

Translation

Notice: This document has been translated from the Japanese original for reference purposes. In the event of any discrepancy between this translated document and the Japanese original, the latter shall prevail.

Summary of Consolidated Financial Results for the Fiscal Year Ended March 2023 (Based on Japanese GAAP)

May 12, 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 next ordinary general meeting of shareholders: June 28, 2023

Scheduled date for filing securities report: June 29, 2023

Scheduled date for commencing dividend payments: June 14, 2023

Preparation of supplementary materials on financial results: Yes

Holding of financial results briefing session: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results

(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	%
Fiscal year ended March 31, 2023	5,197	17.5	933	25.2	927	25.7	617	16.4
Fiscal year ended March 31, 2022	4,425	24.0	745	23.3	737	22.3	530	32.9

(Note) Comprehensive income

Fiscal year ended March 31, 2023: 617 million yen [16.4%]

Fiscal year ended March 31, 2022: 530 million yen [32.9%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2023	134.80	130.84	33.8	34.8	18.0
Fiscal year ended March 31, 2022	118.19	113.13	46.5	37.0	16.8

(Reference) Share of profit (loss) of entities accounted for using equity method

Fiscal year ended March 2023: - million yen

Fiscal year ended March 2022: - million yen

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

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023 (end of current fiscal year)	2,892	2,023	69.6	435.27
As of March 31, 2022 (end of previous fiscal year)	2,437	1,655	67.6	359.80

(Reference) Total shareholders' equity

As of March 31, 2023: 2,012 million yen

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

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2023	748	(82)	(343)	2,047
Fiscal year ended March 31, 2022	461	(64)	387	1,724

2. Cash Dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	–	0.00	–	40.00	40.00	183	33.8	15.7
Fiscal year ended March 31, 2023	–	20.00	–	28.00	48.00	221	35.6	12.1
Fiscal year ending March 31, 2024 (Forecast)	–	–	–	–	–		–	

(Note) Since the Company plans to conduct business integration with Interworks, Inc. as of August 1, 2023, the dividend forecast for the fiscal year ending March 31, 2024, is undetermined at this point in time.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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
First two quarters (cumulative)	–	–	–	–	–	–	–	–	–
Full year	–	–	–	–	–	–	–	–	–

(Note) As announced in the “Notice Concerning Conclusion of Merger Agreement between Confidence Inc. and Interworks, Inc.” dated May 12, 2023, the Company resolved at its board of directors’ meeting held on May 12, 2023, to conduct business integration of the two companies effective on August 1, 2023 (planned), and concluded a merger agreement regarding the absorption-type merger with the Company as the absorbing and surviving company and Interworks, Inc. as the absorbed and dissolving company (the “Merger”). The Merger is subject to approval at the general meeting of shareholders of the two companies (to be held on June 28, 2023, for the Company), and it is difficult to accurately calculate the impact of the Merger at this point in time. Accordingly, the consolidated earnings forecast for the fiscal year ending March 31, 2024, is undetermined at this point in time.

* Notes

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

(2) 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

(Note) For details, please refer to 1. Consolidated Financial Statements and Major Notes, (5) Notes to Consolidated Financial Statements, (Change in Accounting Estimate) on page 9 of the Attachment.

(3) Number of issued shares (common shares)

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

As of March 31, 2023	4,623,000 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 March 31, 2023	46 shares	As of March 31, 2022	- shares
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3) Average number of shares during the period

Fiscal year ended March 31, 2023	4,583,826 shares	Fiscal year ended March 31, 2022	4,492,628 shares
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(Reference) Overview of Non-consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-Consolidated Operating Results

(Percentage figures represent year-on-year changes)

	Revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	5,153	18.2	929	25.9	923	26.4	615	17.3
Fiscal year ended March 31, 2022	4,359	24.4	737	23.1	730	22.0	524	32.3

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2023	134.26	130.32
Fiscal year ended March 31, 2022	116.83	111.83

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023 (end of current fiscal year)	2,876	2,009	69.5	432.26
As of March 31, 2022 (end of previous fiscal year)	2,419	1,643	67.6	357.30

(Reference) Total shareholders' equity

As of March 31, 2023: 1,998 million yen As of March 31, 2022: 1,636 million yen

<Reasons for the difference in non-consolidated operating results from the previous fiscal year's results>

In the fiscal year under review, the Company expanded the staffing business in its HR Solution business segment, resulting in a 18.2% increase year on year in revenue, with operating profit, ordinary profit and profit also exceeding the previous fiscal year's results.

This caused a difference between the actual results for the previous fiscal year and those for the fiscal year under review.

* This summary of financial results is not subject to audit 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.

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1. Consolidated Financial Statements and Major Notes
(1) Consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	1,724,844	2,047,536
Accounts receivable - trade	515,231	572,768
Accounts receivable - other	589	418
Other	27,597	41,291
Total current assets	2,268,262	2,662,015
Non-current assets		
Property, plant and equipment		
Buildings	34,293	46,334
Accumulated depreciation	(18,645)	(2,464)
Buildings, net	15,648	43,869
Tools, furniture and fixtures	26,151	47,859
Accumulated depreciation	(17,383)	(22,122)
Tools, furniture and fixtures, net	8,767	25,736
Total property, plant and equipment	24,415	69,606
Intangible assets		
Software	11,789	17,193
Trademark right	145	128
Total intangible assets	11,935	17,321
Investments and other assets		
Investment securities	-	20,900
Deferred tax assets	49,008	56,483
Guarantee deposits	83,319	64,693
Other	618	1,300
Total investments and other assets	132,946	143,377
Total non-current assets	169,297	230,305
Total assets	2,437,559	2,892,320

(Thousands of yen)

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (As of March 31, 2023)
Liabilities		
Current liabilities		
Current portion of long-term borrowings	90,000	22,500
Accounts payable - other	43,685	82,858
Accrued expenses	258,920	283,333
Income taxes payable	118,577	216,116
Accrued consumption taxes	131,543	129,222
Deposits received	16,144	18,953
Refund liabilities	276	97
Provision for bonuses	100,504	115,632
Total current liabilities	759,652	868,715
Non-current liabilities		
Long-term borrowings	22,500	-
Deferred tax liabilities	-	11
Total non-current liabilities	22,500	11
Total liabilities	782,152	868,726
Net assets		
Shareholders' equity		
Share capital	497,384	508,034
Capital surplus	389,378	400,028
Retained earnings	761,274	1,104,231
Treasury shares	-	(83)
Total shareholders' equity	1,648,036	2,012,210
Share acquisition rights	7,371	11,383
Total net assets	1,655,407	2,023,594
Total liabilities and net assets	2,437,559	2,892,320

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Statements of Income

(Thousands of yen)

	Previous fiscal year (April 1, 2021 – March 31, 2022)	Current fiscal year (April 1, 2022 – March 31, 2023)
Revenue	4,425,005	5,197,888
Cost of sales	2,896,477	3,356,572
Gross profit	1,528,528	1,841,316
Selling, general and administrative expenses	783,046	908,003
Operating profit	745,482	933,313
Non-operating income		
Interest income	12	16
Rental income from buildings	-	122
Gain on sale of goods	2	-
Total non-operating income	14	139
Non-operating expenses		
Interest expenses	1,679	741
Commission expenses	-	5,362
Share issuance costs	6,008	-
Total non-operating expenses	7,687	6,103
Ordinary profit	737,809	927,349
Extraordinary income		
Gain on reversal of share acquisition rights	-	759
Total extraordinary income	-	759
Extraordinary losses		
Loss on retirement of non-current assets	-	2,926
Office relocation expenses	4,734	14,481
Total extraordinary losses	4,734	17,407
Profit before income taxes	733,074	910,701
Income taxes - current	209,252	300,276
Income taxes - deferred	(7,150)	(7,464)
Total income taxes	202,101	292,811
Profit	530,973	617,889
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	530,973	617,889

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Previous fiscal year (April 1, 2021 – March 31, 2022)	Current fiscal year (April 1, 2022 – March 31, 2023)
Profit	530,973	617,889
Other comprehensive income		
Total other comprehensive income	-	-
Comprehensive income	530,973	617,889
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	530,973	617,889
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Equity

Previous fiscal year (April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	257,500	149,494	230,387	-	637,381
Cumulative effects of changes in accounting policies			(86)		(86)
Restated balance	257,500	149,494	230,300	-	637,294
Changes of items during period					
Issuance of new shares	234,784	234,784			469,568
Issuance of new shares (Exercise of share acquisition rights)	5,100	5,100			10,200
Dividends of surplus					
Profit attributable to owners of parent			530,973		530,973
Net changes in items other than shareholders' equity					-
Total changes during period	239,884	239,884	530,973	-	1,010,741
Balance at end of period	497,384	389,378	761,274	-	1,648,036

	Share acquisition rights	Total net assets
Balance at beginning of period	-	637,381
Cumulative effects of changes in accounting policies		(86)
Restated balance	-	637,294
Changes of items during period		
Issuance of new shares		469,568
Issuance of new shares (Exercise of share acquisition rights)		10,200
Dividends of surplus		
Profit attributable to owners of parent		530,973
Net changes in items other than shareholders' equity	7,371	7,371
Total changes during period	7,371	1,018,112
Balance at end of period	7,371	1,655,407

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	497,384	389,378	761,274	-	1,648,036
Cumulative effects of changes in accounting policies					
Restated balance	497,384	389,378	761,274	-	1,648,036
Changes of items during period					
Issuance of new shares (Exercise of share acquisition rights)	10,650	10,650			21,300
Dividends of surplus			(274,932)		(274,932)
Profit attributable to owners of parent			617,889		617,889
Purchase of treasury shares				(83)	(83)
Net changes in items other than shareholders' equity					
Total changes during period	10,650	10,650	342,957	(83)	364,174
Balance at end of period	508,034	400,028	1,104,231	(83)	2,012,210

	Share acquisition rights	Total net assets
Balance at beginning of period	7,371	1,655,407
Cumulative effects of changes in accounting policies		
Restated balance	7,371	1,655,407
Changes of items during period		
Issuance of new shares (Exercise of share acquisition rights)		21,300
Dividends of surplus		(274,932)
Profit attributable to owners of parent		617,889
Purchase of treasury shares		(83)
Net changes in items other than shareholders' equity	4,012	4,012
Total changes during period	4,012	368,186
Balance at end of period	11,383	2,023,594

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Previous fiscal year (April 1, 2021 – March 31, 2022)	Current fiscal year (April 1, 2022 – March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	733,074	910,701
Depreciation	21,928	29,886
Interest and dividend income	(12)	(16)
Loss on retirement of non-current assets	-	2,926
Share issuance costs	6,008	-
Share-based payment expenses	3,319	4,771
Gain on reversal of share acquisition rights	-	(759)
Relocation expenses	4,734	14,481
Decrease (increase) in trade receivables	(69,800)	(57,537)
Decrease (increase) in accounts receivable - other	(420)	171
Increase (decrease) in accounts payable - other	4,913	25,435
Increase (decrease) in accrued expenses	33,815	24,469
Increase (decrease) in deposits received	2,066	2,808
Increase (decrease) in provision for bonuses	(3,711)	15,127
Increase (decrease) in accrued consumption taxes	(16,229)	(2,321)
Other, net	16,075	(4,507)
Subtotal	735,761	965,637
Interest and dividends received	12	16
Payments of relocation expenses	(4,734)	(10,933)
Interest paid	(1,701)	(752)
Income taxes paid	(267,749)	(205,510)
Net cash provided by (used in) operating activities	461,587	748,458
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,951)	(63,987)
Purchase of intangible assets	(10,585)	(9,212)
Proceeds from refund of guarantee deposits	-	38,742
Payments of guarantee deposits	(47,342)	(15,462)
Payments for asset retirement obligations	-	(11,230)
Purchase of investment securities	-	(20,900)
Net cash provided by (used in) investing activities	(64,879)	(82,049)
Cash flows from financing activities		
Repayments of long-term borrowings	(90,000)	(90,000)
Proceeds from issuance of shares	463,559	-
Proceeds from issuance of share acquisition rights	4,051	-
Proceeds from issuance of shares resulting from exercise of share acquisition rights	10,200	21,300
Purchase of treasury shares	-	(84)
Dividends paid	-	(274,932)
Net cash provided by (used in) financing activities	387,811	(343,716)
Net increase (decrease) in cash and cash equivalents	784,520	322,692
Cash and cash equivalents at beginning of period	940,324	1,724,844
Cash and cash equivalents at end of period	1,724,844	2,047,536

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

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 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 current fiscal year decreased by 7,016 thousand yen, respectively, compared with the previous estimate method.

(Segment Information, Etc.)

[Segment information]

I. Overview of reportable segments

(1) Method of determining reportable segments

The Company's reportable segments are those for which separate financial information is available and which are subject to periodic reviews by the Board of Directors to determine the allocation of management resources and evaluate their performance among its components.

The Group has established business departments within the Company and its subsidiaries, and each of the departments formulates comprehensive domestic strategies for the products and services it handles and conducts business activities.

The HR Solution business provides staffing, recruitment and outsourcing services specialized in the gaming and mobile gaming industries. The Media business operates and manages "Lovely," a website for women, and conducts outsourced promotional services.

II. Methods of calculating revenue, profit/loss, assets, liabilities and other items for each reportable segment

The accounting methods for the reportable segments are in accordance with the accounting policies adopted in the preparation of consolidated financial statements.

The profit of each reportable segment indicates the figure of operating profit.

Inter-segment sales or transfers are based on prevailing market prices.

III. Information on revenue, profit/loss, assets, liabilities and other items by reportable segment

Previous fiscal year (April 1, 2021 – March 31, 2022)

(Thousands of yen)

	Reportable segment			Adjustments (Note)	Total
	HR Solution business	Media business	Total		
Revenue					
Sales to outside customers	4,347,840	77,165	4,425,005	-	4,425,005
Inter-segment sales or transfers	6,070	-	6,070	(6,070)	-
Total	4,353,911	77,165	4,431,076	(6,070)	4,425,005
Segment profit	1,166,027	13,525	1,179,552	(434,070)	745,482
Segment assets	530,598	169,967	700,566	1,736,993	2,437,559
Segment liabilities	364,377	9,803	374,180	407,971	782,152
Other items					
Depreciation	570	480	1,051	20,877	21,928
Increase in property, plant and equipment and intangible assets	611	4,354	4,966	5,006	9,972

(Notes) 1. Adjustments are as follows.

- (1) Adjustments of segment profit (-434,070 thousand yen) are corporate expenses that are not allocated to any reportable segment, and are mainly general and administrative expenses that do not belong to any reportable segment.
- (2) Adjustments of segment assets (1,736,993 thousand yen) are corporate assets that are not allocated to any reportable segment, and are mainly cash and deposits that do not belong to any reportable segment.
- (3) Adjustments of segment liabilities (407,971 thousand yen) are corporate liabilities that are not allocated to any reportable segment, and are mainly borrowings, etc. that do not belong to any reportable segment.
- (4) Adjustments of other items are related to corporate assets that are not allocated to any reportable segment, and are the amount of depreciation and the amount of increase in property, plant and equipment and intangible assets.

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

	Reportable segment			Adjustments (Note)	Total
	HR Solution business	Media business	Total		
Revenue					
Sales to outside customers	5,120,555	77,333	5,197,888	-	5,197,888
Inter-segment sales or transfers	18,362	-	18,362	(18,362)	-
Total	5,138,917	77,333	5,216,251	(18,362)	5,197,888
Segment profit	1,433,998	18,617	1,452,616	(519,302)	933,313
Segment assets	615,888	170,351	786,240	2,106,080	2,892,320
Segment liabilities	407,212	5,358	412,570	456,155	868,726
Other items					
Depreciation	6,796	992	7,789	22,096	29,886
Increase in property, plant and equipment and intangible assets	12,996	-	12,996	70,393	83,389

(Notes) 1. Adjustments are as follows.

- (1) Adjustments of segment profit (519,302 thousand yen) are corporate expenses that are not allocated to any reportable segment, and are mainly general and administrative expenses that do not belong to any reportable segment.
 - (2) Adjustments of segment assets (2,106,080 thousand yen) are corporate assets that are not allocated to any reportable segment, and are mainly cash and deposits that do not belong to any reportable segment.
 - (3) Adjustments of segment liabilities (456,155 thousand yen) are corporate liabilities that are not allocated to any reportable segment, and are mainly borrowings, etc. that do not belong to any reportable segment.
 - (4) Adjustments of other items are related to corporate assets that are not allocated to any reportable segment, and are the amount of depreciation and the amount of increase in property, plant and equipment and intangible assets.
2. Segment profit has been adjusted with the operating profit in the Consolidated Statements of Income.

[Related information]

Previous fiscal year (April 1, 2021 – March 31, 2022)

1. Information by product and service

The information is omitted as the same information is disclosed in the segment information.

2. Information by geographic area

(1) Revenue

The information is omitted as sales to outside customers in Japan account for more than 90% of revenue on the Consolidated Statements of Income.

(2) Property, plant and equipment

Not applicable as there is no property, plant and equipment located outside Japan.

3. Information by major customer

(Thousands of yen)

Name of client	Revenue	Name of related segment
Bandai Namco Studios Inc.	476,054	HR Solution business
SEGA CORPORATION	466,104	HR Solution business

Current fiscal year (April 1, 2022 – March 31, 2023)

1. Information by product and service

The information is omitted as the same information is disclosed in the segment information.

2. Information by geographic area

(1) Revenue

The information is omitted as sales to outside customers in Japan account for more than 90% of revenue on the Consolidated Statements of Income.

(2) Property, plant and equipment

Not applicable as there is no property, plant and equipment located outside Japan.

3. Information by major customer

(Thousands of yen)

Name of customer	Revenue	Name of related segment
Cygames, Inc.	571,133	HR Solution business
Bandai Namco Studios Inc.	552,477	HR Solution business

[Information on impairment losses on non-current assets by reportable segment]

Previous fiscal year (April 1, 2021 – March 31, 2022)

Not applicable.

Current fiscal year (April 1, 2022 – March 31, 2023)

Not applicable.

[Information on amortization and unamortized balance of goodwill by reportable segment]

Previous fiscal year (April 1, 2021 – March 31, 2022)

Not applicable.

Current fiscal year (April 1, 2022 – March 31, 2023)

Not applicable.

[Information on gain on bargain purchase by reportable segment]

Previous fiscal year (April 1, 2021 – March 31, 2022)

Not applicable.

Current fiscal year (April 1, 2022 – March 31, 2023)

Not applicable.

(Per Share Information)

	Previous fiscal year (April 1, 2021 – March 31, 2022)	Current fiscal year (April 1, 2022 – March 31, 2023)
Net assets per share	359.80 yen	435.27 yen
Basic earnings per share	118.19 yen	134.80 yen
Diluted earnings per share	113.13 yen	130.84 yen

(Notes) 1. Diluted earnings per share for the previous fiscal year ended March 31, 2022, is calculated by using the average share price for the period from the initial listing date to the end of the said fiscal year, deeming it to be the period-average share price, as the Company was listed on the Tokyo Stock Exchange Mothers (currently Growth) market on June 28, 2021.

2. The basis of calculation of basic earnings per share and diluted earnings per share is as follows.

(Thousands of yen)

	Previous fiscal year (April 1, 2021 – March 31, 2022)	Current fiscal year (April 1, 2022 – March 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent	530,973	617,889
Amount not attributable to common shareholders	-	-
Profit attributable to owners of parent for common shares	530,973	617,889
Average number of common shares during period	4,492,628 shares	4,583,826 shares
Diluted earnings per share		
Adjustments to profit attributable to owners of parent	-	-
Increase in the number of common shares	200,884 shares	138,702 shares
(Of which, share subscription rights)	(200,884 shares)	(138,702 shares)
Description of dilutive shares not included in the calculation of diluted earnings per share due to the absence of dilutive effects	One type of share subscription rights (Number of share subscription rights: 32,000)	One type of share subscription rights (Number of share subscription rights: 26,000)

(Significant Subsequent Events)

[Merger of companies]

The Company and Interworks, Inc. (“Interworks”) resolved at their respective board of directors’ meetings held on May 12, 2023, to conduct business integration of the two companies effective August 1, 2023 (planned), and concluded a merger agreement (the “Merger Agreement”) regarding the absorption-type merger with the Company as the absorbing and surviving company and Interworks as the absorbed and dissolving company (the “Merger”).

At the same time, the Company plans to change its trade name to “Kabushiki Kaisha Confidence Interworks” (English name: “Interworks Confidence Inc.”) on the effective date of the Merger.

The Merger is subject to the approval of the general meetings of shareholders of both companies.

1. Purpose of business combination

The Company and Interworks, Inc. aim to realize the benefits of the integration with a focus on “Expanding the business areas of the HR Solution business/achieving business growth through cross-selling,” “Reinforcing the Media business,” and “Strengthening the business management foundation and reducing administration costs.”

2. Date of business combination

August 1, 2023 (planned)

3. Name and business description of the absorbed and dissolving company

Name of the absorbed and dissolving company: Interworks, Inc.

Business description: Media & solutions business, recruitment business, hiring support business

4. Legal format of business combination

Absorption-type merger with the Company as the absorbing and surviving company and Interworks as the absorbed and dissolving company

5. Company name after business combination

“Kabushiki Kaisha Confidence Interworks”

(English name: “Interworks Confidence Inc.”)

6. Details of allotments in connection with the business combination

1) Merger ratio by type of shares

The Company will allot and issue 0.205 shares of its common stock for each share of common stock of Interworks.

2) Calculation method of merger ratio

In order to ensure the fairness of the merger ratio, it was determined that each company should separately request an independent third-party appraiser to calculate the merger ratio. The Company selected SBI Securities Co., Ltd. and Interworks selected YAMADA Consulting Group Co., Ltd.

The Company and Interworks repeatedly conducted negotiations and discussions on the merger ratio in earnest, with reference to the calculation results, etc. received from the third-party appraisers they selected and in consideration of their respective financial conditions, performance trends and stock price trends, etc. Consequently, the two companies ultimately determined that the above merger ratio is appropriate and contributes to the interests of their respective shareholders, and agreed and determined the merger ratio.

7. Amounts of assets and liabilities to be assumed by the succeeding company

Not yet finalized at this point in time.

8. Overview of the parties involved in the merger

		Absorbing and surviving company	Absorbed and dissolving company
(1)	Name	Confidence Inc.	Interworks, Inc.
(2)	Location	2-19-1 Shinjuku, Shinjuku-ku, Tokyo	1-6-21 Nishi-Shinbashi, Minato-ku, Tokyo
(3)	Title and name of representative	Nobuyuki Takushi, President	Kazuyuki Matsumoto, President
(4)	Line of business	HR solution business, media business	Media & solutions business, recruitment business, hiring support business
(5)	Share capital	508 million yen	172 million yen
(6)	Established	August 2014	March 1991
(7)	Number of shares outstanding	4,623,000 shares	9,800,000 shares
(8)	Fiscal year end	March 31	March 31
(9)	No. of employees	958 (consolidated)	190

9. Schedule of merger

Date of resolution by the board of directors (both companies)	May 12, 2023
Date of agreement conclusion (both companies)	May 12, 2023
Record date for general meeting of shareholders (both companies)	March 31, 2023
Date of resolution at the general meeting of shareholders (Interworks)	June 23, 2023 (planned)
Date of resolution at the general meeting of shareholders (the Company)	June 28, 2023 (planned)
Last trading date (Interworks)	July 27, 2023 (planned)
Date of delisting (Interworks)	July 28, 2023 (planned)
Effective date of merger	August 1, 2023 (planned)

10. Status after merger and trade name change

		Integrated new company after the business integration
(1)	Name (planned)	Kabushiki Kaisha Confidence Interworks (English name: Interworks Confidence Inc.)
(2)	Location	2-19-1 Shinjuku, Shinjuku-ku, Tokyo
(3)	Title and name of representative	Nobuyuki Takushi, President (Currently President of Confidence Inc.)
(4)	Line of business	HR solution business (staffing, outsourcing, recruitment) Media & solutions business
(5)	Share capital	Not yet finalized at this point in time.
(6)	Fiscal year end	March every year
(7)	Net assets	Not yet finalized at this point in time.
(8)	Total assets	Not yet finalized at this point in time.

11. Goodwill generated by merger, reason, amortization method and period

Not yet finalized at this point in time.