



Fiscal Year Ended March 2023 (FY2023)

Financial Results Briefing Material

Confidence Inc.

Securities code: 7374

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**Overview of
Merger
Agreement**

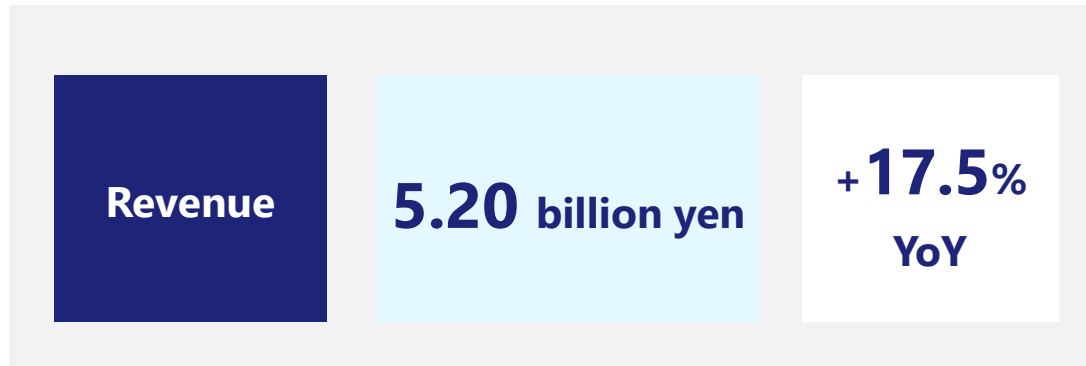
01

Executive Summary

Financial Highlights of FY2023

- **Achieved record highs** in revenue as well as in profits at respective stages
- Achieved year-on-year growth of **17.5%** in revenue and **25.2%** in operating profit, with the operating profit margin at **18.0%**

Full-year results

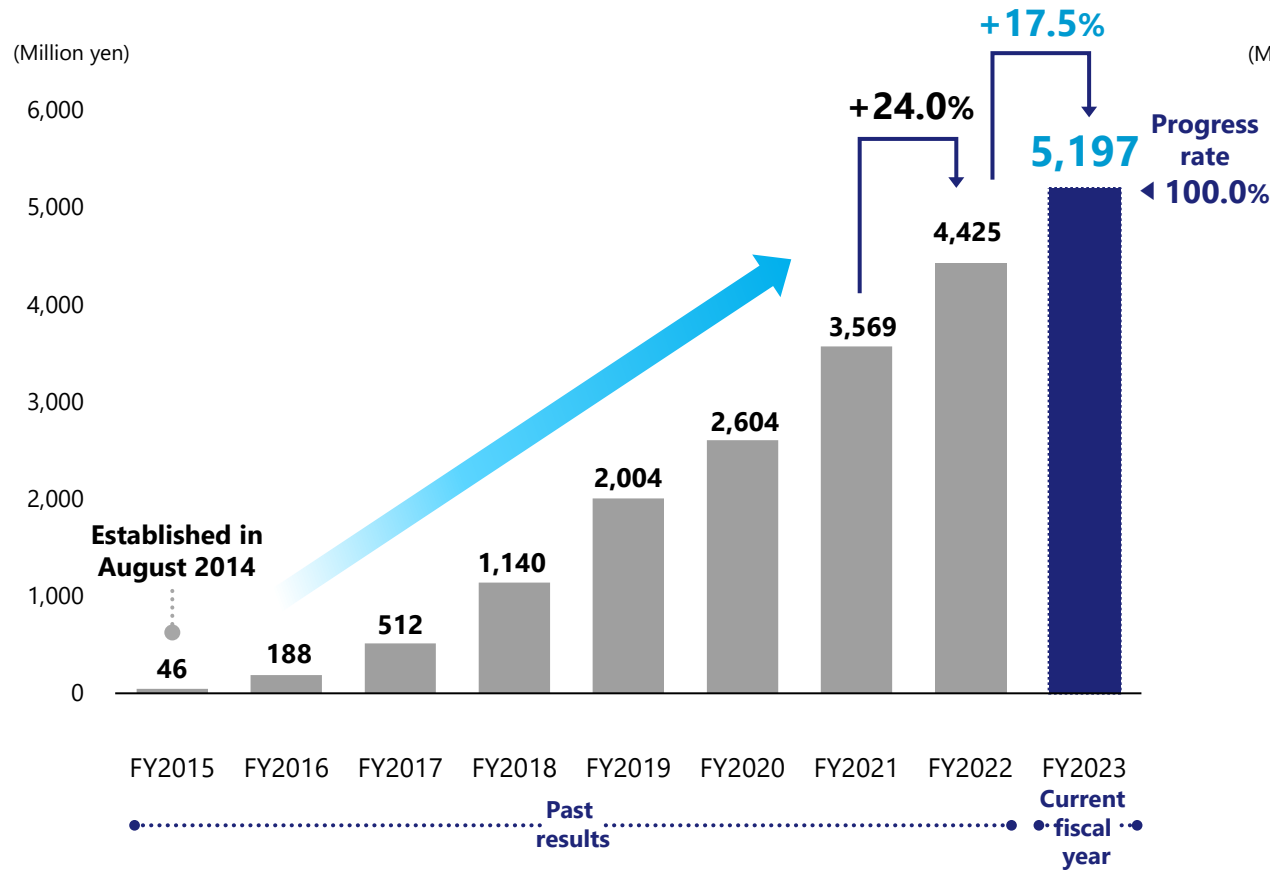


* Figures are rounded to the nearest million yen.

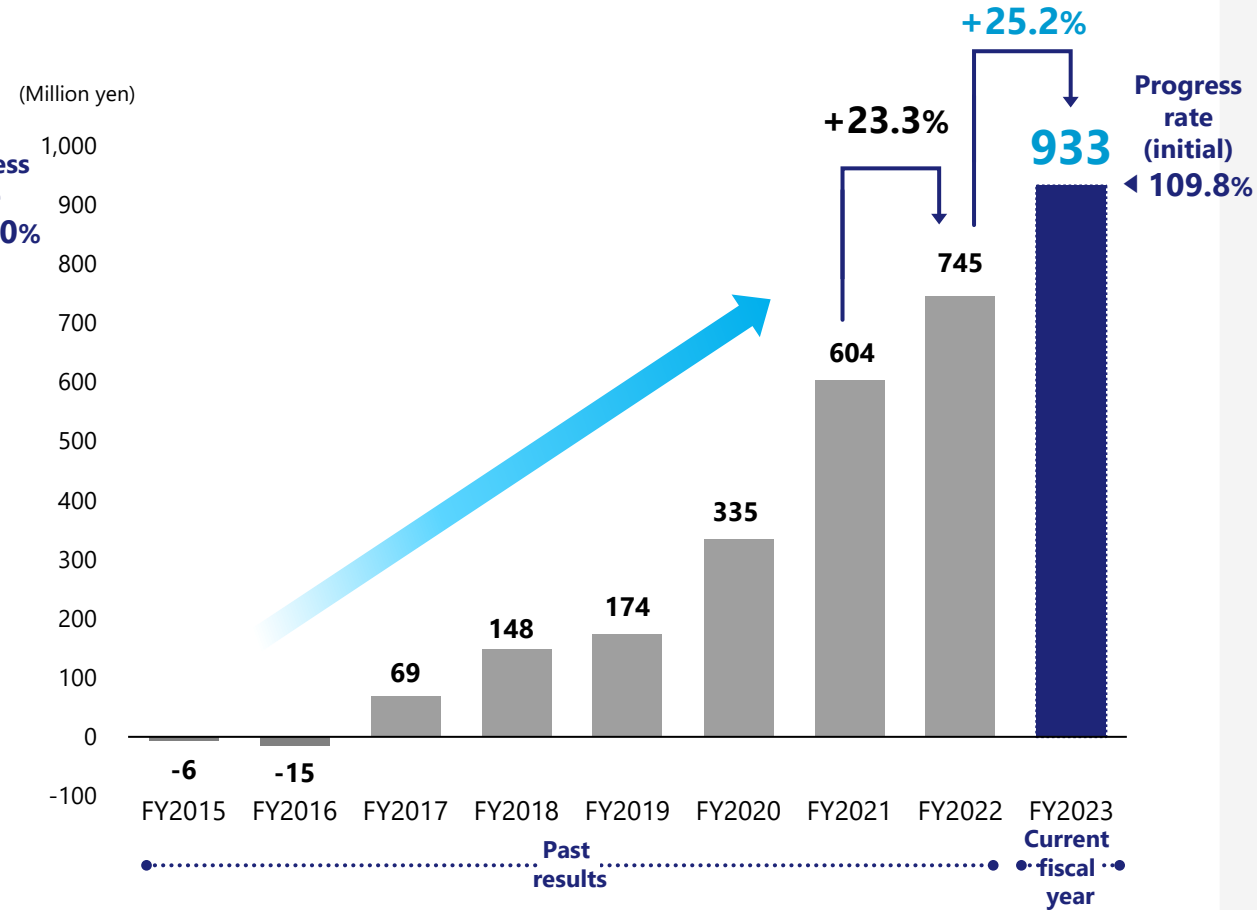
Performance Trends

- Progress rate against the earnings forecast (initial plan) stood at **100.0%** for revenue (100.9% in FY2022) / **109.8%** for operating profit (103.5% in FY2022)

Revenue



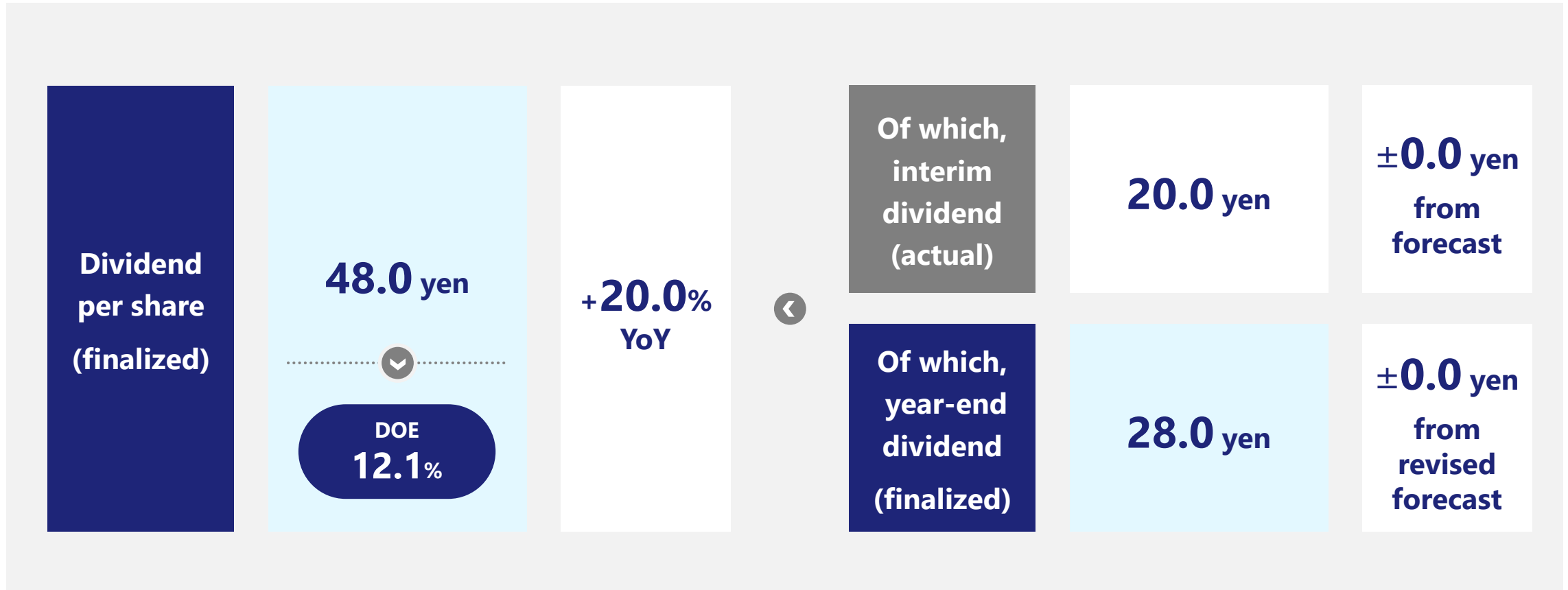
Operating profit



Summary of Dividend Distribution for FY2023

- Year-end dividend for FY2023 has been finalized at **28.0 yen** per share, as announced on February 9, 2023, in the revisions to dividend forecast
- This resulted in **DOE (dividend on equity ratio)** for FY2023 of **12.1%**, exceeding the target of 10%

Full-year results



Execution of Merger Agreement with Interworks, Inc.

- Executed a merger agreement with Interworks, Inc. as of the date of this document, with the intention to conduct business integration with the company on August 1, 2023 (planned)
- The new company's name is Kabushiki Kaisha Confidence Interworks (English name: Interworks Confidence Inc.)

Absorbing and surviving company



Vision

Envisioning the future
together at the frontline
of the creative industry



August 1, 2023 (planned)

Absorbed and dissolving company



Vision

私たちが実現したいこと

WORKS for your dreams!

楽しく生き活きと働き、夢を実現できる社会を

Merger ratio

1 : 0.205



Absorption-
type merger



New company:

**Kabushiki Kaisha Confidence Interworks
(English name: Interworks Confidence Inc.)**

Vision

Empowering Professionals to Create the Future Together



Background and Purpose of the Business Integration

■ Purpose of business integration



- 1 Expanding the business areas of the HR Solution business / achieving business growth through cross-selling**
- 2 Reinforcing the Media business**
- 3 Strengthening business management foundation and reducing administration costs**

■ Briefing session video to be released

- **A video presentation explaining the merger will be distributed from 3:30 p.m. on Friday, May 26, 2023**
-

We plan to explain the details of the merger and respond to questions that were asked in advance

**For inquiries on this matter,
please contact the Administration Division of Confidence Inc.**

ir@confidence-inc.jp

02

Company Overview

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

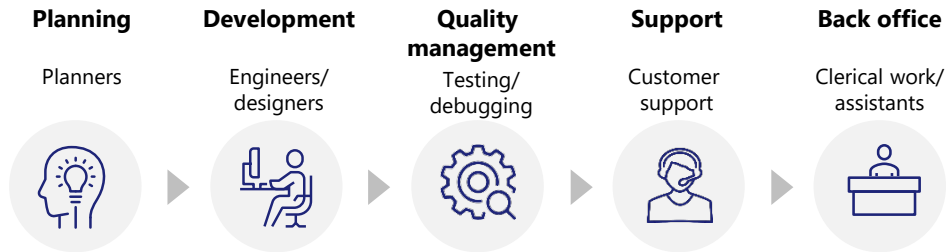


Company name	Confidence Inc.			
Representative	Nobuyuki Takushi, President Joined Staff Service Co., Ltd. in 1996, and worked as a person in charge of recruiting in the Human Resources Department. Joined Staff Service Sales Marketing Co., Ltd. and, as Director and General Manager of Marketing, drove growth of such departments as staffing, recruitment and outsourcing. Assumed the position of President of Confidence Inc. in 2015 (current position).			
Established	August 2014			
Head office	BYGS Shinjuku Bldg. 10F 2-19-1 Shinjuku, Shinjuku-ku, Tokyo			
Branch/studio	[Osaka Branch] Daiei Building New Building 9F 1-12-7 Shibata, Kita-ku, Osaka-shi, Osaka		[Fukuoka Branch] Nishinippon Shimbun Kaikan 15F 1-4-1 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	
			[QA Studio] Sakazen Shinjuku Building 9F, 2-19-13 Shinjuku, Shinjuku-ku, Tokyo	
			Newly established	
			Relocation/floor expansion	
Consolidated subsidiary	Dolphin Inc.			
	Confidence Pro Inc.		Established on April 3, 2023	
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	508 million yen (as of March 31, 2023)			
Line of business	Staffing, recruitment and outsourcing services for gaming and entertainment industries Media operations			
No. of employees	958 (as of March 31, 2023) [consolidated]			

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 FY2023 (Full Year)

- Revenue and respective profits continued to grow steadily from the year-earlier period
- Ongoing growth while maintaining high profit margins with gross profit margin at **35.4%** (target: over 30%) and operating profit margin at **18.0%** (target: over 15%)

Full-year results

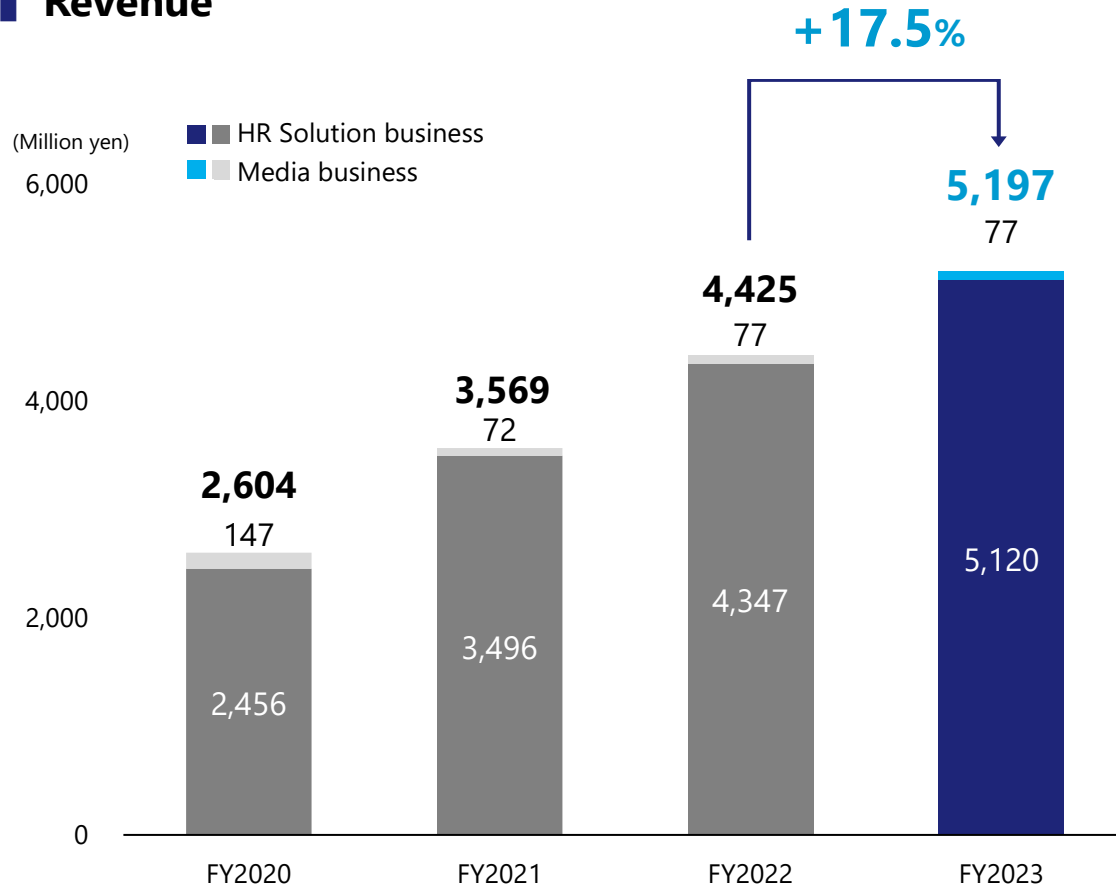
(Million yen)	FY2022 (Full year)	FY2023 (Full year)	YoY	Full-year forecast - Revised - (announced on February 9, 2023)	Progress rate	Full-year forecast - Start of FY2022 - (announced on May 12, 2022)	Progress rate
Revenue*	4,425	5,197	<u>+17.5%</u>	5,200	100.0%	5,200	<u>100.0%</u>
Gross profit	1,528	1,841	<u>+20.5%</u>	1,832	100.5% ◀	1,787	<u>103.0%</u>
Gross profit margin	34.5%	35.4%	+0.9 pts	35.2%	- ◀	34.4%	-
Operating profit	745	933	<u>+25.2%</u>	910	102.6% ◀	850	<u>109.8%</u>
Operating profit margin	16.8%	18.0%	+1.2 pts	17.5%	- ◀	16.3%	-
Ordinary profit	737	927	<u>+25.7%</u>	909	102.0% ◀	848	<u>109.4%</u>
Profit	530	617	<u>+16.4%</u>	600	103.0% ◀	585	<u>105.6%</u>

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

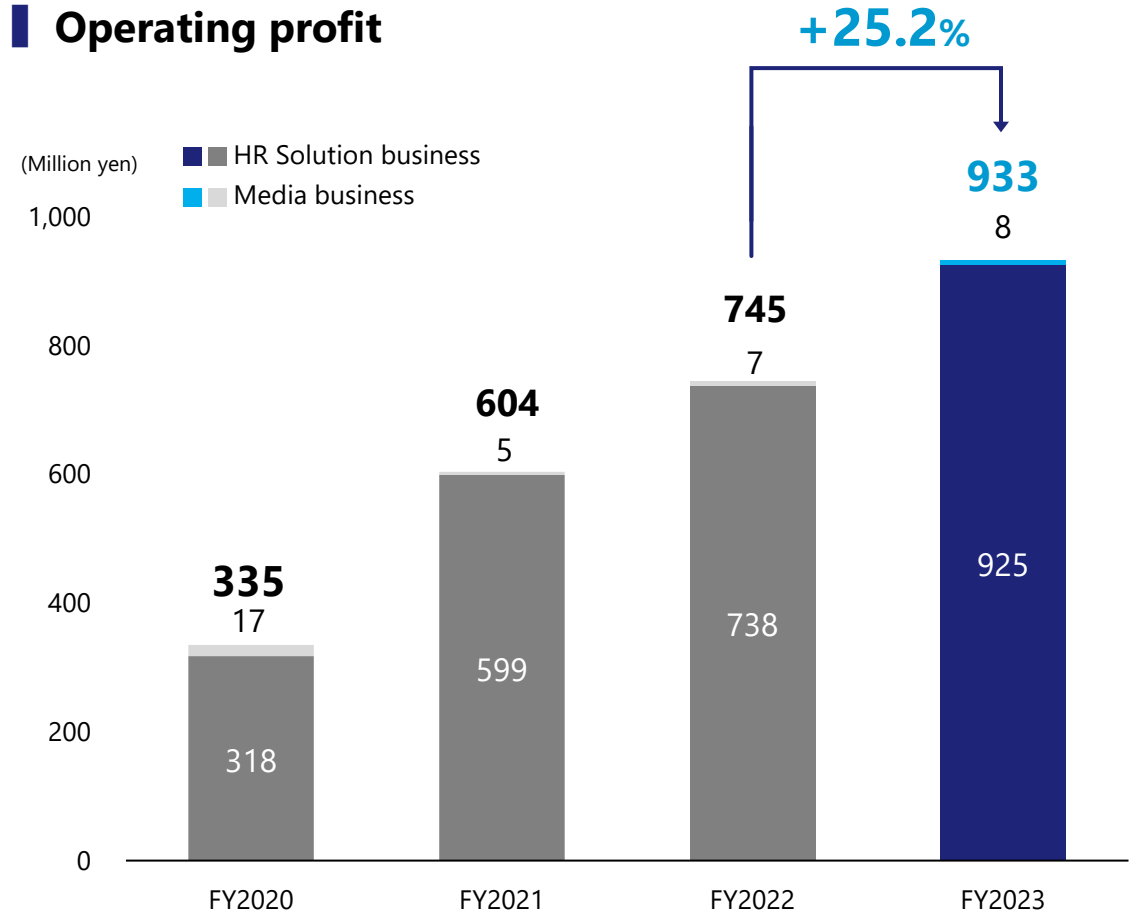
[Consolidated] Results Trends by Business (Full Year)

- By business segment, the HR Solution business has driven revenue and operating profit

Revenue



Operating profit

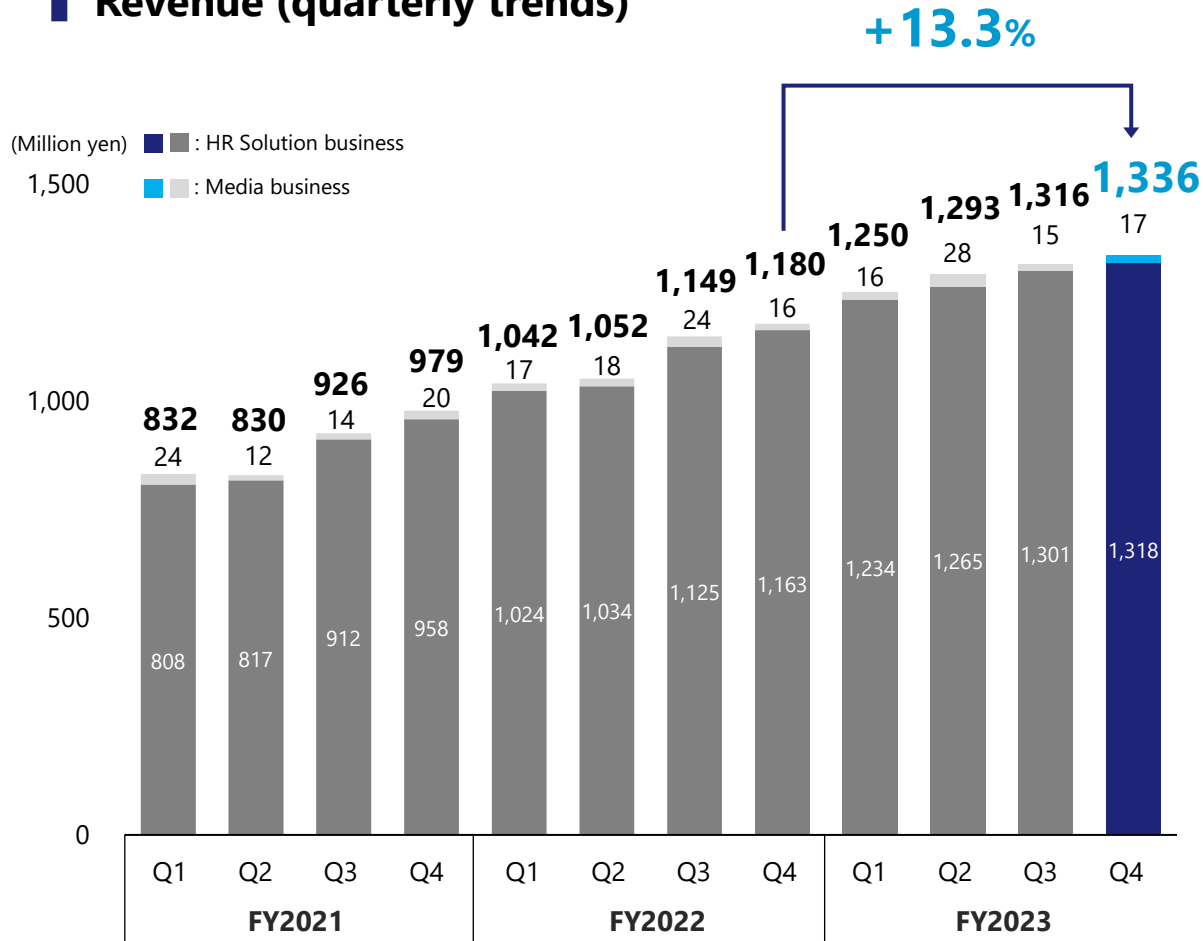


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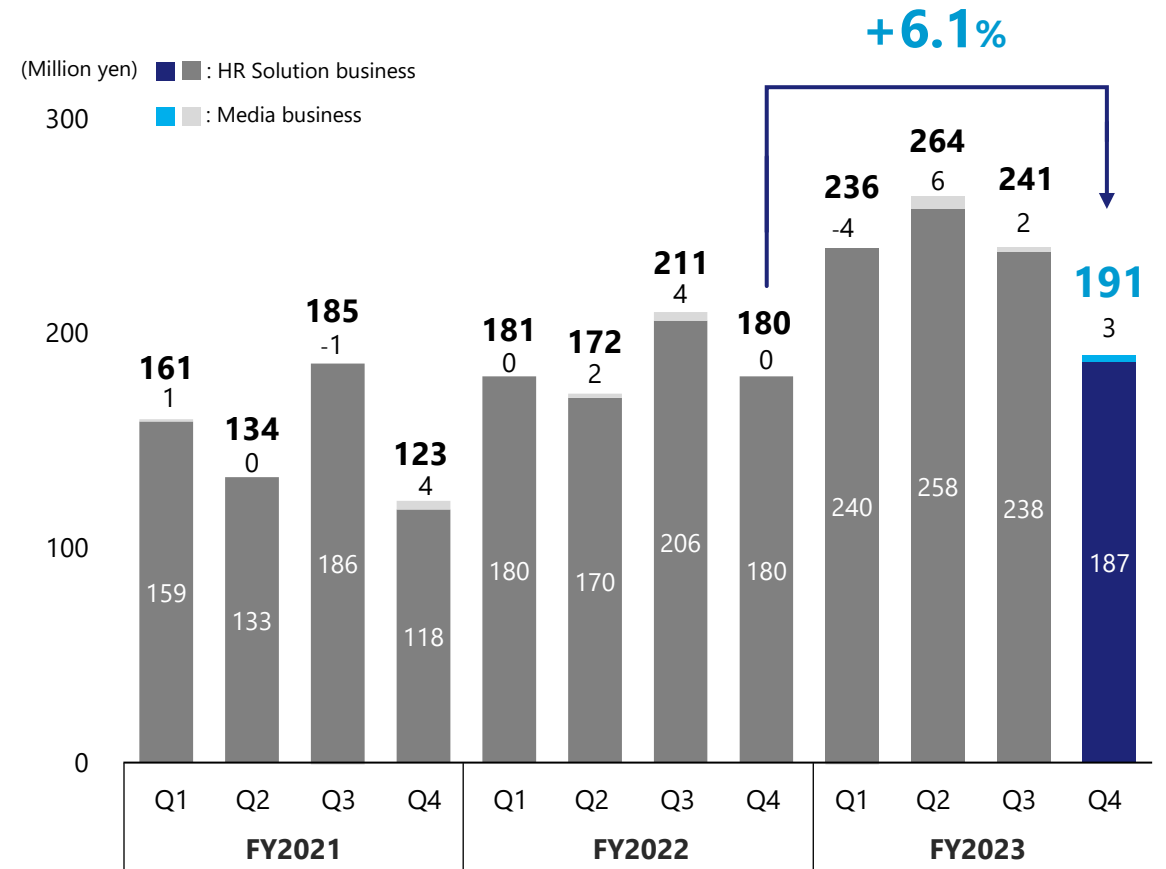
[Consolidated] Quarterly Results Trends by Business

- The HR Solution business, our mainstay operation, remained strong and grew continuously, renewing **record-high** revenue in Q4
- Operating profit increased **6.1%** year on year in Q4, even after factoring in provision for performance bonuses and expenses for **relocation and floor expansion of the QA Studio and establishment of Fukuoka Branch**

Revenue (quarterly trends)



Operating profit (quarterly trends)



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

[HR Solution Business] Financial Highlights of FY2023 (Full Year)

- Securely achieved growth in revenue and segment profit while keeping profit margin at a high level

Full-year results

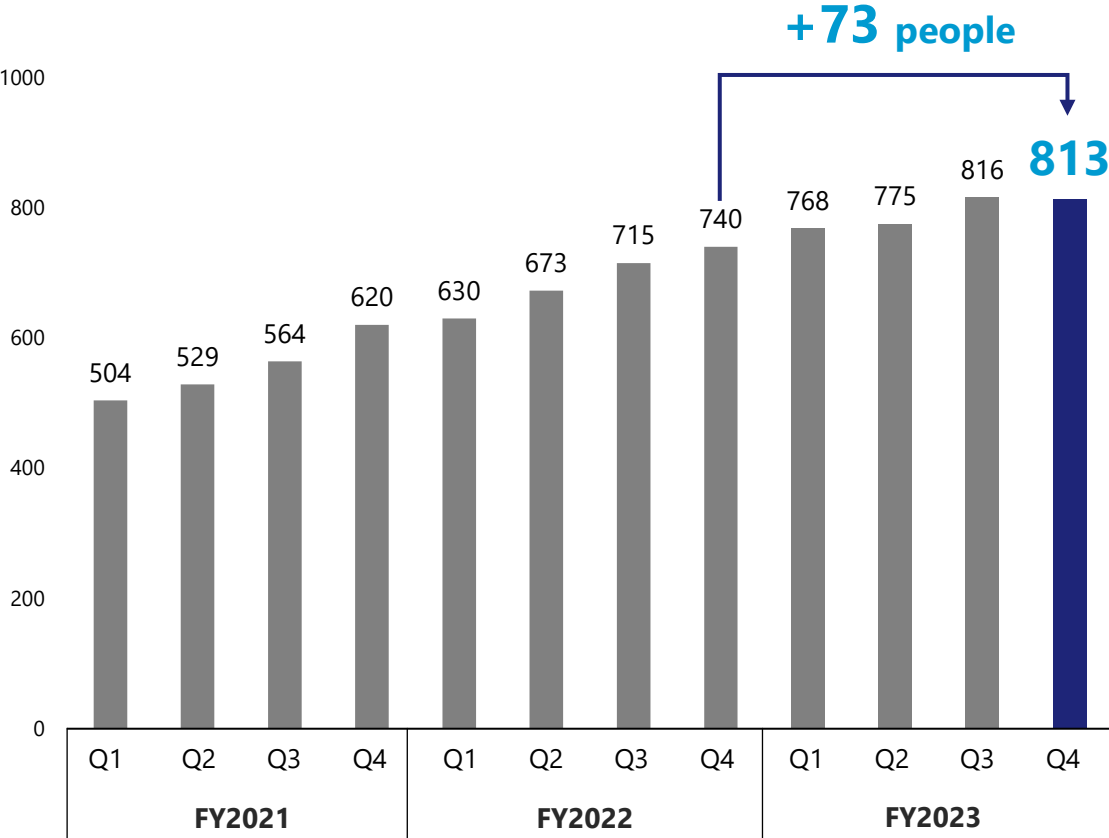
(Million yen)	FY2023 (Full year)	FY2023 (Full year)	YoY	Full-year forecast - Revised -	Progress rate
Revenue*	4,353	5,138	+18.0%	5,140	100.0%
Gross profit	1,481	1,801	+21.6%	-	-
Gross profit margin	34.0%	35.1%	+1.1 pts	-	-
Segment profit	1,166	1,433	+23.0%	-	-
Segment profit margin	26.8%	27.9%	+1.1 pts	-	-

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

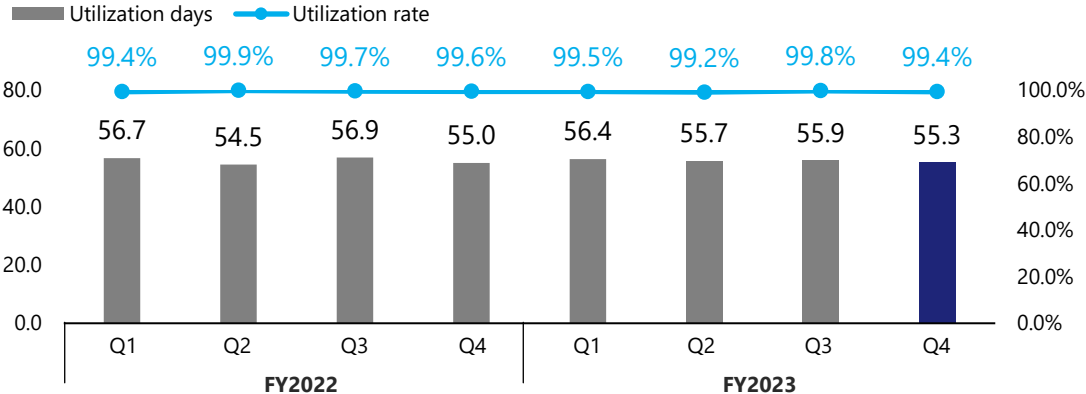
[HR Solution Business] Trends in Major KPIs

- Creator staffing assignments, which serve as the foundation of the Company’s recurring income model, steadily increased, although they slightly stagnated in Q4, rising by **73 people** from the year-earlier period
- The utilization rate has been kept at a high level since last year

Creator staffing assignments

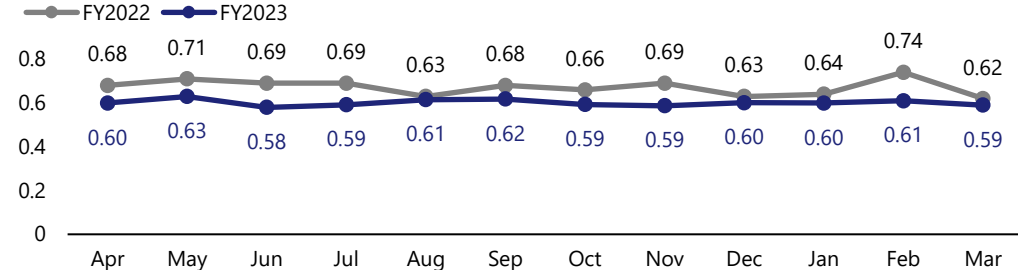


Utilization days*1 / Utilization rate*2



*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 total number of utilized staff at month end by the total number of staff that can be utilized 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 FY2023 (Full Year)

- Although the Media business accounts for a small portion of overall revenue and the impact on consolidated results is limited, the full-year results were at a level similar to the previous fiscal year
- We aim to establish and expand the ecosystem through collaboration with the HR Solution business, after securing profitability of the business as a minimum requirement

Full-year results

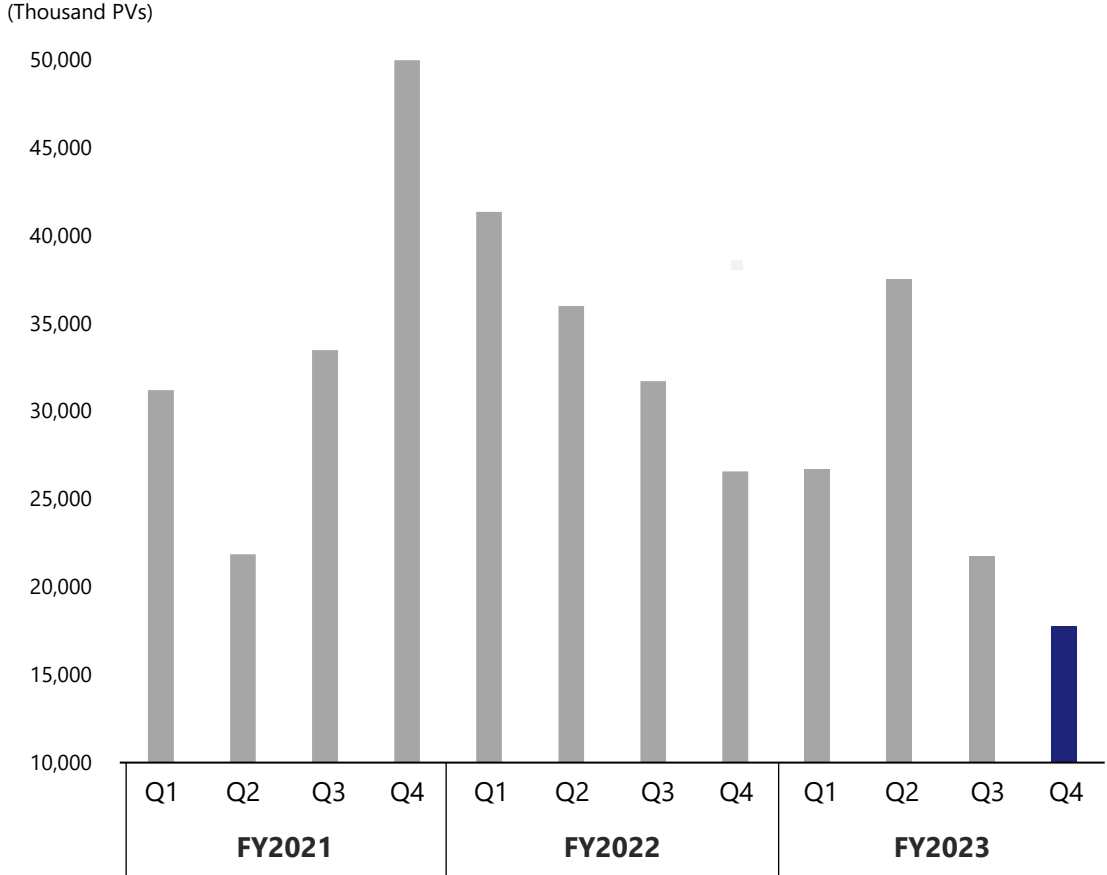
(Million yen)	FY2022 (Full year)	FY2023 (Full year)	YoY	Full-year forecast - Revised -	Progress rate
Revenue*	77	77	+0.2%	77	100.4%
Gross profit	46	39	-14.7%	-	-
Gross profit margin	60.4%	51.5%	-8.9 pts	-	-
Segment profit	13	18	+37.7%	-	-
Segment profit margin	17.5%	24.1%	+6.6 pts	-	-

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

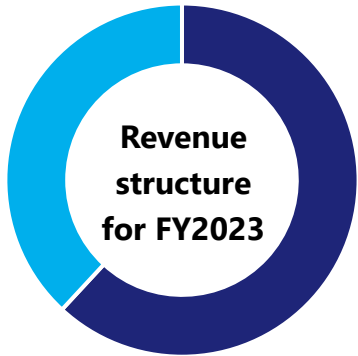
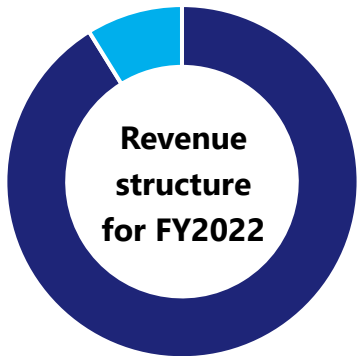
[Media Business] Trends in Major KPIs and Targeted Revenue Structure

- Page views (PVs) were at a low level throughout Q4
- Aim to establish and expand the ecosystem through collaboration with the HR Solution business

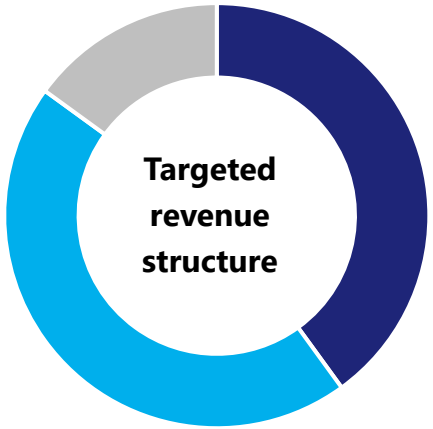
Trends in PVs



Improvements in current revenue structure / Target



Shift the primary source of revenue from advertising network to **outsourced promotional services**



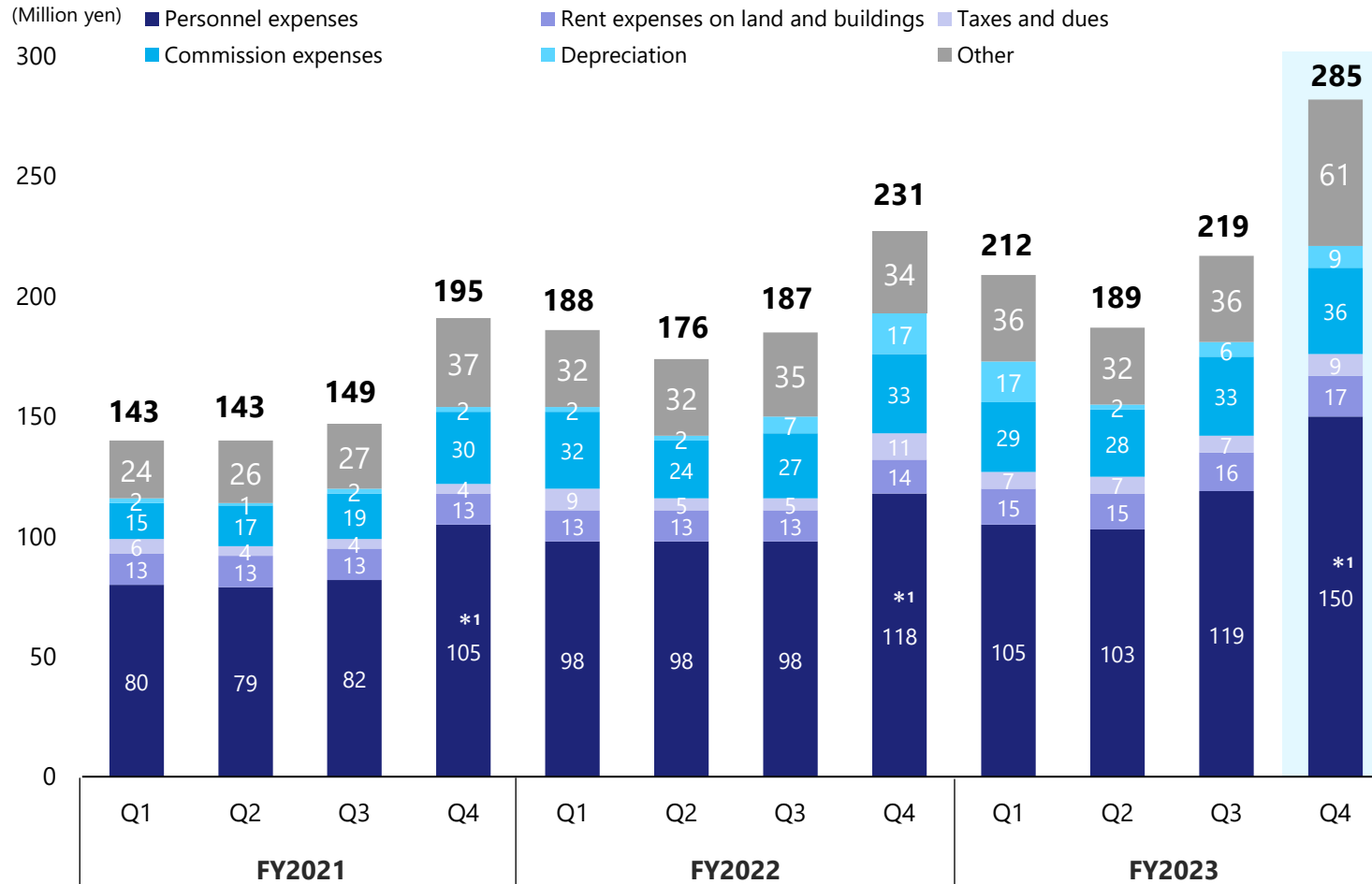
The ratio of outsourced promotional services in revenue sources rose due to a one-time project in Q2, but continuous improvement of revenue structure is not attained

- Revenue from Advertising network
- Outsourced promotional services
- Media production and others

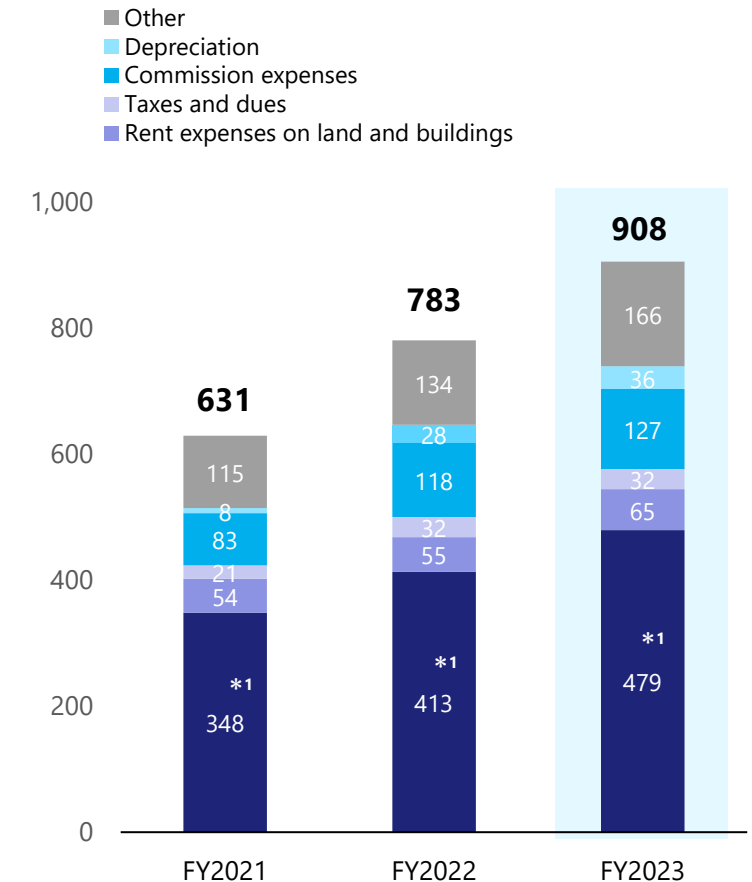
[Consolidated] Quarterly SG&A Expenses Trends

- In line with the revenue growth, made investments to prepare for future growth, taking account of our target profit margin → appropriately controlled SG&A expenses
- SG&A expenses for Q4 ended up increasing due to accrual of performance bonuses for achieving good results and expenses for relocation and floor expansion of the QA Studio and establishment of Fukuoka Branch

Quarterly trends



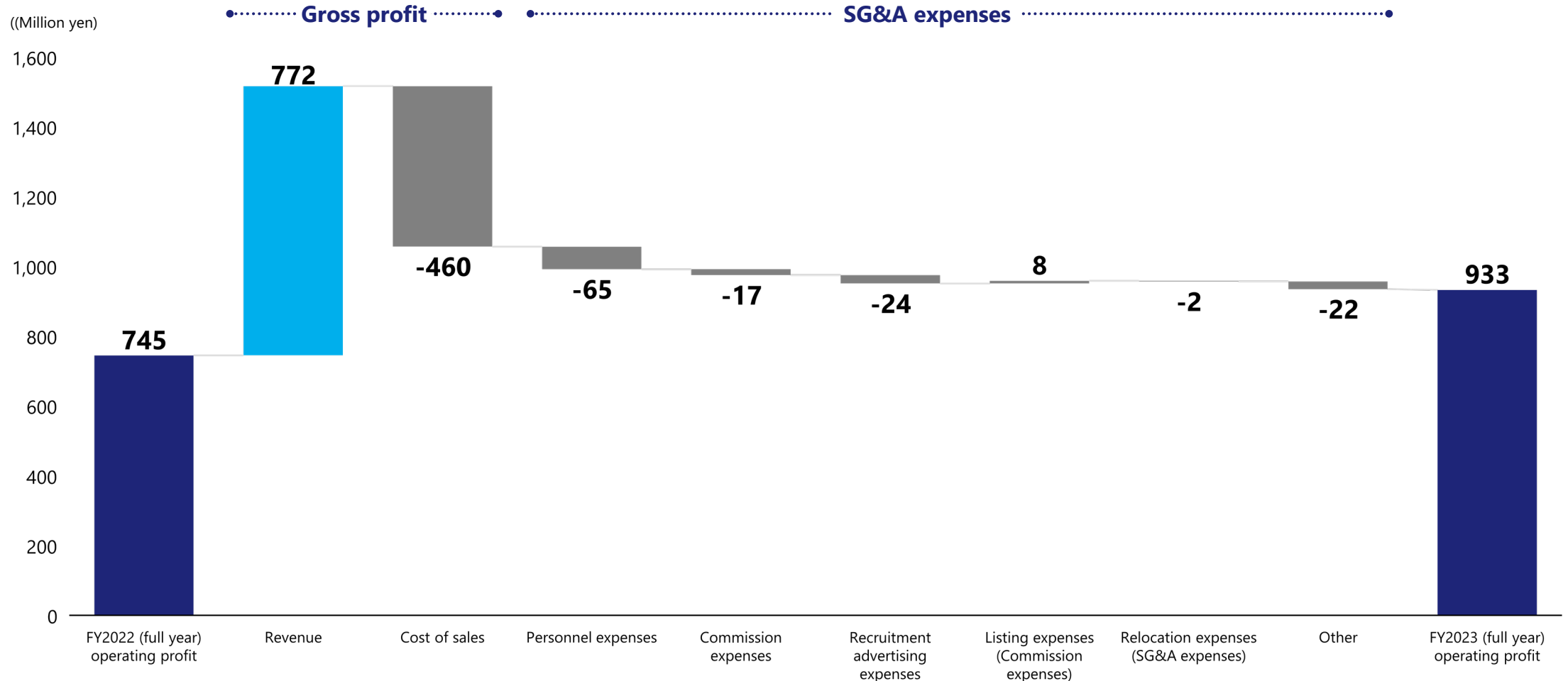
Annual trends



*1 Includes performance bonus (15 million yen for FY2021 / 16 million yen for FY2022 / 23 million yen for FY2023)

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

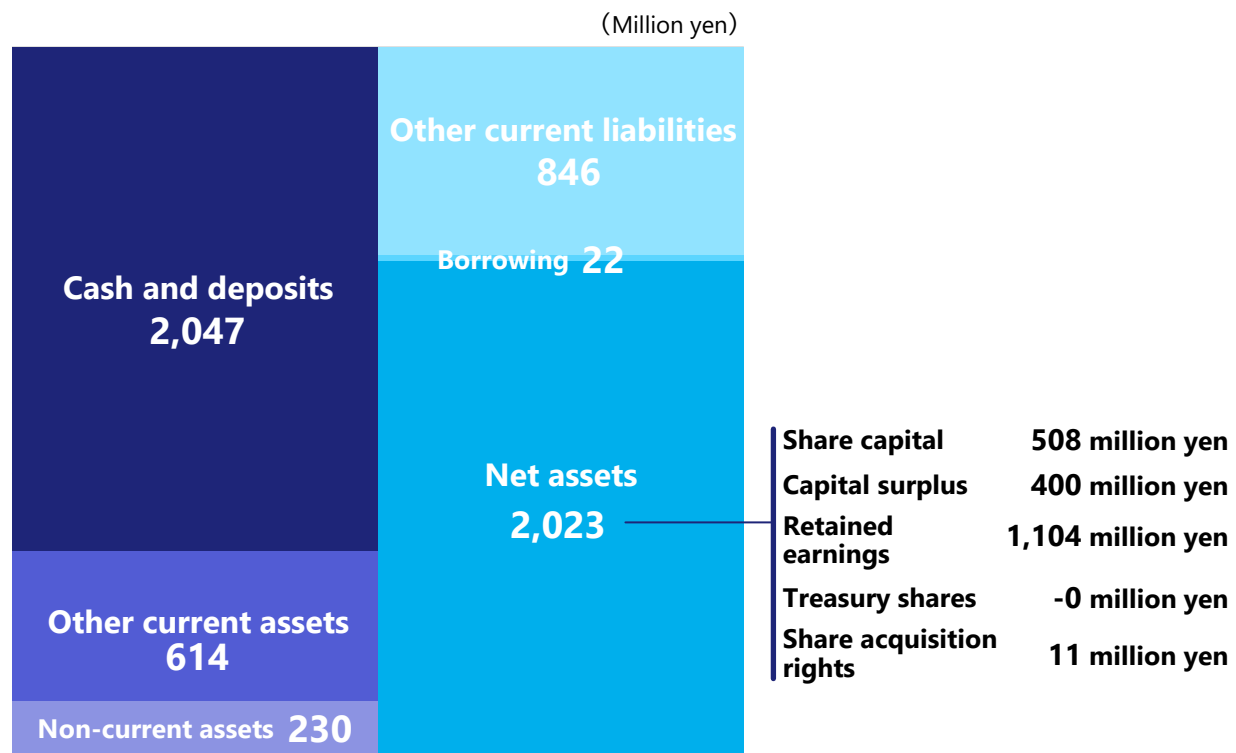
- Gross profit increased steadily along with business expansion, contributing to larger operating profit
- Moreover, recruited head office employees and took measures in line with enhanced recognition of the Company, toward achieving continuous growth



[Consolidated] Balance Sheets/Statements of Cash Flows

- There is no concern about financial stability (net cash: **2.02 billion yen** / equity ratio: **69.6%**)

Balance sheets at end of Q4 FY2023



Cash flows for Q4 FY2023 (Cumulative)

(Million yen)

Balance of cash and deposits as of March 31, 2022	1,724
Cash flows from operating activities *	+748
Cash flows from investing activities	-82
Cash flows from financing activities **	-343
Increase/decrease in cash and deposits	+322
Balance of cash and deposits as of March 31, 2023	2,047

* Subtotal of cash flows from operating activities: +965 million yen, income taxes: -205 million yen, other, net: -11 million yen

** Dividends paid: -274 million yen, repayments of borrowings: -90 million yen, other, net: +21 million yen

Financial indicators

Net cash	2.02 billion yen
Equity ratio	69.6%

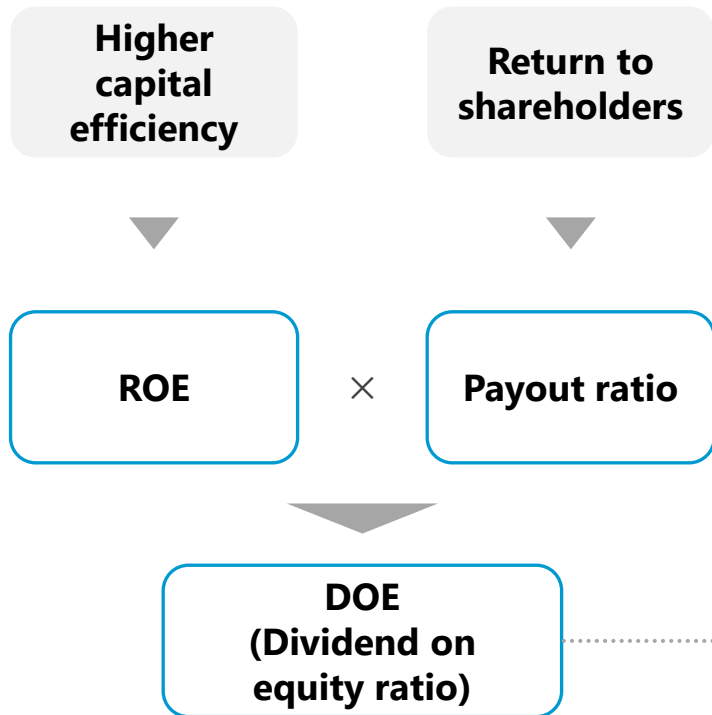
04

Shareholder Returns

Dividends of Surplus for FY2023

- For FY2023, finalized at **48.0 yen** per share (year-end dividend: 28.0 yen), increasing from the previous fiscal year
 - ➔ Payments will commence on June 14, 2023 (planned)
- Achieve shareholder returns in a way surpassing the target values of both payout ratio and DOE that have been set as target indicators

Target indicators



	Dividend forecast target indicators	FY2023 (finalized)	vs. forecast / vs target	FY2022 (previous fiscal year)	YoY
Dividend per share	48.0 yen (Of which, interim dividend: 20 yen)	48.0 yen (Of which, interim dividend: 20 yen)	±0.0 yen	40.0 yen (Of which, interim dividend: 0 yen)	+20.0%
Payout ratio	30.0%	35.6%	+5.6 pts	33.8%	+1.8 pts
DOE	10.0%	12.1%	+2.1 pts	15.7%	-3.6 pts

05

Progress in Growth Strategies/Business Topics

Growth Strategy (Overall Picture)

- Will continue to expand business scale in line with the [six initiatives of the medium- to long-term growth strategy](#) announced upon listing in June 2021

Six initiatives of the medium- to long-term growth strategy

Deepen client relationships and establish an ecosystem



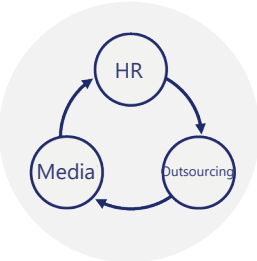
Acquire an overwhelming market share in staffing business by deepening client relationships

Staffing



Maximize transaction opportunities by strengthening cross-selling

Staffing × Recruitment × Outsourcing



Enhance business management efficiency by establishing an ecosystem

HR Solution × Media

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
Expand into new business areas

Web 3.0 | Metaverse | Other areas

Growth Strategy: Expand Business of HR Solution Services [Enter into Freelance Business Area]

Press release dated February 9, 2023



Expand business of HR Solution services

Industry | Area | Contract type

Entertainment industry | Regional operation base | Freelance

Company name

Confidence Pro Inc.

Location

BYGS Shinjuku Bldg. 10F
2-19-1 Shinjuku, Shinjuku-ku, Tokyo

Representative

Takuro Yoshikawa

Established

April 3, 2023

Share capital

30 million yen

Line of business

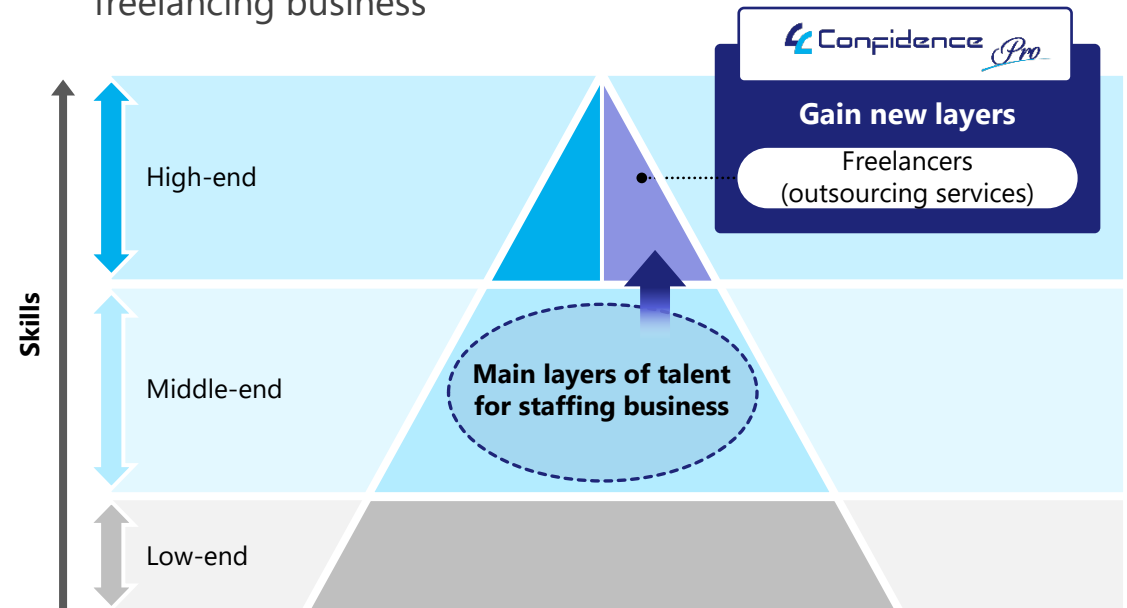
Freelancer matching business for the gaming and entertainment industries

Investment stake

100% owned subsidiary of Confidence Inc.

Background of establishment

- Assign high-end talent and capture demand of new layers of talent such as those hoping to work as freelancers
- Enable responses to diverse work styles
- Exert synergy with the staffing business by implementing freelancing business



06

Overview of Merger Agreement

Execution of Merger Agreement with Interworks, Inc.

- Executed a merger agreement with Interworks, Inc. as of the date of this document, with the intention to conduct business integration with the company on August 1, 2023 (planned)
- The new company's name is Kabushiki Kaisha Confidence Interworks (English name: Interworks Confidence Inc.)

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August 1, 2023 (planned)

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Merger ratio

1 : 0.205



Absorption-type merger



New company:

**Kabushiki Kaisha Confidence Interworks
(English name: Interworks Confidence Inc.)**

Company Overview : Interworks, Inc



Company name	Interworks, Inc.			
Representative	Kazuyuki Matsumoto, President			
Established	March 1991			
Head office	NBF Toranomon Bldg. 8F 1-6-21 Nishishinbashi, Minato-ku, Tokyo			
Branch	[Osaka Branch] Shinosaka Central Tower South Bldg. 10F 5-5-15 Nishinakajima, Yodogawa-ku, Osaka-shi, Osaka [Nagoya Branch] Metlife Meiekinami Bldg.3F 2-10-22 Meiekinami Nakamura-ku, Nagoya-shi, Aichi			
Fiscal year End	End of March			
Officers	President	Kazuyuki Matsumoto	Auditor	Yoshitaka Maruta
	Director	Kenya Fujimori	Outside Auditor	Kiyoshi Takakura
	Outside Director	Arata Shimizu	Outside Auditor	Takanobu Yamaguchi
	Outside Director	Tomonori Hayakawa	Operating Officer	Takuro Maeda
			Operating Officer	Masatsugu Kudo
Paid-in capital	172 million yen (as of March 31, 2023)			
Line of business	Media & Solutions business, Recruitment business, Hiring support business			
No. of employees	190 (as of March 31, 2023)			

Vision

Empowering Professionals to Create the Future Together



Background and Purpose of the Business Integration

■ Purpose of business integration



- 1 Expanding the business areas of the HR Solution business / achieving business growth through cross-selling**
- 2 Reinforcing the Media business**
- 3 Strengthening business management foundation and reducing administration costs**

Outline of the New Company (Planned)

Company name	Kabushiki Kaisha Confidence Interworks	Officers	President	Nobuyuki Takushi	General business management
English name	Interworks Confidence Inc.		Senior Managing Director	Takuro Yoshikawa	In charge of HR Solution business and Media business
Listing exchange	Tokyo Stock Exchange Growth Market		Managing Director	Masatsugu Kudo	In charge of recruitment business Newly appointed
Securities code	7374		Director and General Manager, Administration Division	Koji Nagai	In charge of Administration Division
Representative	Nobuyuki Takushi, President		Outside Director	Reona Amemiya	
Head office location	BYGS Shinjuku Bldg. 10F 2-19-1 Shinjuku, Shinjuku-ku, Tokyo		Outside Director	Midori Mizutani	
Line of business	HR solution business (staffing, outsourcing, recruitment) Media & solutions business		Outside Director	Hirofumi Miki	
Fiscal year end	End of March		Outside Director	Tomonori Hayakawa	Newly appointed
			Outside Auditor	Takashi Yachi	
			Outside Auditor	Tadahiko Yasukuni	
			Outside Auditor	Kenya Fujimori	
			Outside Auditor	Yoshitaka Maruta	Newly appointed

Schedule of the Merger and Handling of Consolidated Earnings Forecast and Dividend Forecast for FY2024

Business integration schedule

Date of merger agreement	May 12, 2023	
Date of resolution at the ordinary general meeting of shareholders (Interworks, Inc.)	June 23, 2023	(planned)
Date of resolution at the ordinary general meeting of shareholders (Confidence Inc.)	June 28, 2023	(planned)
Last trading date (Interworks, Inc.)	July 27, 2023	(planned)
Date of delisting (Interworks, Inc.)	July 28, 2023	(planned)
Effective date of merger	August 1, 2023	(planned)

Consolidated earnings forecast / dividend forecast for FY2024

Undetermined at this point in time, as it is difficult to accurately calculate the consolidated earnings forecast and dividend forecast for FY2024, partly due to the impact of the merger

Will disclose the forecast figures going forward as soon as it becomes possible to do so.



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

This material includes forward-looking statements. These are nothing but the statements prepared on the basis of the information available at the time of preparing them. Moreover, such statements are not a guarantee of future results, and contain risks and uncertainties. Please note that actual results may differ significantly from future forecasts due to changes in the business environment and other factors. Factors that may affect the actual results mentioned above include, but are not limited to, economic conditions in and outside Japan and trends of the industries related to the Company.

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.