



1st Quarter of Fiscal Year Ending March 2024 (FY2024)

# Financial Results Briefing Material

Interworks Confidence Inc.  
(Former name: Confidence Inc. )

Securities code: 7374

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# 01

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## Executive Summary

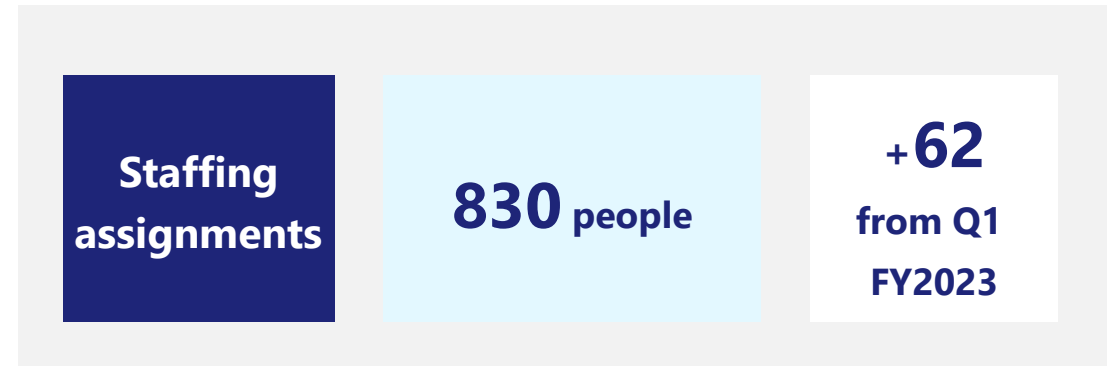
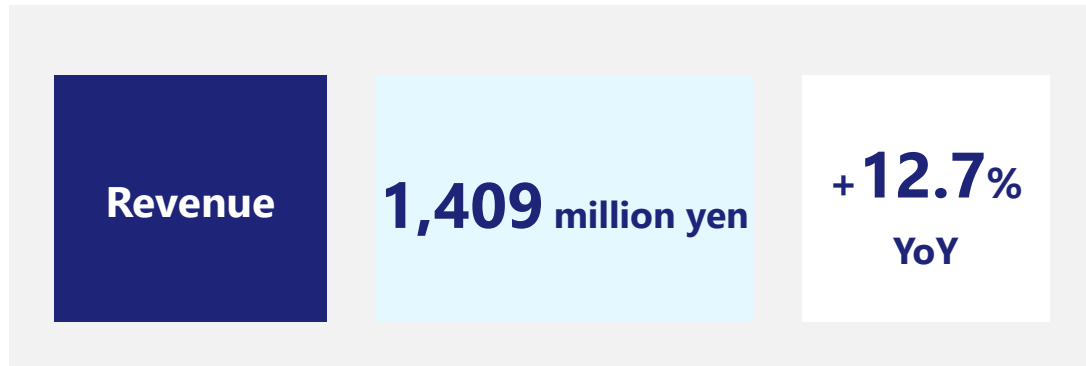
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# Financial Highlights of Q1 FY2024

[Operating Results of Former Confidence Inc.]

- **New record-high figures achieved** in revenue as well as profits at respective stages for Q1 FY2024
- Achieved year-on-year growth of **12.7%** in revenue and **19.6%** in operating profit

## Q1 results (operating results of former Confidence Inc.)



# Merger with Interworks, Inc. (as of August 1, 2023)

- The new company, Interworks Confidence Inc. (securities code: 7374), started operations on August 1, 2023, with prior approval and resolution on the merger made at the general meeting of shareholders of each company

Since August 1, 2023

New company



# Confidence Interworks

(English name: Interworks Confidence Inc.)

Absorbing and surviving company



Merger ratio

1 : 0.205



Absorption-type merger

Absorbed and dissolving company



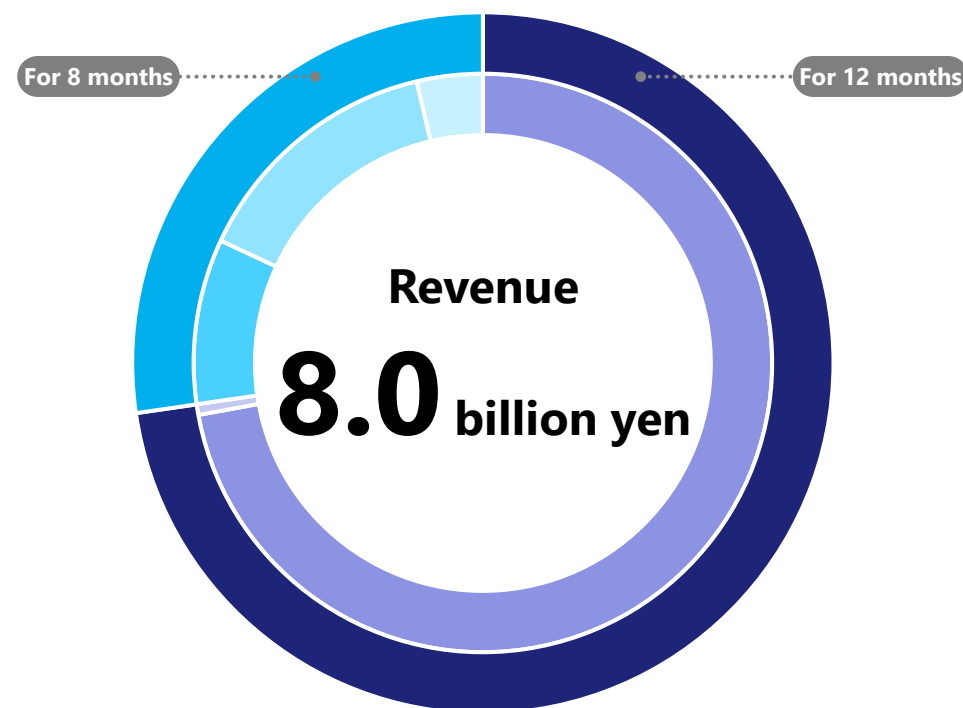
# Summary of Earnings Forecast for FY2024 Ending March 2024

- Based on the merger with Interworks, the earnings forecast for FY2024 projects revenue of **8.0 billion yen** (up **53.9%** year on year)
- Operating profit is projected to be **1.12 billion yen** (operating profit margin: **14.0%**) after reflecting amortization of goodwill associated with the merger (\*includes expected profit of former Interworks for the 8 months from August 2023 to March 2024)

## Full-year earnings forecast for FY2024



## Breakdown of revenue by element



\* As the Company merged with Interworks, Inc. on August 1, 2023, the full-year earnings forecast includes estimated revenue and profit figures of former Interworks for 8 months.

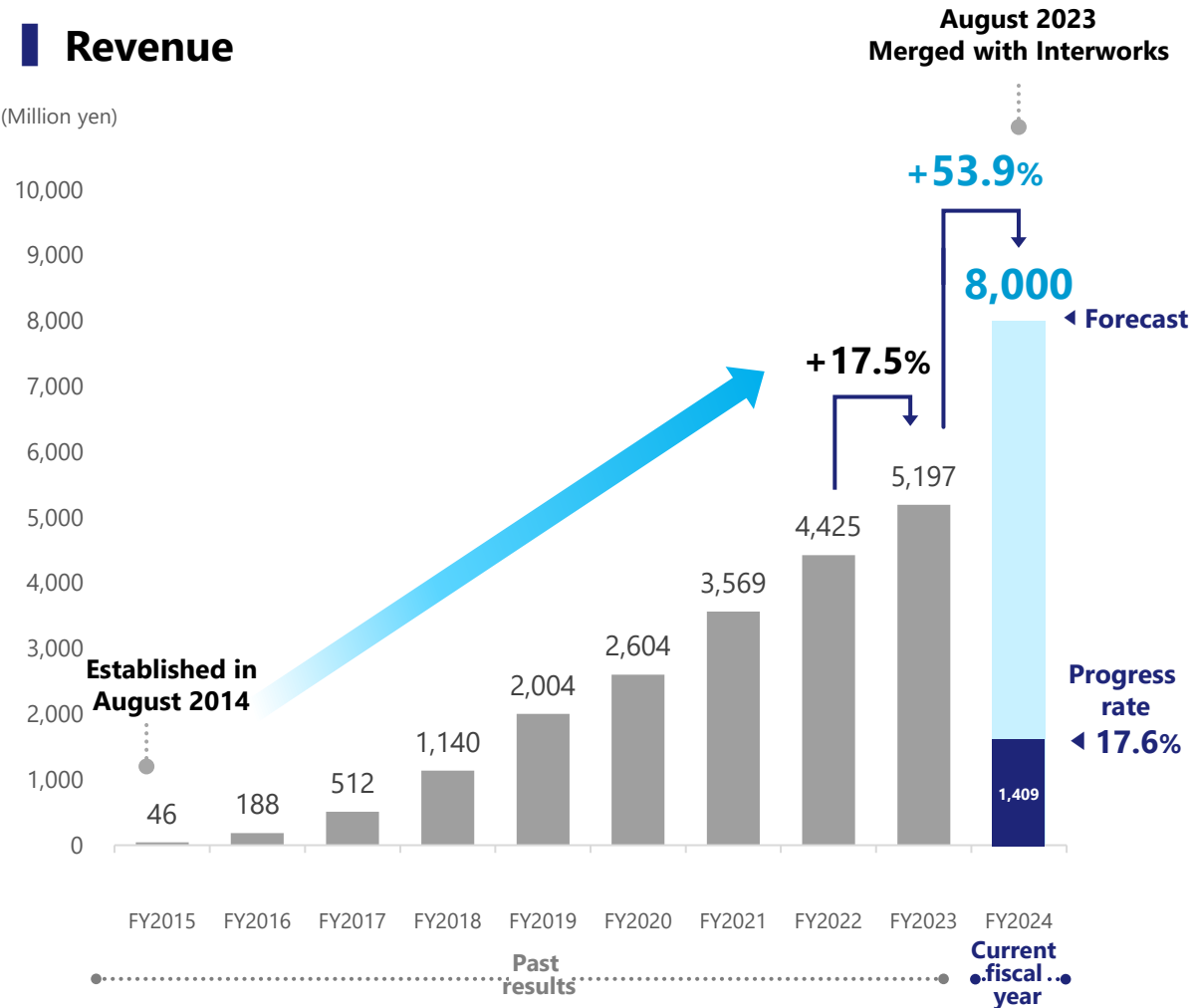


# Trends in Revenue / Operating Profit Over the Years

- Progress rate against the earnings forecast announced today stood at **17.6%** for revenue (24.1% in FY2023) / **25.2%** for operating profit (27.8% in FY2022)
- The Q1 results are for Confidence (before merger) alone, and the figures of Interworks will be included in August and thereafter. In consideration of this, the progress rate in Q1 was **as solid as planned**

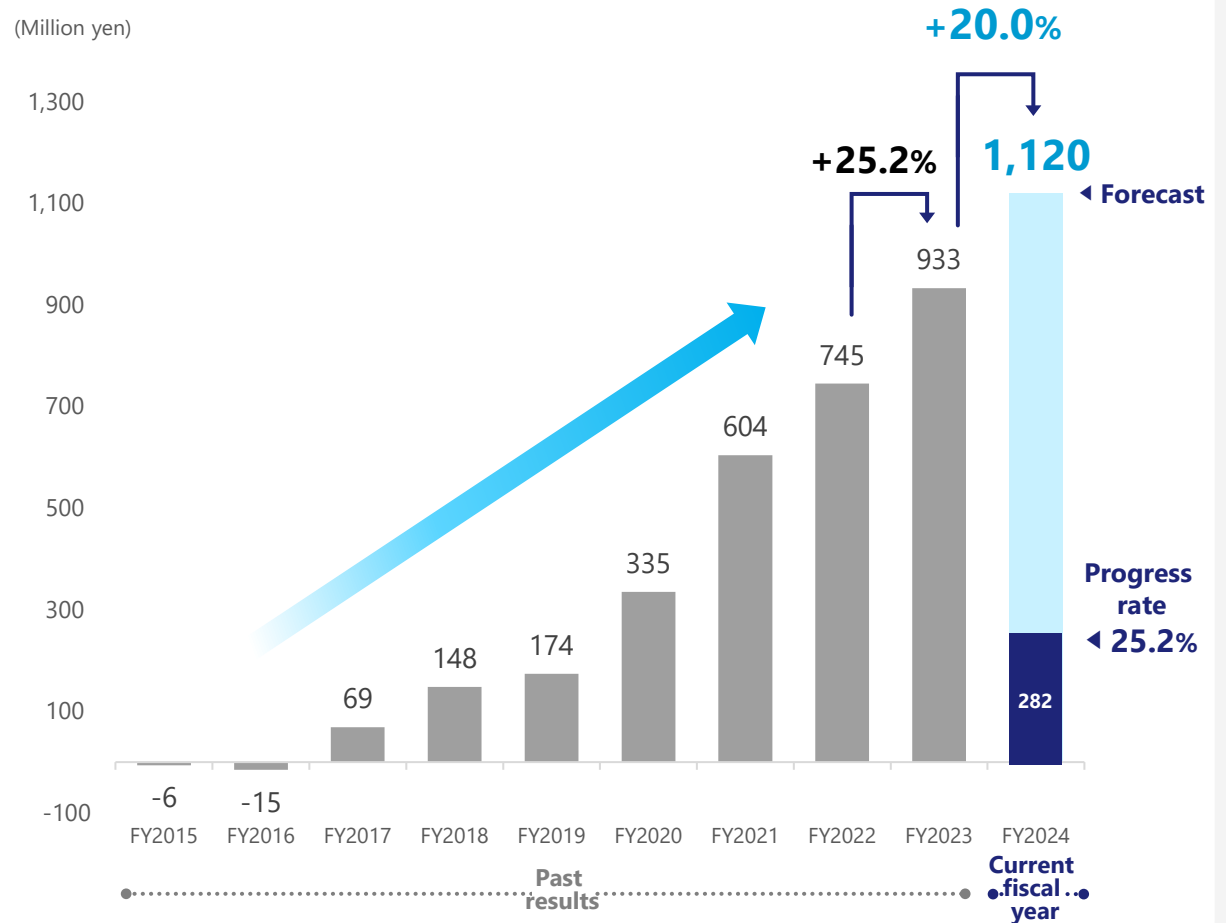
## Revenue

(Million yen)



## Operating profit

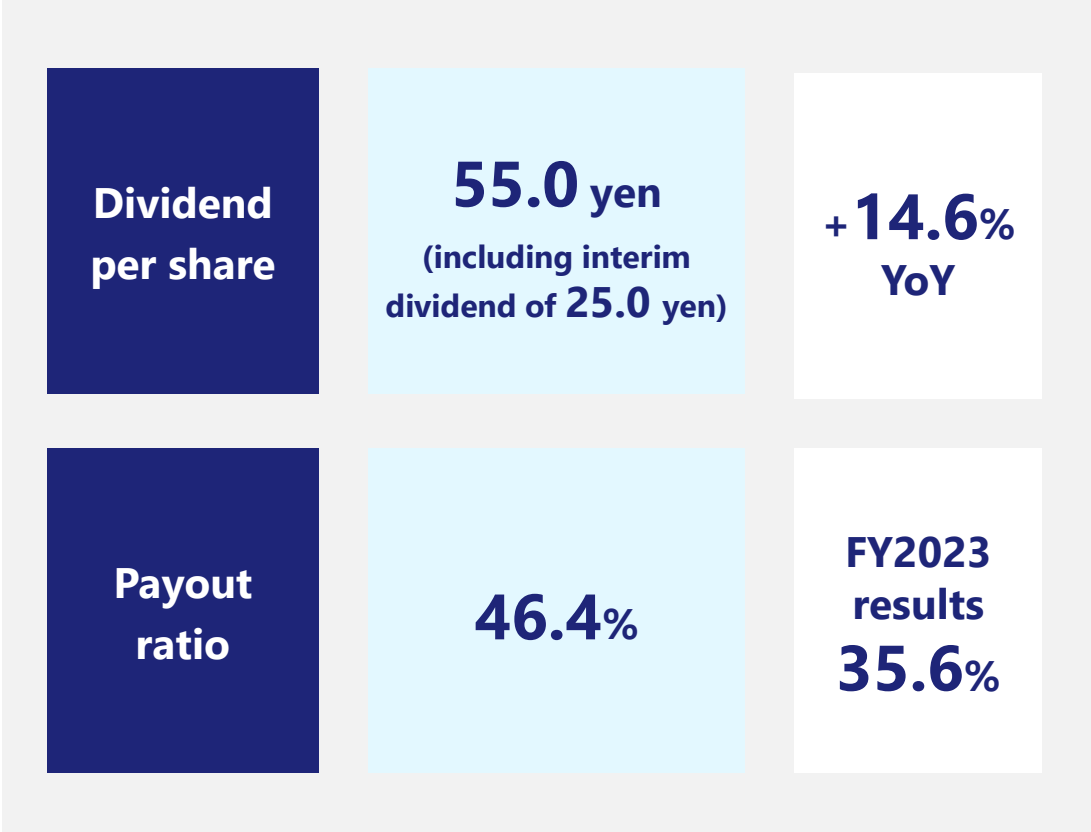
(Million yen)



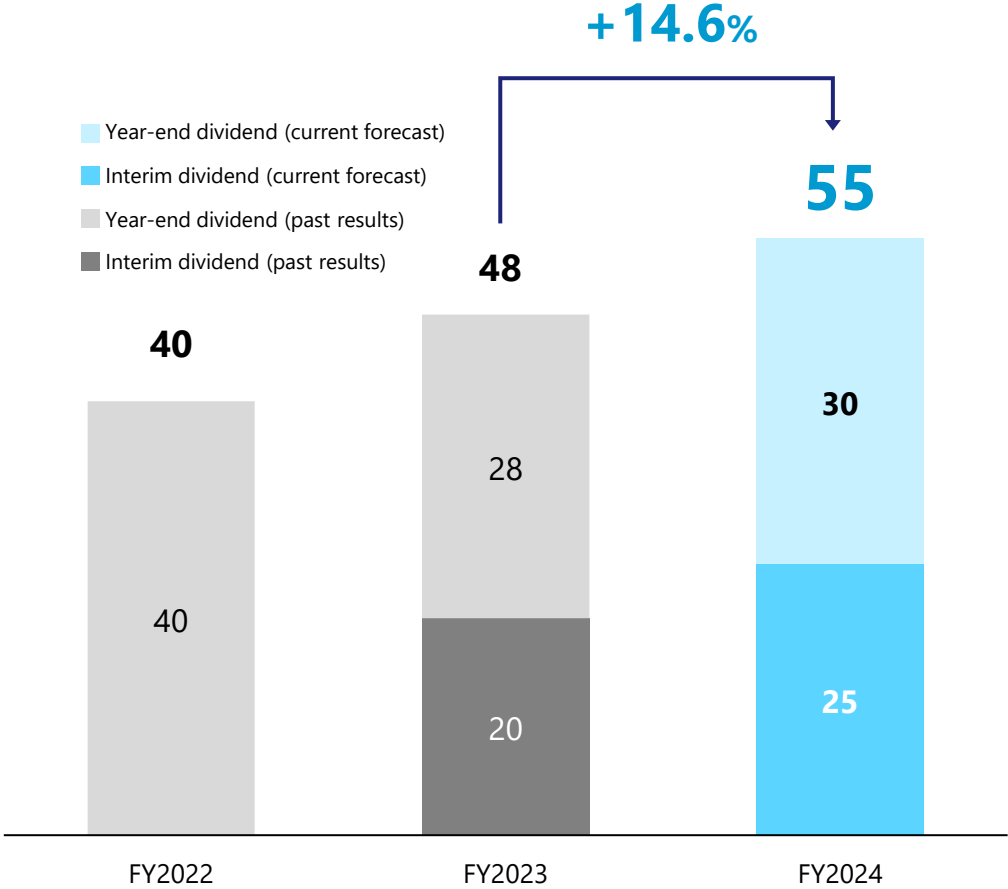
# Summary of Dividend Forecast for FY2024

■ A dividend of **55.0 yen** per share (including an interim dividend of 25.0 yen per share) is planned to be paid for FY2024 ending March 2024

## Full-year earnings forecast for FY2024



## Trends in dividend per share





# 02

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## Company Overview

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# Company Overview of Interworks Confidence Inc.

(Former name: Confidence Inc.)

## Vision

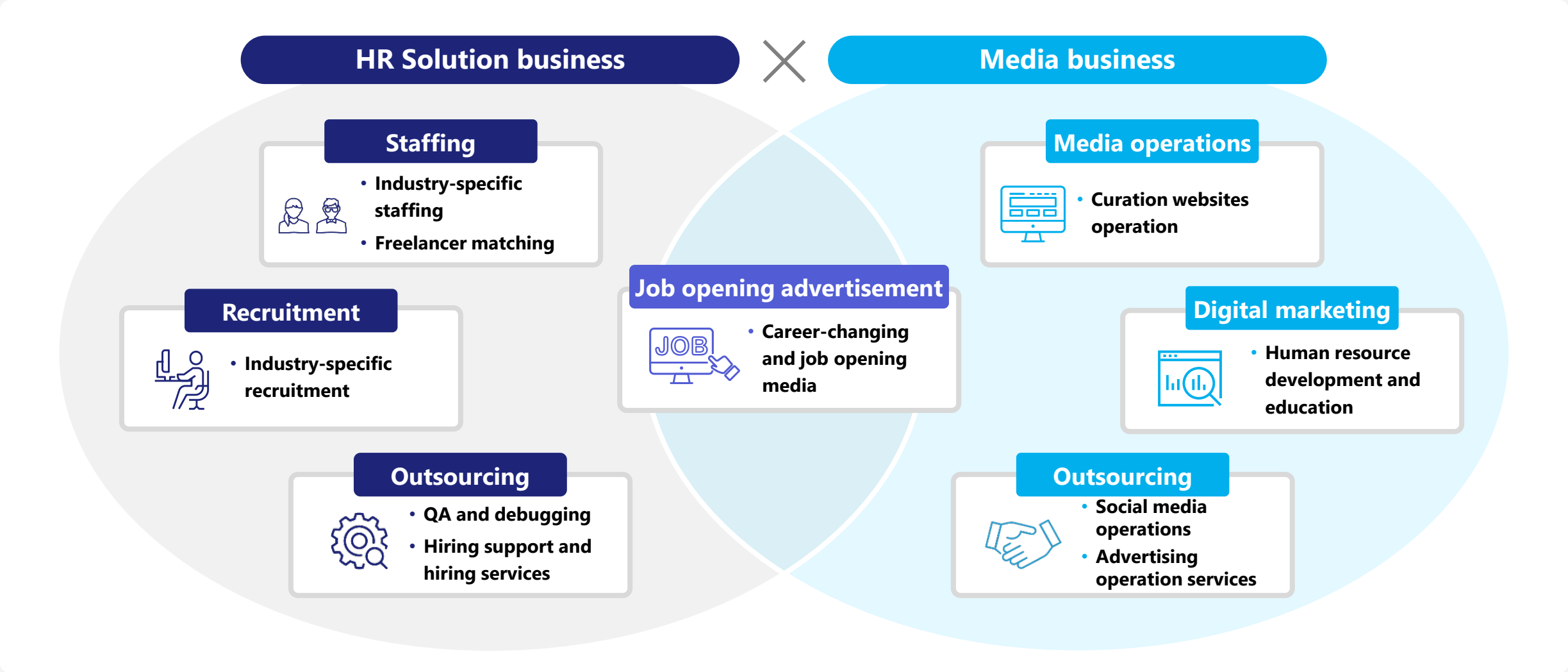
# Empowering Professionals to Create the Future Together

**Our goal is to help many professionals achieve their dreams in a society that values diversity, and to make a positive impact on their companies, industries and society, creating a society with endless opportunities.**

<b>Company name</b>	Kabushiki Kaisha Confidence Interworks (English name: Interworks Confidence Inc.)			
<b>Representative</b>	Nobuyuki Takushi, President			
<b>Established</b>	August 2014			
<b>Head office</b>	BYGS Shinjuku Bldg. 10F 2-19-1 Shinjuku, Shinjuku-ku, Tokyo			
<b>Consolidated subsidiary</b>	Dolphin Inc.		Confidence Pro Inc.	
<b>Officers</b>	President	Nobuyuki Takushi	Senior Managing Director	Takuro Yoshikawa
	Managing Director	Masatsugu Kudo	Director	Koji Nagai
	Outside Director	Reona Amemiya	Outside Director	Midori Mizutani
	Outside Director	Hirofumi Miki	Outside Director	Tomonori Hayakawa
	Outside Auditor	Takashi Yachi	Outside Auditor	Tadahiko Yasukuni
	Outside Auditor	Kenya Fujimori	Outside Auditor	Yoshinori Maruta
<b>Paid-in capital</b>	508 million yen (as of June 30, 2023)			
<b>Line of business</b>	HR solution business (staffing, outsourcing, recruitment), Media & solutions business			
<b>No. of employees</b>	971 (as of June 30, 2023) [consolidated] *Figures for the former Confidence Group alone			

# Business Overview of Interworks Confidence Inc.

- Confidence's mainstay staffing business and Interworks' mainstay job opening advertisement business and recruitment business are areas having very high affinity
- Leverage the business areas where the two companies have strengths in the HR Solution and Media businesses to broaden the service lineups, and endeavor to expand business through cross-selling



# 03

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## **Consolidated Financial Results and Segment Results**

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# [Consolidated] Financial Highlights of Q1 FY2024

## [Financial Results of Former Confidence Inc.]

- 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 **36.7%** (target: over 30%) and operating profit margin at **20.1%** (target: over 15%)

### Q1 results

	FY2023 (Q1)	FY2024 (Q1)	YoY	Full year forecast (announced on August 10, 2023)	Progress rate	FY2023 (Full year)
Revenue *	1,250	<b>1,409</b>	<u>+12.7%</u>	8,000	17.6%	5,197
Gross profit	449	<b>517</b>	<u>+15.1%</u>	3,718	13.9%	1,841
Gross profit margin	35.9%	<b>36.7%</b>	+0.8 pts	46.5%	-	35.4%
Operating profit	236	<b>282</b>	<u>+19.6%</u>	1,120	25.2%	933
Operating profit margin	18.9%	<b>20.1%</b>	+1.2 pts	14.0%	-	18.0%
Ordinary profit	236	<b>245</b>	<u>+4.0%</u>	1,065	23.1%	927
Profit	156	<b>167</b>	<u>+7.3%</u>	725	23.1%	617

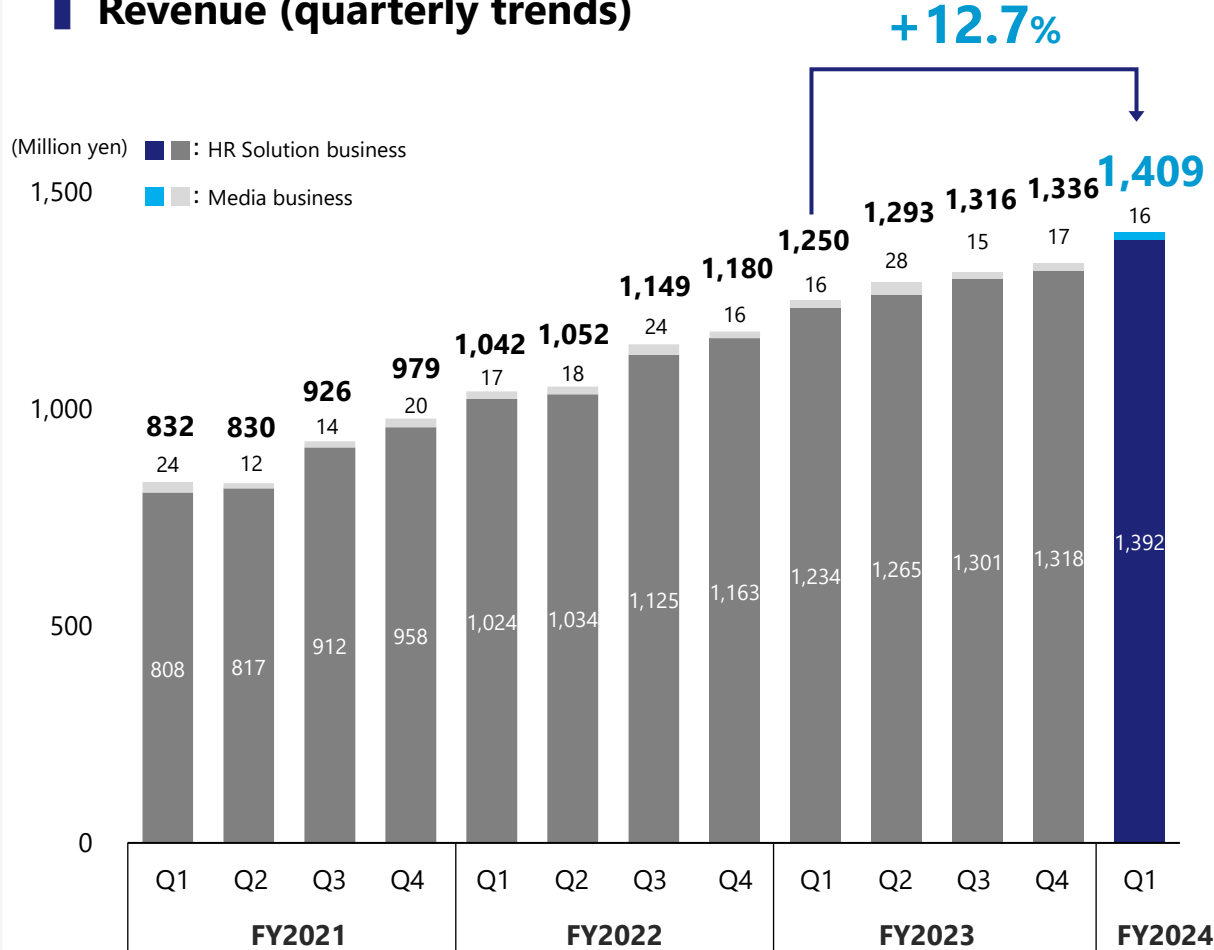
\* Figures after eliminating internal sales within the consolidated companies are indicated

# [Consolidated] Quarterly Results Trends by Business

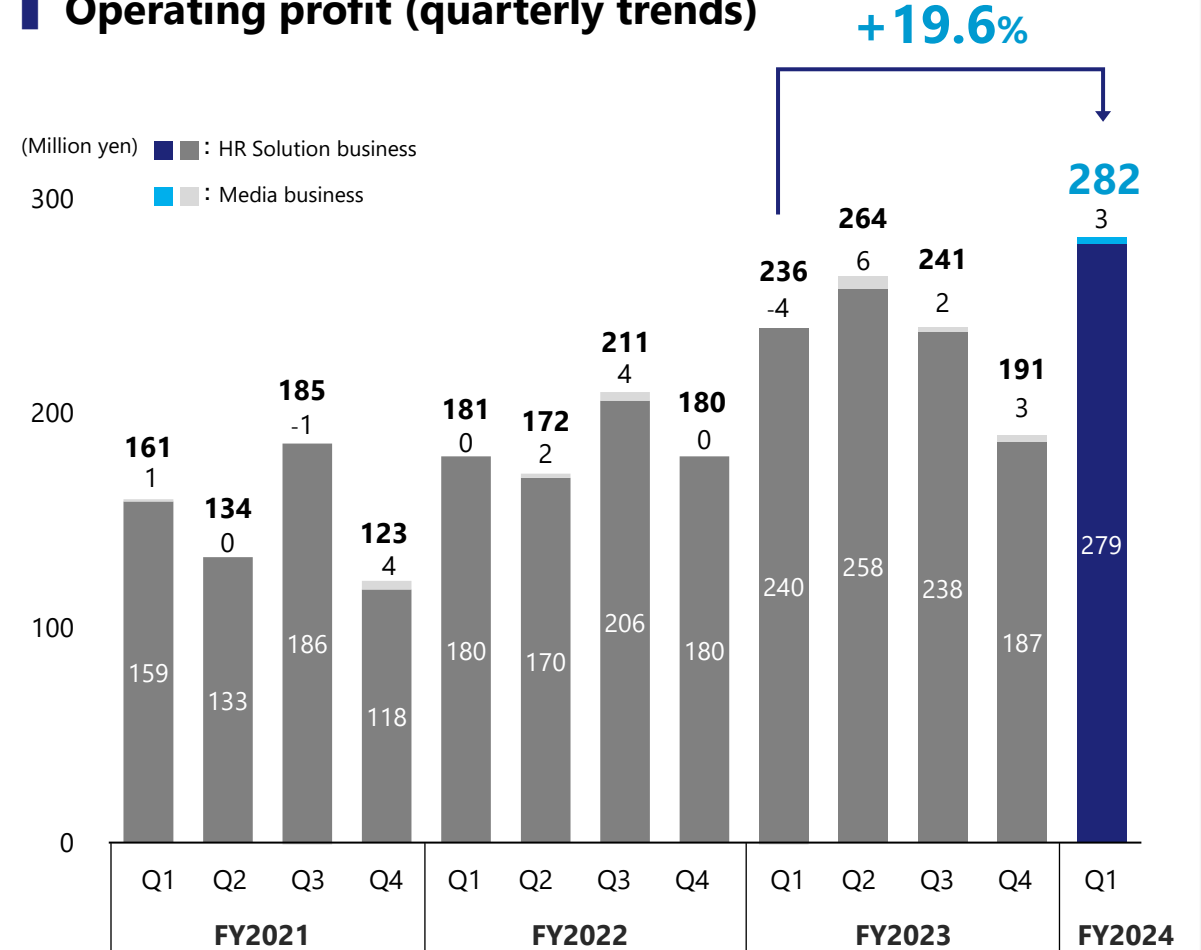
[Financial Results of Former Confidence Inc.]

- Achieved **record-high figures** both in revenue and operating profit in Q1 to continue the upward trend, driven by the strong growth of the HR Solution business, our mainstay business

## Revenue (quarterly trends)



## Operating profit (quarterly trends)



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

# [HR Solution Business] Financial Highlights of Q1 FY2024

[Financial Results of Former Confidence Inc.]

- Revenue and segment profit grew steadily, with the number of creator staffing assignments increasing and the profit margin kept at a high level

## Q1 results

(Million yen)	FY2023 (Q1)	FY2024 (Q1)	YoY	FY2023 (Full year)
Revenue*	1,240	<b>1,392</b>	+12.3%	5,138
Gross profit	444	<b>507</b>	+14.3%	1,801
Gross profit margin	35.8%	<b>36.4%</b>	+0.6 pts	35.1%
Segment profit	372	<b>403</b>	+8.2%	1,433
Segment profit margin	30.0%	<b>29.0%</b>	-1.0 pts	27.9%

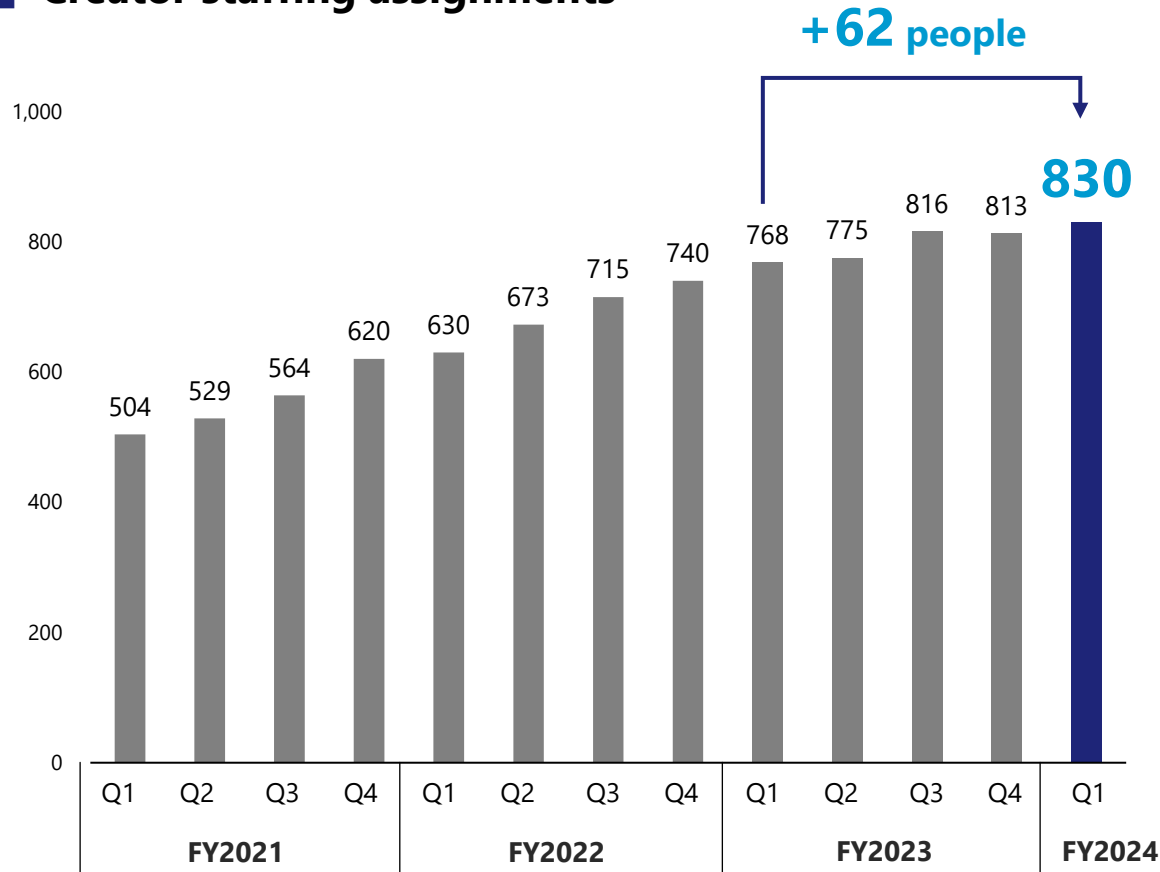
\* Figures after eliminating internal sales within the consolidated companies are indicated

# [HR Solution Business] Trends in Major KPIs

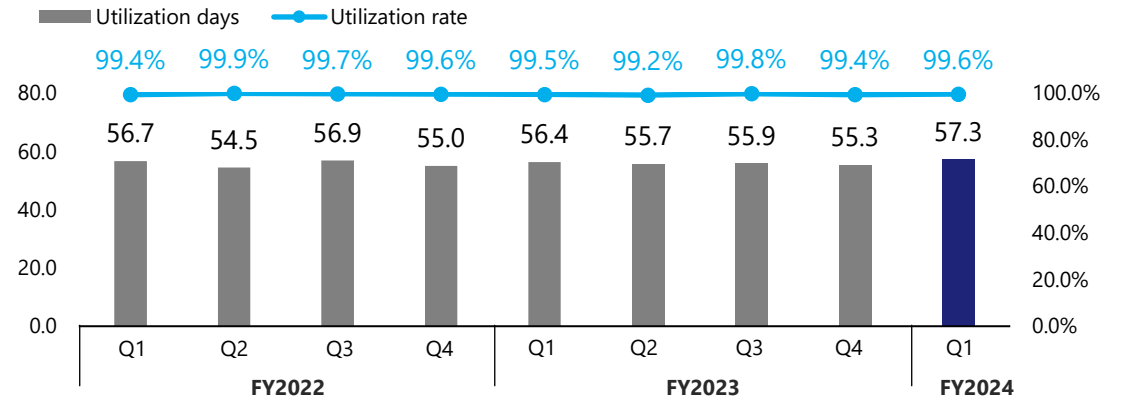
[Financial Results of Former Confidence Inc.]

- Creator staffing assignments, which serve as the foundation of the Company's recurring income model, steadily increased, although they slightly stagnated in Q4 FY2023, rising by **62 people** from the year-earlier period
- The utilization rate has been kept at a high level since last year

## Creator staffing assignments

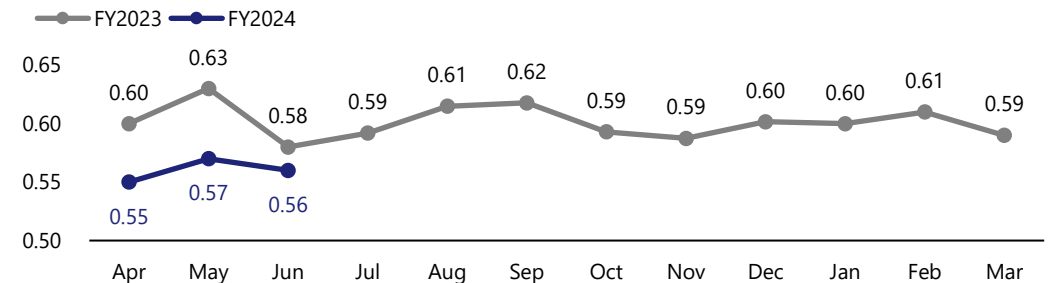


## Utilization days\*1 / Utilization rate\*2



\*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  
 \*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 Q1 FY2024

## [Financial Results of Former Confidence Inc.]

- As our policy for the Media business, 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
- As we do so, **revenue remained at the same level as the year-earlier period while segment profit turned profitable**, although the impact on consolidated results is limited

### Q1 results

(Million yen)	FY2023 (Q1)	FY2024 (Q1)	YoY	FY2023 (Full year)
Revenue*	16	<b>16</b>	-0.7%	77
Gross profit	4	<b>9</b>	+93.0%	39
Gross profit margin	30.2%	<b>58.8%</b>	+28.6 pts	51.5%
Segment profit	-2	<b>4</b>	-	18
Segment profit margin	-16.5%	<b>29.2%</b>	-	24.1%

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

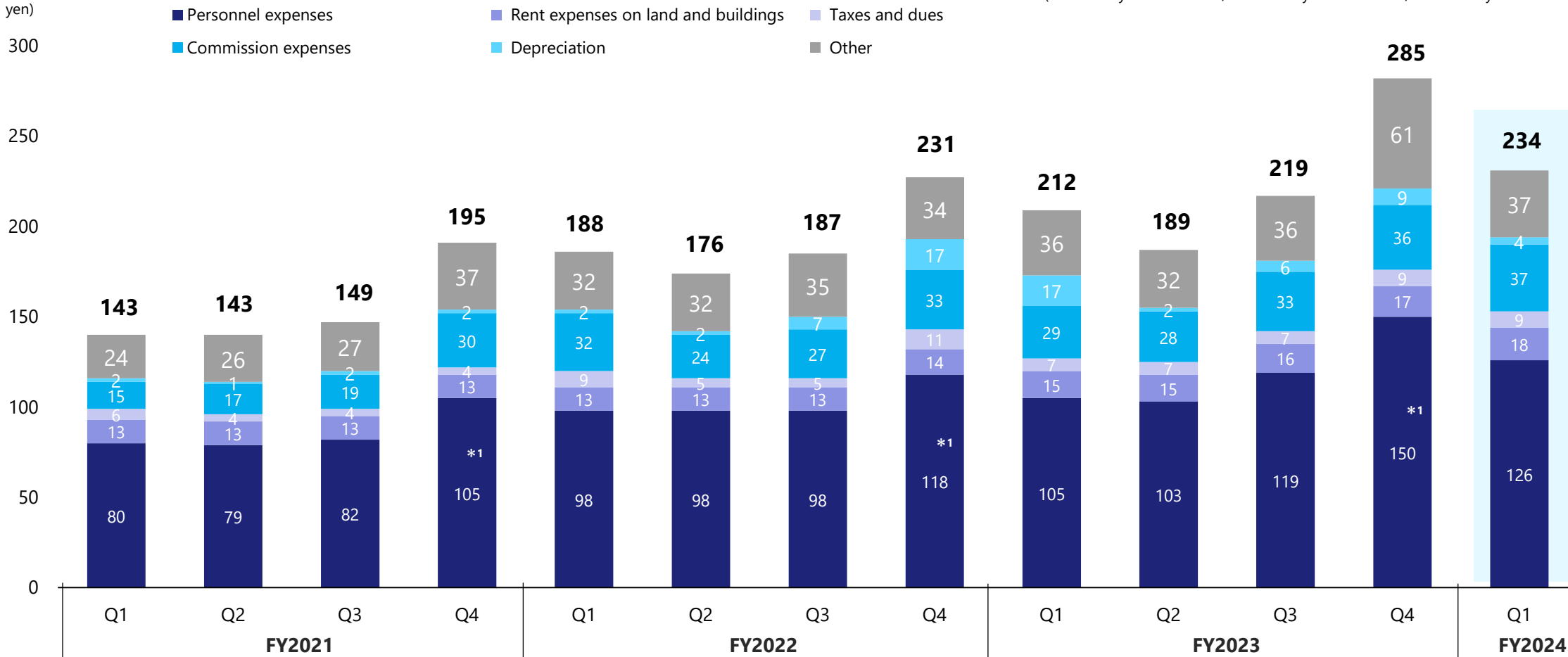
# [Consolidated] Quarterly SG&A Expenses Trends

[Financial Results of Former Confidence Inc.]

- 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

## Quarterly trends

(Million yen)

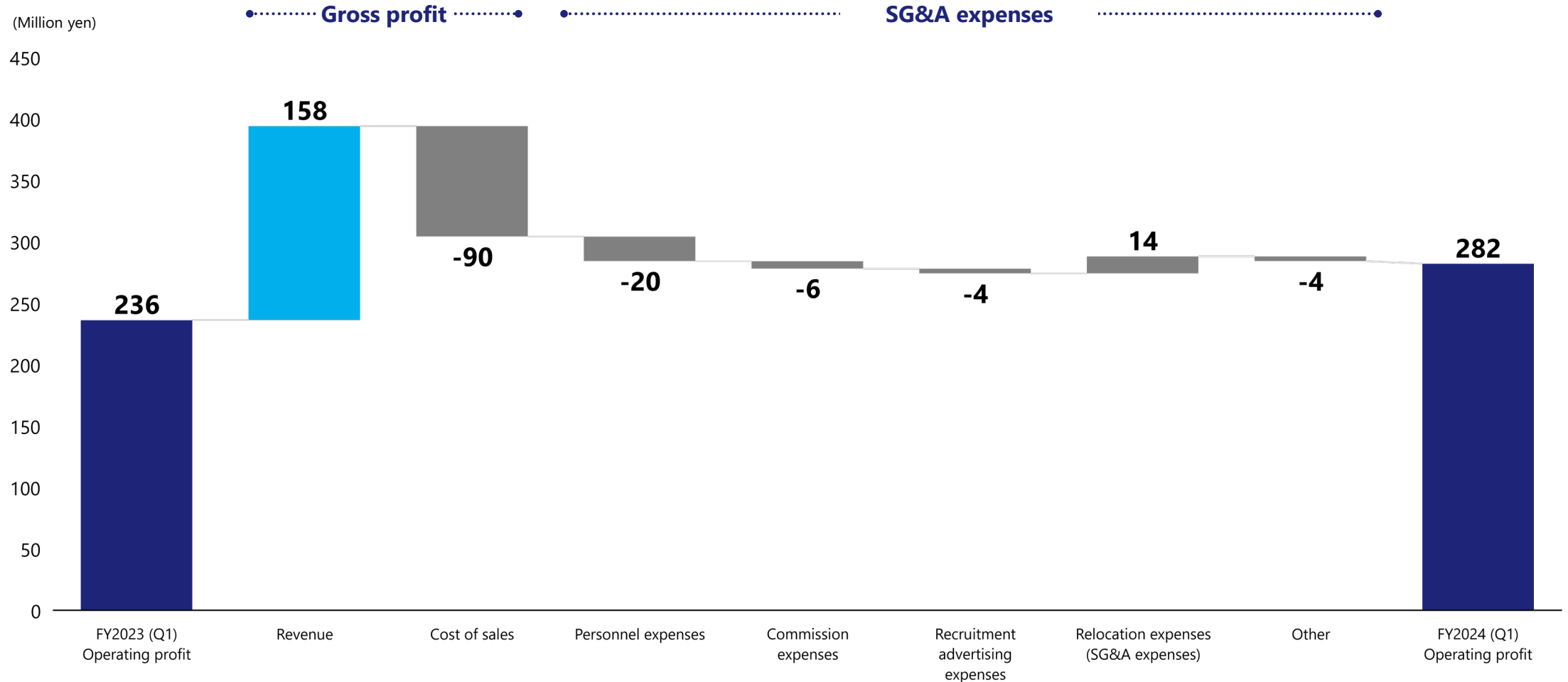


\*1 Includes provision for performance bonus  
(15 million yen for FY2021 / 16 million yen for FY2022 / 23 million yen for FY2023)

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

[Financial Results of Former Confidence Inc.]

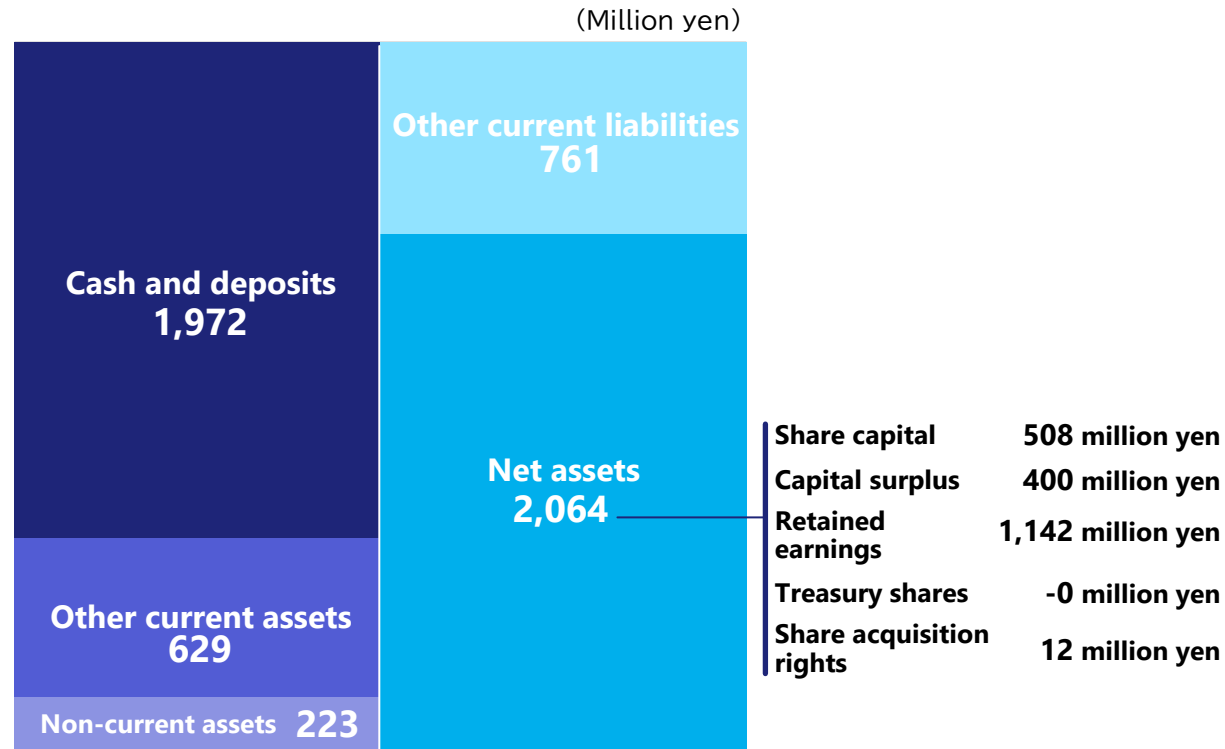
- Gross profit increased steadily along with business expansion, contributing to larger operating profit
- Moreover, recruited head office employees and took measures in line with enhanced recognition of the Company toward achieving continuous growth



# [Consolidated] Balance Sheets/Statements of Cash Flows [Financial Results of Former Confidence Inc.]

- There is no concern about financial stability (net cash: **1.97 billion yen** / equity ratio: **72.6%**)
- All borrowings have been fully repaid by the end of May 2023

## Balance sheets at end of Q1 FY2024



## Cash flows for Q1 FY2024

(Million yen)

Balance of cash and deposits as of March 31, 2023	2,047
Cash flows from operating activities	+85
Cash flows from investing activities	-9
Cash flows from financing activities *	-150
<b>Increase/decrease in cash and deposits</b>	<b>-75</b>
Balance of cash and deposits as of June 30, 2023	1,972
* Dividends paid: -129 million yen, repayments of borrowings: -22 million yen, other, net: +1 million yen	
<b>Financial indicators</b>	
Net cash	<b>1.97 billion yen</b>
Equity ratio	<b>72.6%</b>

# 04

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## Overview of Merger Agreement

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# Merger with Interworks, Inc. (as of August 1, 2023)

- The new company, Interworks Confidence Inc. (securities code: 7374), started operations on August 1, 2023, with prior approval and resolution on the merger made at the general meeting of shareholders of each company

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Merger ratio

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Absorbed and dissolving company



Absorption-type merger

## ■ Purpose of business integration

Press release dated May 12, 2023

- 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

# 05

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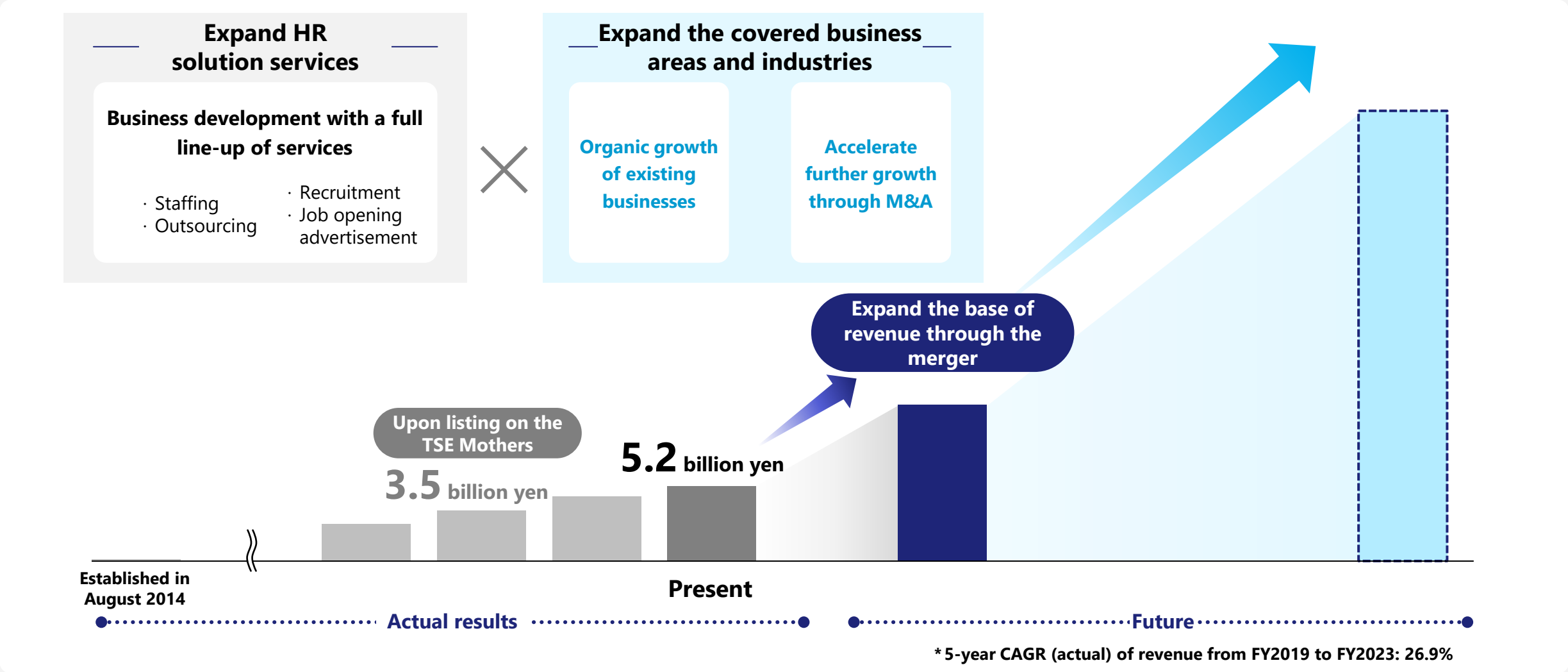
**The consolidated earnings forecast and dividend forecast for FY2024**

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# Projection of Future Growth

- In addition to the steady growth achieved by Confidence alone since its listing, the merger has increased the bases that drive revenue
- Through the process of expanding the business scale, aim to transform ourselves into an enterprise that can compete with companies already listed on the TSE Prime market



# [Consolidated] Summary of Earnings Forecast/ Dividend Forecast for FY2024

- The following is a summary of earnings forecast and various indicators of Interworks Confidence Inc. for FY2024 ending March 2024
- Estimated by factoring in the impact of integration-related expenses that will temporarily accrue as a result of the merger and amortization of goodwill, etc.

## Full-year earnings forecast for FY2024

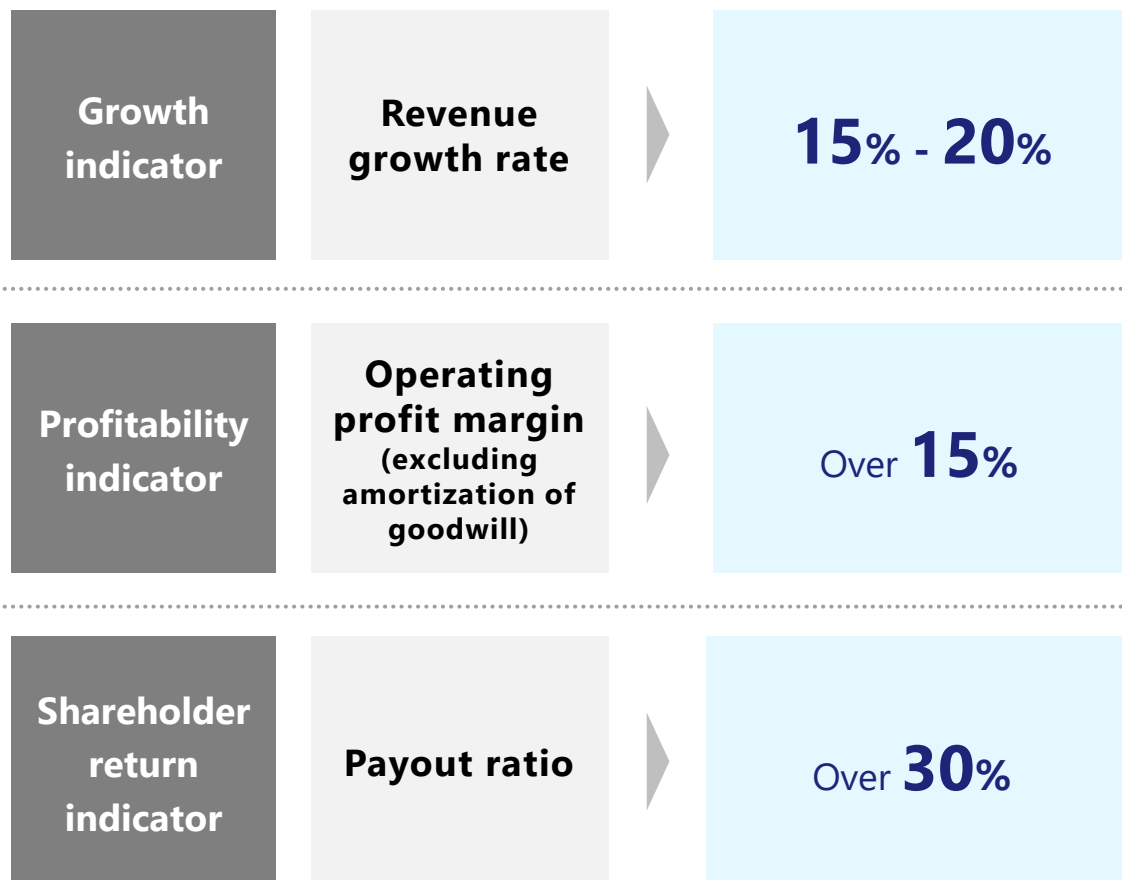
\* As the Company merged with Interworks, Inc. on August 1, 2023, the full-year earnings forecast includes estimated revenue and profit figures of former Interworks for 8 months.

		FY2022 (formerly Confidence)	FY2023 (formerly Confidence)	FY2024 (Interworks Confidence)	YoY (vs. former Confidence)
Revenue	(million yen)	4,425	5,197	<b>8,000</b>	+53.9%
Gross profit	(million yen)	1,528	1,841	<b>3,718</b>	+102.0%
Gross profit margin	(%)	34.5%	35.4%	<b>46.5%</b>	+11.1 pts
Operating profit	(million yen)	745	933	<b>1,120</b>	+20.0%
Operating profit margin	(%)	16.8%	18.0%	<b>14.0%</b>	-4.0 pts
Ordinary profit	(million yen)	737	927	<b>1,065</b>	+14.8%
Profit	(million yen)	530	617	<b>725</b>	+17.3%
Basic earnings per share	(yen)	118.19	134.80	<b>118.58</b>	-
Dividend per share	(yen)	40.0	48.0	<b>55.0</b>	+14.6%

# Assumptions Underlying the Preparation of Earnings Forecast

## Target indicators for earnings forecast and dividend forecast for FY2024

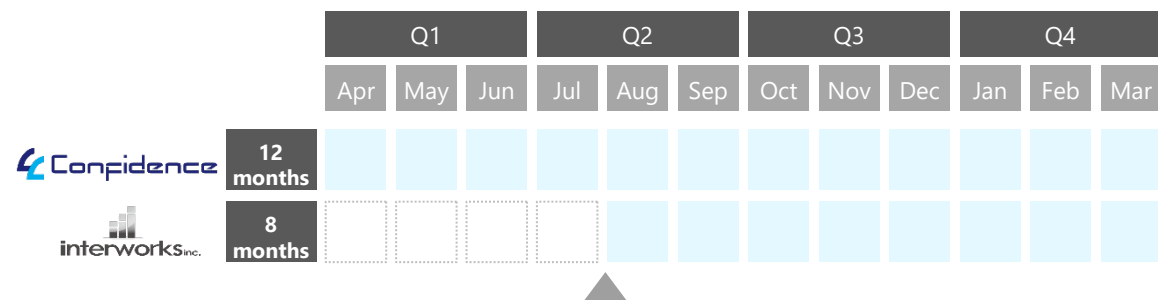
### Target indicators



## Assumptions underlying the preparation of earnings forecast for FY2024

### Assumptions underlying the preparation of earnings forecast

- As the merger becomes effective on August 1, 2023, the underlying figures of former Interworks are the balance of assets and liabilities at the end of July 2023 and the revenue and profit figures for the 8 months from August 2023 to March 2024
- Expenses temporarily accruing through the integration and amortization of goodwill are factored in



- Finalize the balance of assets and liabilities succeeded by Confidence
- Calculate the total amount of goodwill

### Accounting treatment and policy of goodwill

- The accounting treatment for the calculation of goodwill (including the identification of intangible assets) will be finalized in Q2 after discussing with the independent auditor
- As for amortization of goodwill, the impact for FY2024 is estimated under certain assumptions and factored in the earnings forecast



**Confidence  
Interworks**

**Empowering Professionals to Create the Future Together**

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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.