Inter-segment sales or transfers	3,621	-	3,621	(3,621)	-
Total	3,188,363	60,218	3,248,582	(3,621)	3,244,960
Segment profit	844,878	12,154	857,032	(291,554)	565,478

(Notes) 1. Adjustments of segment profit (-291,554 thousand yen) include corporate expenses of 291,554 thousand yen that are not allocated to each reportable segment.

2. Segment profit has been adjusted with the operating profit in the Quarterly Consolidated Statements of Income.

II. First three quarters of the current fiscal year (April 1, 2022 – December 31, 2022)

Information on revenue and profit or loss by reportable segment

(Thousands of yen)

	Reportable segment			Adjustments (Note 1)	Amount recorded in quarterly statements of income (Note 2)
	HR Solution business	Media business	Total		
Revenue					
Sales to outside customers	3,801,916	59,566	3,861,482	-	3,861,482
Inter-segment sales or transfers	14,251	-	14,251	(14,251)	-
Total	3,816,167	59,566	3,875,734	(14,251)	3,861,482
Segment profit	1,085,439	11,775	1,097,214	(354,965)	742,249

(Notes) 1. Adjustments of segment profit (-354,965 thousand yen) include corporate expenses of 354,965 thousand yen that are not allocated to each reportable segment.

2. Segment profit has been adjusted with the operating profit in the Quarterly Consolidated Statements of Income.

(Significant Subsequent Events)

Not applicable.