



2nd Quarter of Fiscal Year Ending March 2024 (FY2024)

Financial Results Briefing Material

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

Securities code : 7374



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The background features abstract, flowing wavy lines in shades of purple and blue, creating a sense of movement and depth. The lines are thin and densely packed, forming a pattern that resembles a stylized wave or a series of overlapping curves.

01

Executive Summary

Financial Highlights of Q2 FY2024 (Cumulative)

- As a result of the merger with Interworks on August 1, Q2 FY2024 saw [significant year-on-year growth for both revenue and gross profit](#)
- Despite the amortization of goodwill associated with the merger, operating profit continued to increase. The operating profit margin was [17.3%](#), keeping a high level

Q2 results

Revenue

3,249 million yen

YoY **27.7%** 

Revenue CAGR **26.9%**

Gross profit

1,350 million yen

YoY **49.5%** 

Gross profit margin: **41.6%**

Operating profit

561 million yen

YoY **12.2%** 

Operating profit margin: **17.3%**

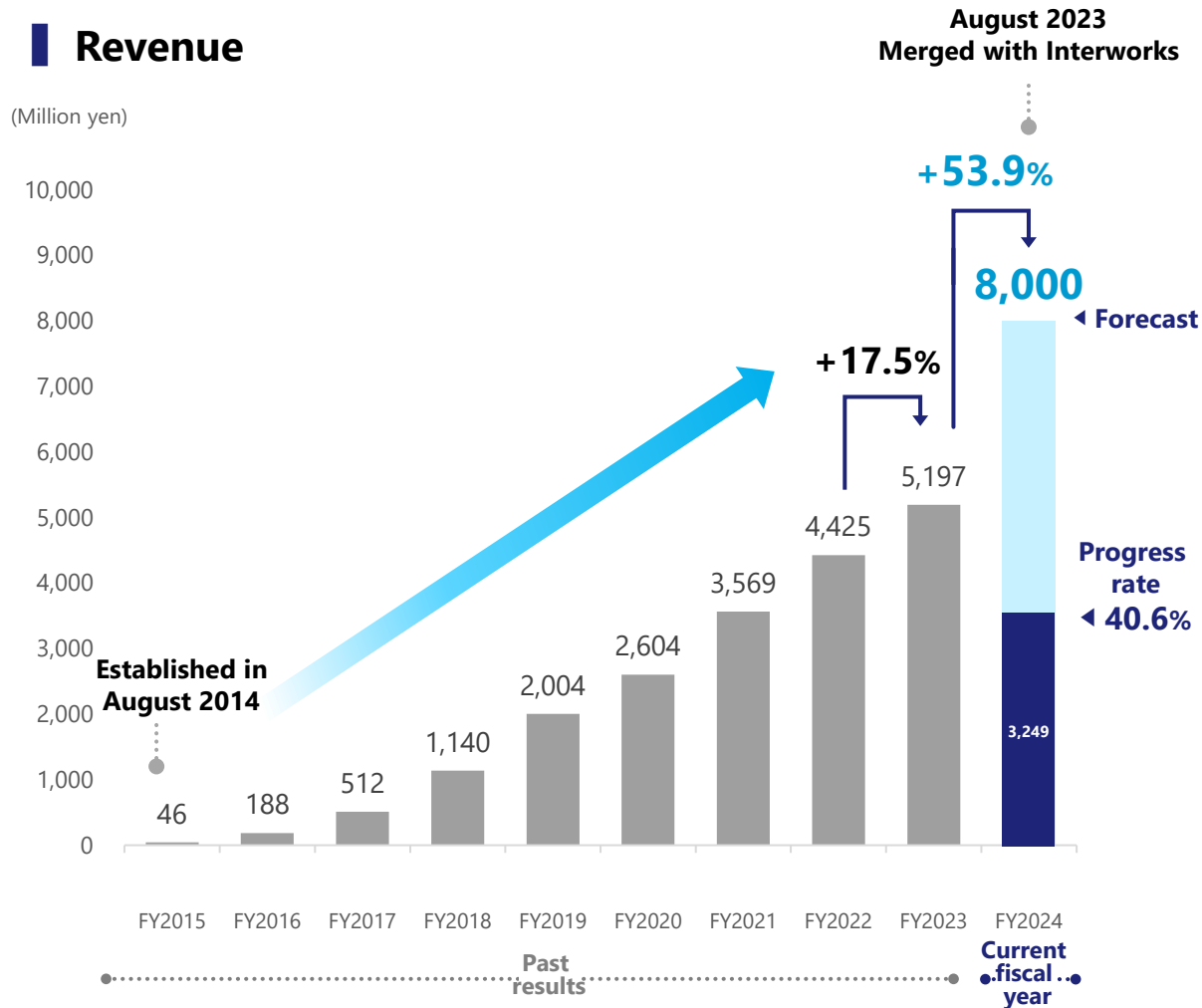
* Revenue CAGR is calculated based on actual figures between FY2019 and FY2023.

Trends in Revenue / Operating Profit Over the Years

- Due to the merger with Interworks, Interworks' business results were consolidated from August onwards
- The progress rate against the full year forecast announced at the time of the announcement of the Q1 FY2024 financial results was **40.6% for revenue** and **50.2% for operating profit**, generally as planned

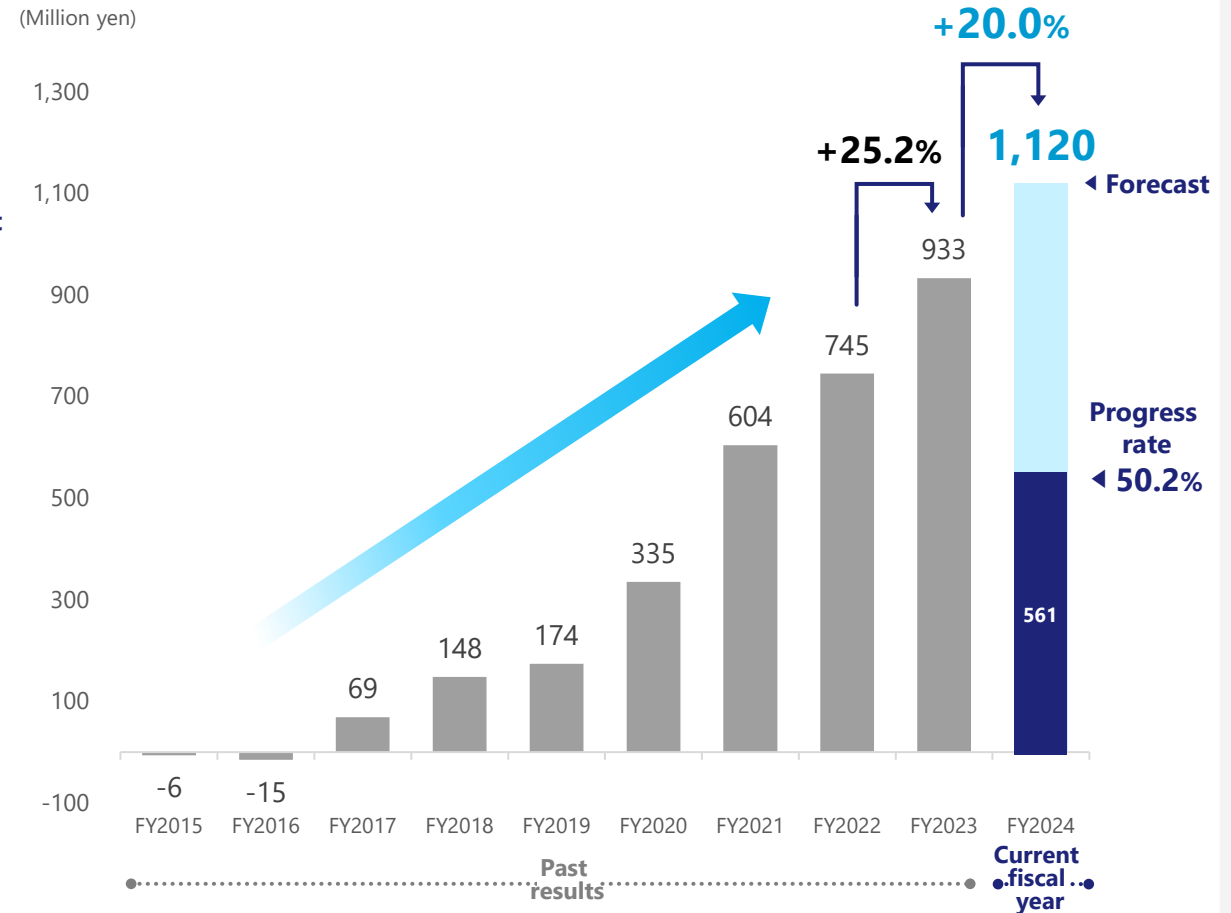
Revenue

(Million yen)



Operating profit

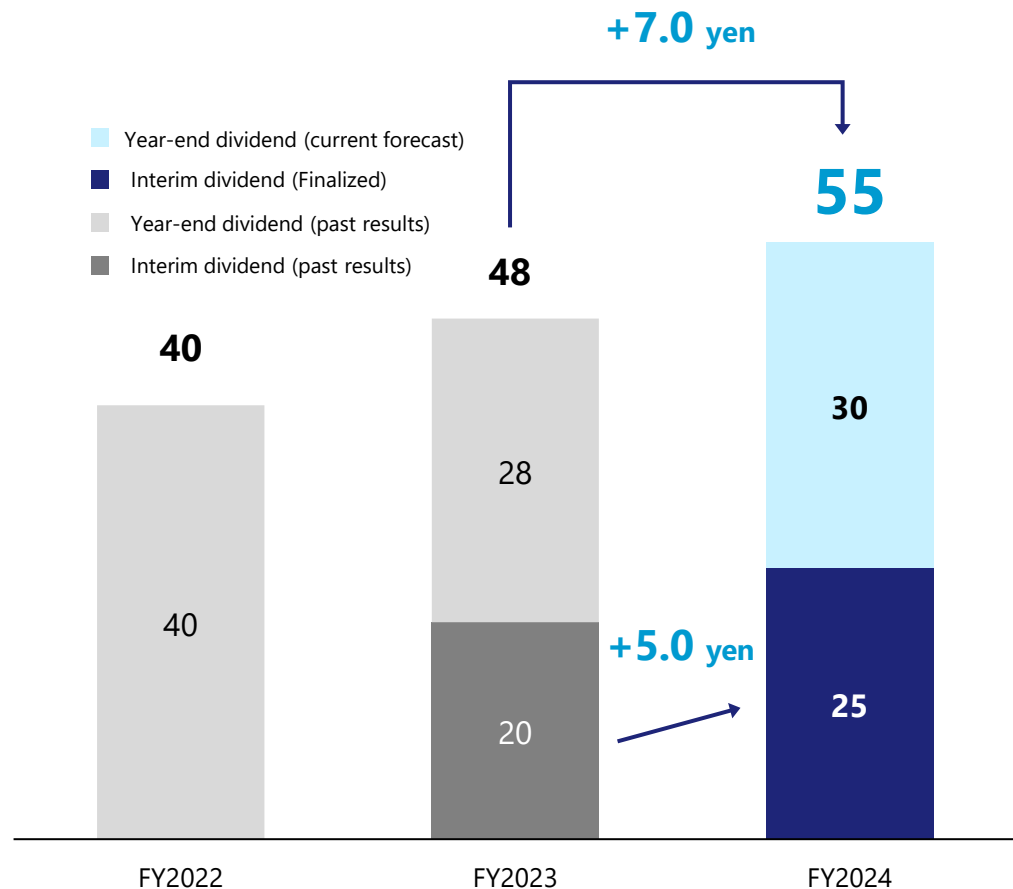
(Million yen)



Summary of Dividend Forecast for FY2024

- The full year dividend for FY2024 is expected to be **55 yen**, an **increase of 7 yen (YoY)**. The interim dividend was decided at **25 yen**, an **increase of 5 yen (YoY)**
- The following is a various indicators related to dividends with an assumption of the current full year forecast

Trends in dividend per share



Summary of dividend indicator

Payout ratio	46.4% (Forecast)	FY2023 results 35.6%
DOE	8.7% (Forecast)	FY2023 results 12.1%
Dividend yield	3.4% (Forecast/estimate: stock price at the end of September)	As of March 31, 2023 2.6%

* EPS, which is the basis for calculating dividend yields, is estimated based on the full year figures announced for FY 2024.

02

Company Overview



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
- The merger generated goodwill of approximately 1.64 billion yen, with amortization of goodwill of approximately 110 million yen (for 8 months) in the current term and approximately 160 million yen in the next term and thereafter.

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



Vision

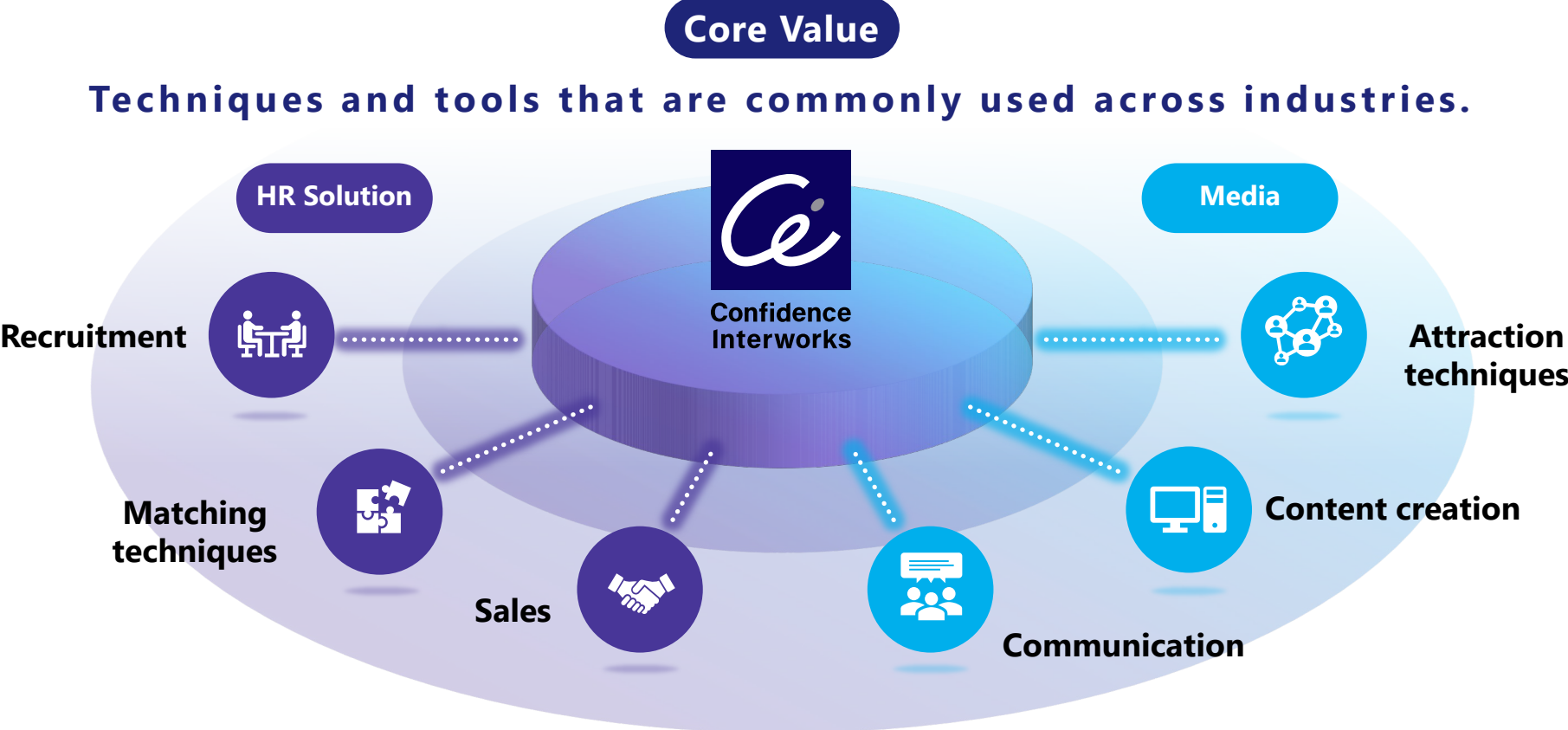
Empowering Professionals to Create the Future Together

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.



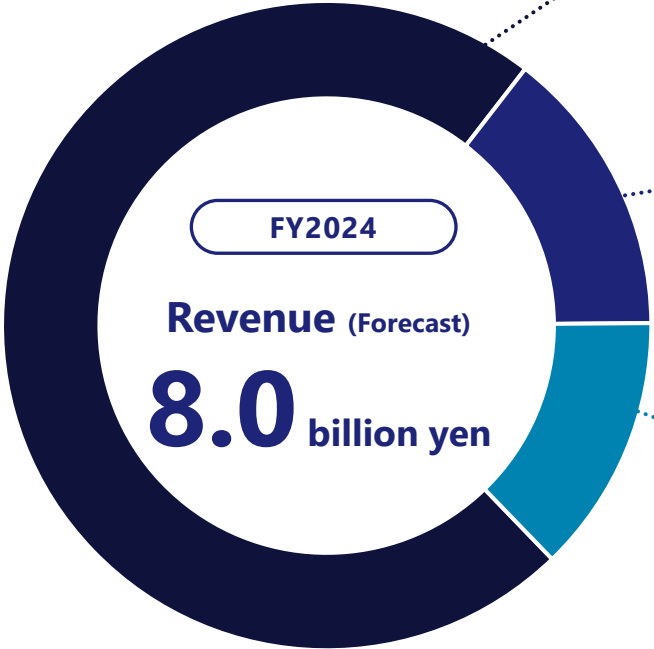
Company name	Kabushiki Kaisha Confidence Interworks (English name: Interworks Confidence Inc.)			
Representative	Nobuyuki Takushi, President			
Established	August 2014			
Head office	BYGS Shinjuku Bldg. 10F 2-19-1 Shinjuku, Shinjuku-ku, Tokyo			
Local Office	Nagoya Osaka Fukuoka			
Consolidated subsidiary	Dolphin Inc.		Confidence Pro Inc.	
Officers	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
	Paid-in capital	509 million yen (as of September 30, 2023)		
Line of business	HR solution business (staffing, outsourcing, recruitment), Media & solutions business			
No. of employees	1,192 (as of September 30, 2023) [consolidated]			

DEVELOPING A SEGMENT-SPECIFIC HR BUSINESS*



*HR business: a general term for staffing, recruitment, outsourcing, and media (job ad/media operations)

Composition of revenue



HR Solution business (staffing, outsourcing) 71.4%

- Specializing in the gaming and entertainment industries
- Staffing and outsourcing services that meet the needs of each phase and department

In April 2023, freelancer matching started. ▶

Staffing Outsourcing Freelancers

HR Solution business (recruitment) 15.6%

- Cross-industry career-change support services centered on middle- and high-class human resources.

Recruitment Employment placement

Recruitment platforms ▶

Media & Solutions business 13.0%

- Specializing in manufacturing and factories throughout Japan
- Operation of job change recruitment media “Kojo Works”

Media Ad sales

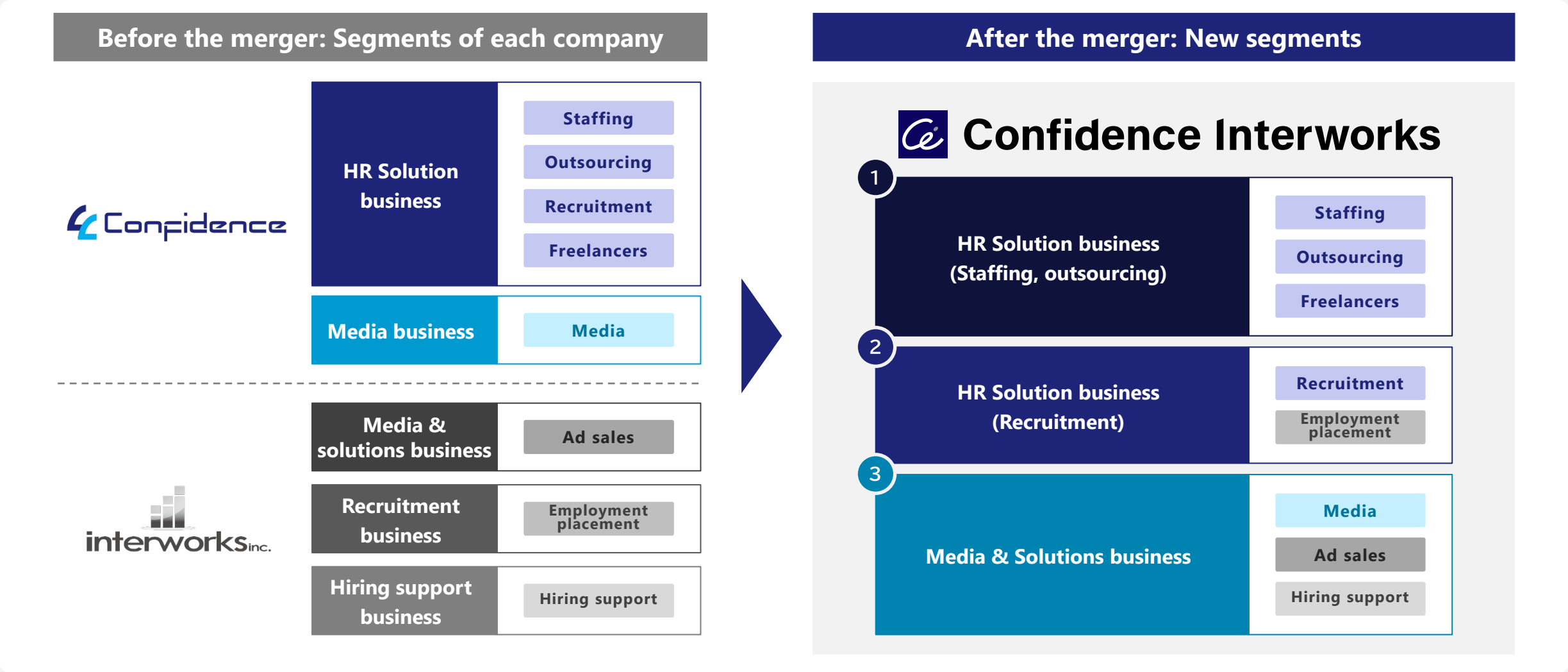
Media operations ▶ | | | |

- Boasting more than 30 years of experience, we are developing a recruitment outsourcing business

Recruitment support

Business Overview | Segmentation After the Merger

- As a result of the merger, segments and service groups were changed as shown in the figure below, and the new segment groups were reported from the financial results for Q2 FY2024



03

Consolidated Financial Results and Segment Results

[Consolidated] Financial Highlights of Q2 FY2024 (Cumulative)

- In the first financial results after the merger with Interworks on August 1, 2023, [even after posting amortization of goodwill, the company grew steadily on the basis of operating profit](#)
- Although ordinary profit increased only slightly year on year, it was due to advisory fees related to the merger, and the impact was one-off until Q2 FY2024

Q2 results

▼ For Interworks, 2-month results (August - September) were recorded.

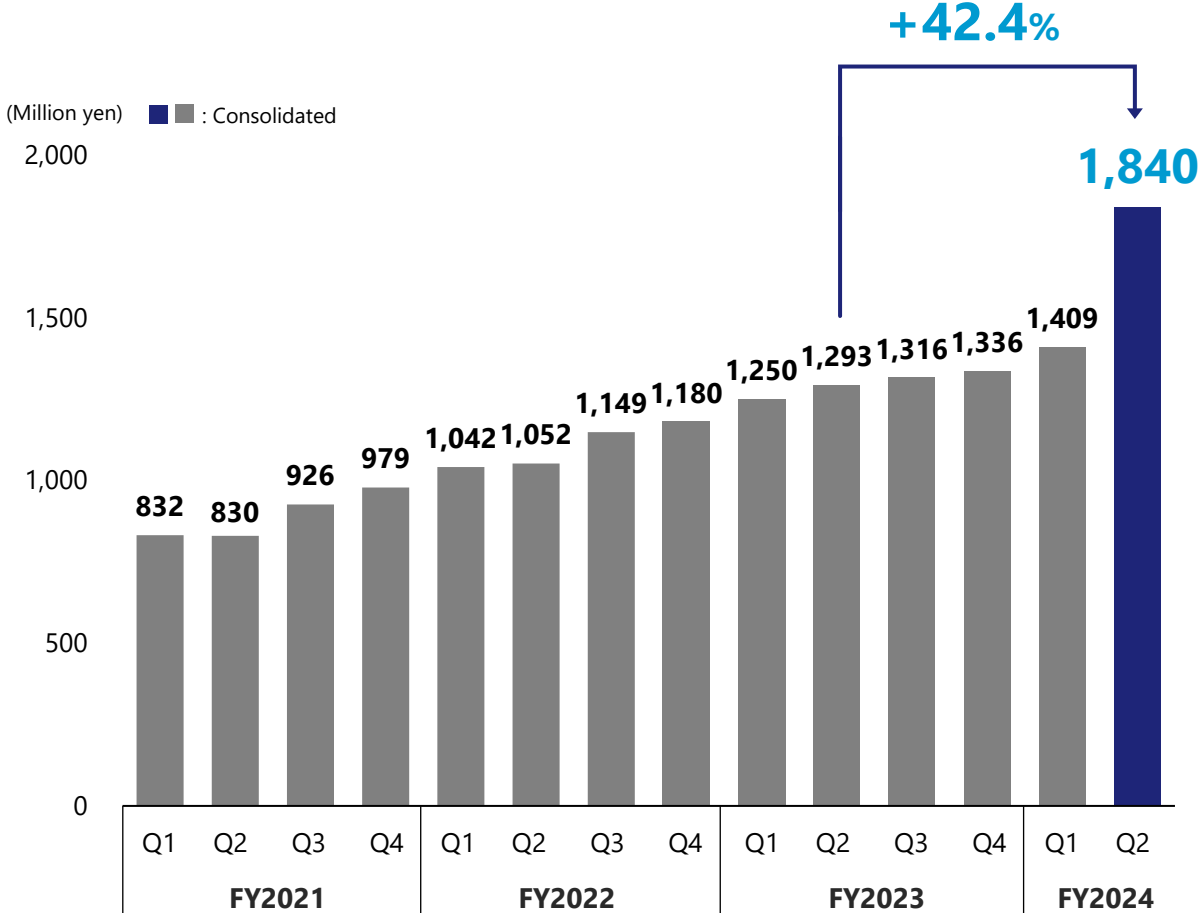
	FY2023 (Q2)	FY2024 (Q2)	YoY	Full-year forecast (announced on August 10, 2023)	Progress rate
Revenue	2,544	3,249	+27.7%	8,000	40.6%
Gross profit	903	1,350	+49.5%	3,718	36.3%
Gross profit margin	35.5%	41.6%	+6.1 pts	46.5%	-
Operating profit	501	561	+12.2%	1,120	50.2%
Operating profit margin	19.7%	17.3%	-2.4 pts	14.0%	-
Ordinary profit	500	510	+2.1%	1,065	48.0%
Profit	339	337	-0.5%	725	46.6%
Reference: EBITDA *	516	599	+15.9%	1,158	51.7%
EBITDA margin	20.3%	18.4%	-1.9 pts	14.5%	-

* EBITDA = Operating profit + (Depreciation + Amortization of goodwill) | EBITDA margin = EBITDA ÷ Revenue

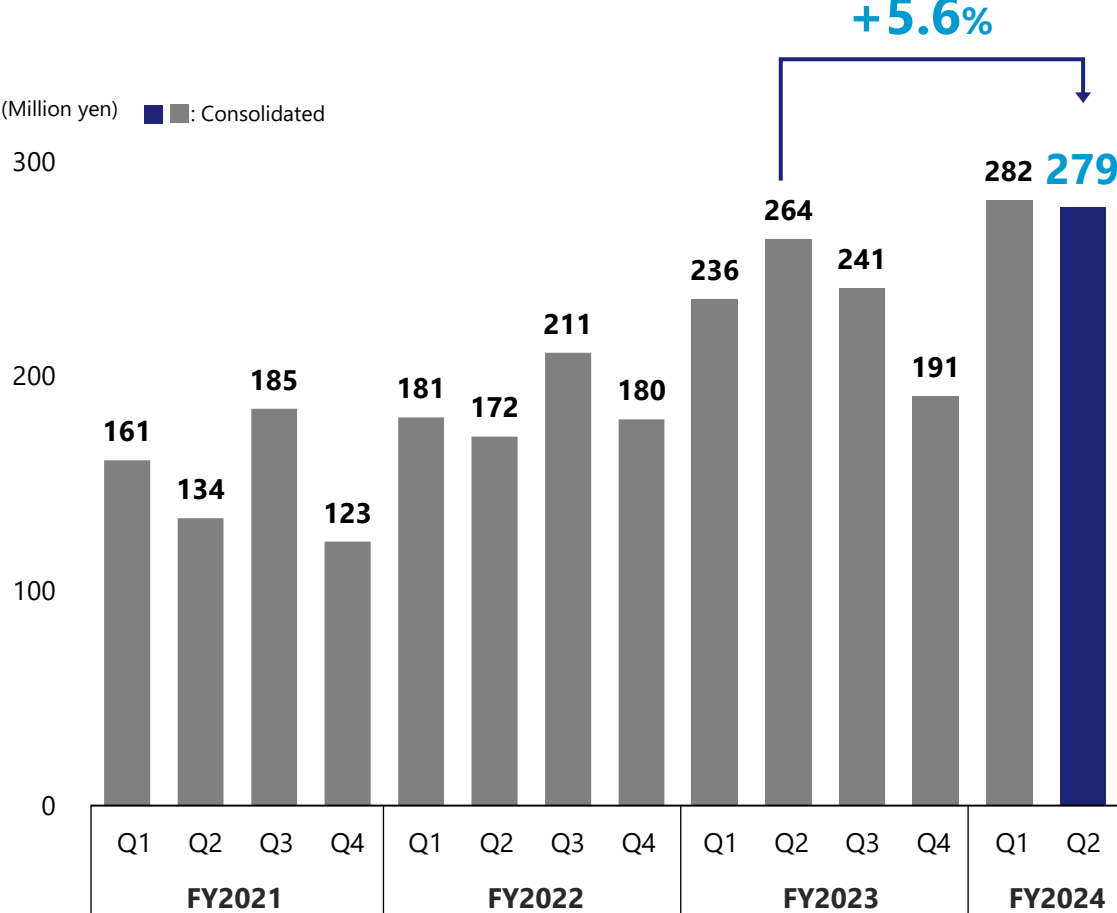
[Consolidated] | Quarterly Results Trends

- As a result of the merger with Interworks, revenue increased significantly in Q2. Even excluding the effects of the merger, the former Confidence still posted a **10.2%** year-on-year **increase in revenue**
- Operating profit also saw solid year-on-year growth at 5.6% after reflecting the amortization of goodwill

Revenue (quarterly trends)



Operating profit (quarterly trends)



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

[HR Solution Business - Staffing and Outsourcing] Financial Highlights of Q2 FY2024

- The majority of this segment is dominated by the HR Solution business of the former Confidence Inc.
- In our mainstay staffing business, we steadily increased the number of creator staffing assignments and maintained a high level of profitability. Continued growth was seen in both revenue and segment profit.

Q2 results

▼ Figures after forming new segments

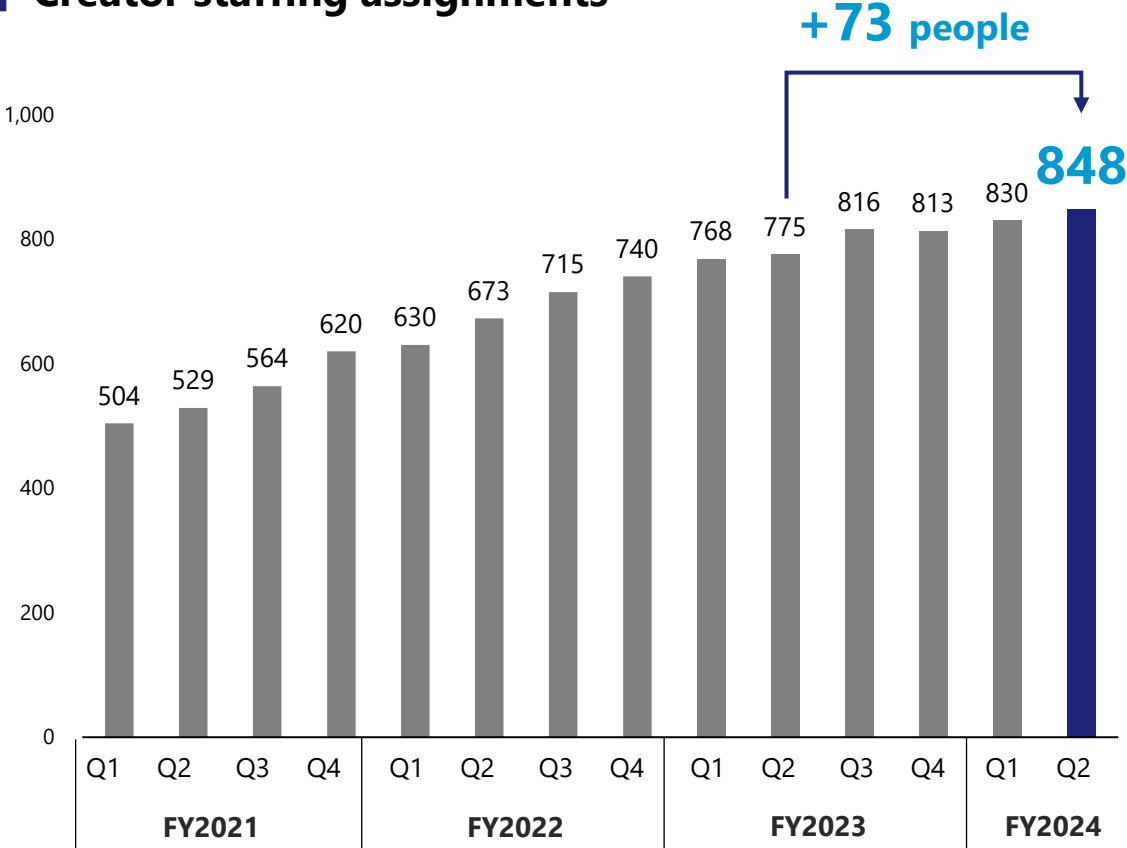
(Million yen)	FY2023 (Q2)	FY2024 (Q2)	YoY	Full-year forecast (announced on August 10, 2023)	Progress rate
Revenue *	2,495	2,760	+10.6%	5,714	48.3%
Staffing	2,385	2,657	+11.4%	-	-
Outsourcing and others	110	103	-6.5%	-	-
Gross profit	864	962	+11.3%	-	-
Gross profit margin	34.6%	34.9%	+0.3 pts	-	-
Segment profit	678	728	+7.3%	-	-
Segment profit margin	27.2%	26.4%	-0.8 pts	-	-

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

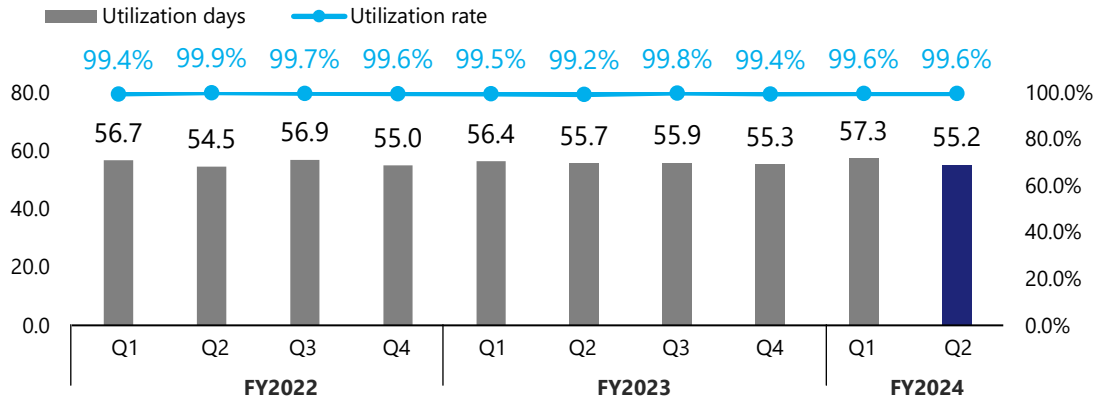
[HR Solution Business - Staffing] Trends in Major KPIs

- Creator staffing assignments, which serve as the foundation of the Company’s recurring income model, steadily **increased** by **73** from the end of the same quarter in the previous year
- The creator utilization rate continued to be at a high level

Creator staffing assignments

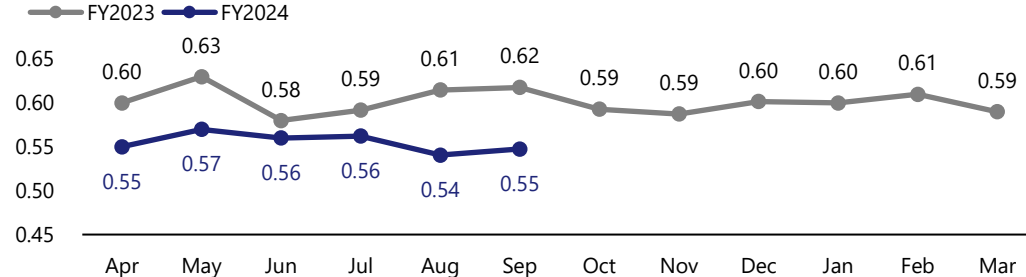


Utilization days*1 / Utilization rate*2



*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

[HR Solution Business - Recruitment] Financial Highlights of Q2 FY2024

- In this segment, the recruitment business of the former Interworks accounts for a large portion, and performance resulted in a significant year-on-year increase in revenue and profits for the former Confidence alone
- Although the contribution of the former Interworks in Q2 was for two months, the [range of revenue generation expanded](#) due to the significant strengthening of the recruitment business

Q2 results

▼ Regarding this figure, former Interworks recorded 2-month results (August - September).

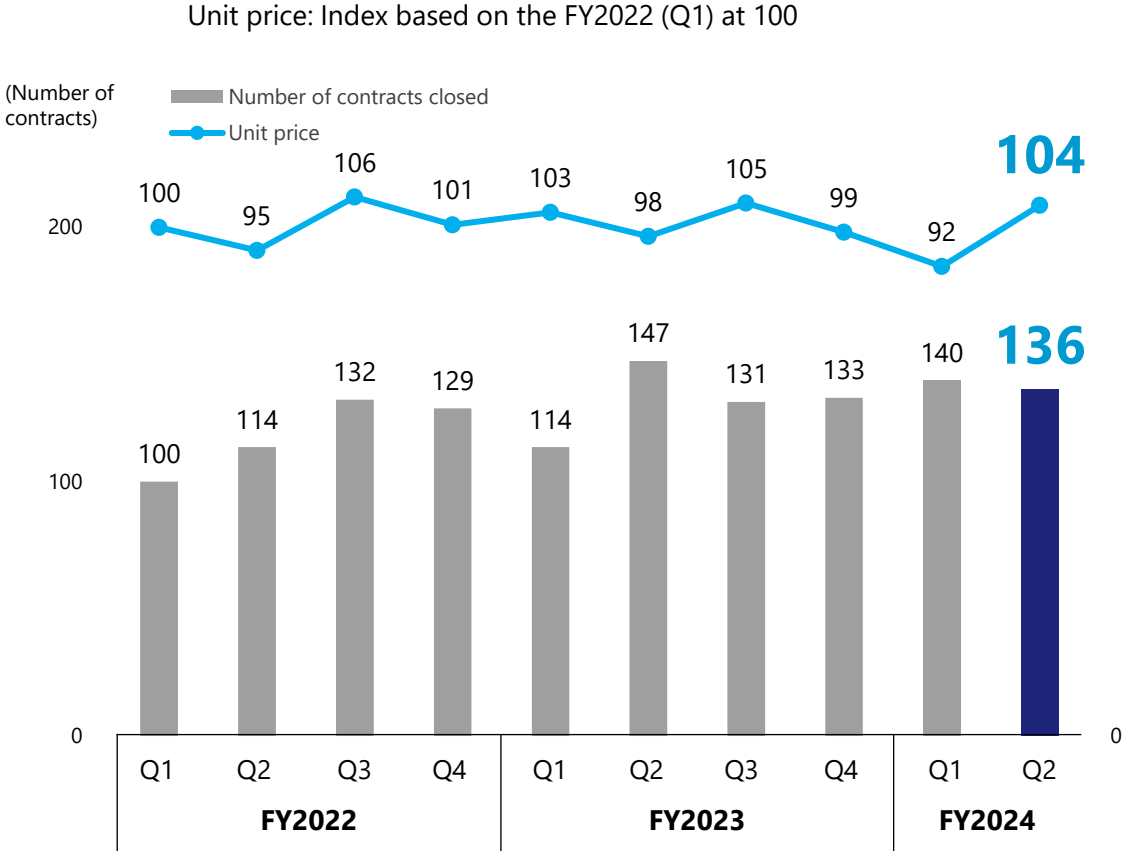
	FY2023 (Q2)	FY2024 (Q2)	YoY	Full-year forecast (announced on August 10, 2023)	Progress rate
Revenue*	21	256	+1083.5%	1,243	20.7%
Recruitment	21	256	+1083.5%	-	-
Gross profit	17	207	+1065.0%	-	-
Gross profit margin	81.9%	80.6%	-1.3 pts	-	-
Segment profit	6	85	+1252.9%	-	-
Segment profit margin	29.2%	33.3%	+4.1 pts	-	-

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

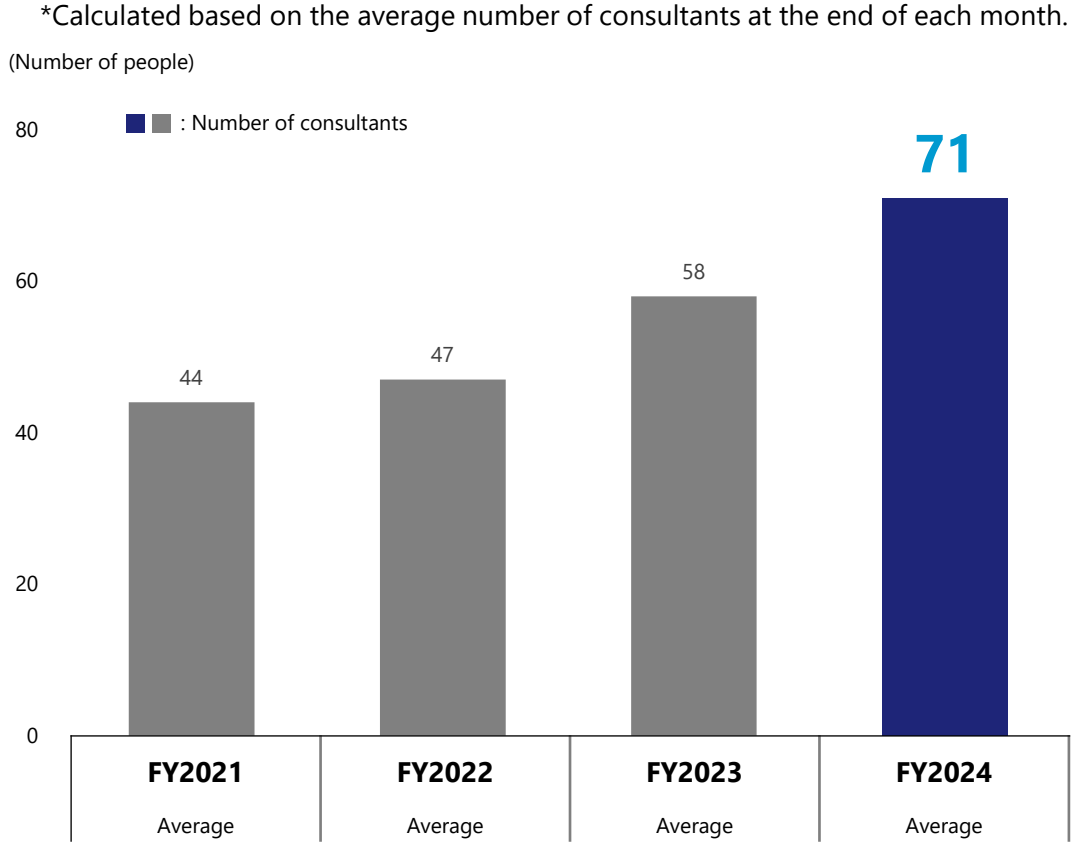
[HR Solution Business - Recruitment] Trends in Major KPIs

- The number of contracts closed in Q2 has been on a recovery trend from the previous quarter, and the average unit price of the contracts has remained at a high level
- While maintaining high productivity, we continue to endeavor to increase revenue by increasing the number of consultants. The number of consultants increased to an **average of 71 at the end of each month** until the end of Q2

Number of contracts closed and unit price



Number of consultants (average)



[Media & Solutions Business] Financial Highlights of Q2 FY2024

- In this segment, the Media & Solutions business of the former Interworks accounts for a large portion, and performance resulted in a significant year-on-year increase in revenue and profits for the former Confidence
- With regard to job advertisements (Kojo Works), we lowered the break-even point by reducing fixed costs to secure stable segment profits

Q2 results

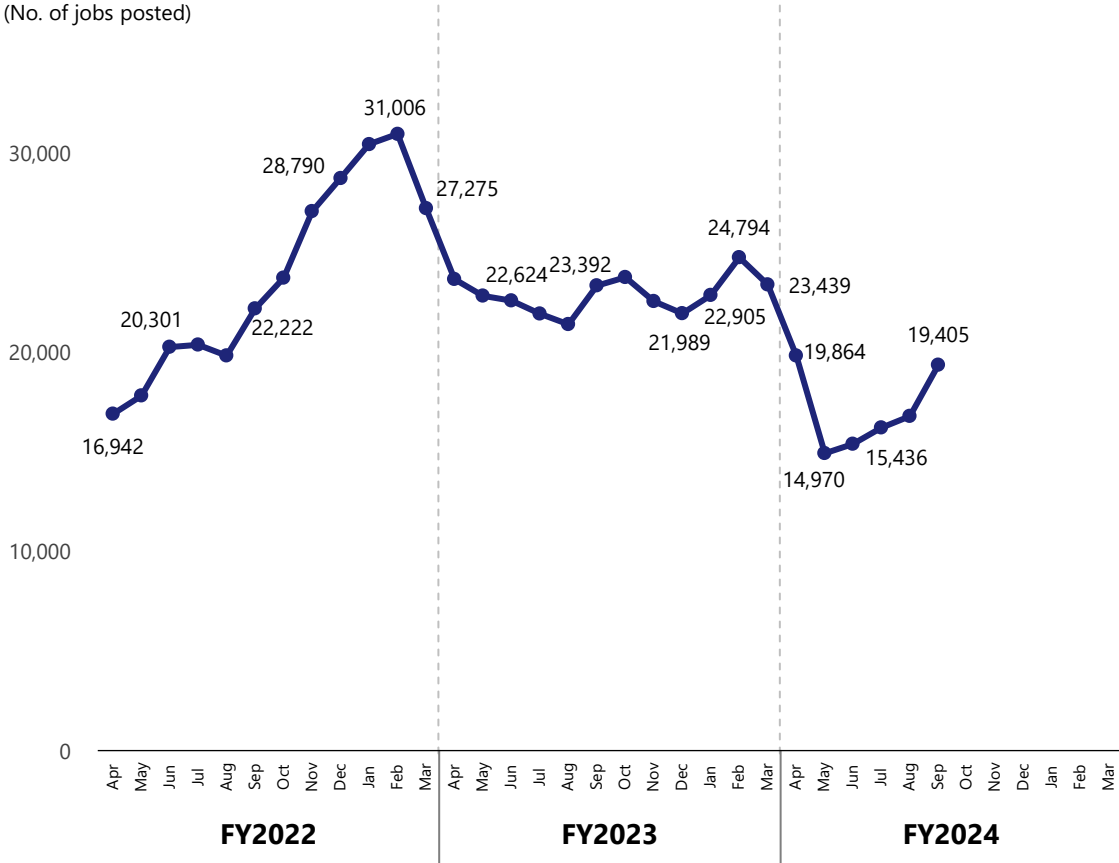
	FY2023 (Q2)	FY2024 (Q2)	YoY	Full-year forecast (announced on August 10, 2023)	Progress rate
Revenue *	27	231	+754.4%	1,041	22.2%
Job opening advertisement	-	162	-	-	-
Outsourcing and others	27	68	+153.7%	-	-
Gross profit	21	181	+754.6%	-	-
Gross profit margin	78.1%	78.1%	±0.0 pts	-	-
Segment profit	13	53	+305.1%	-	-
Segment profit margin	48.3%	22.9%	-25.4 pts	-	-

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

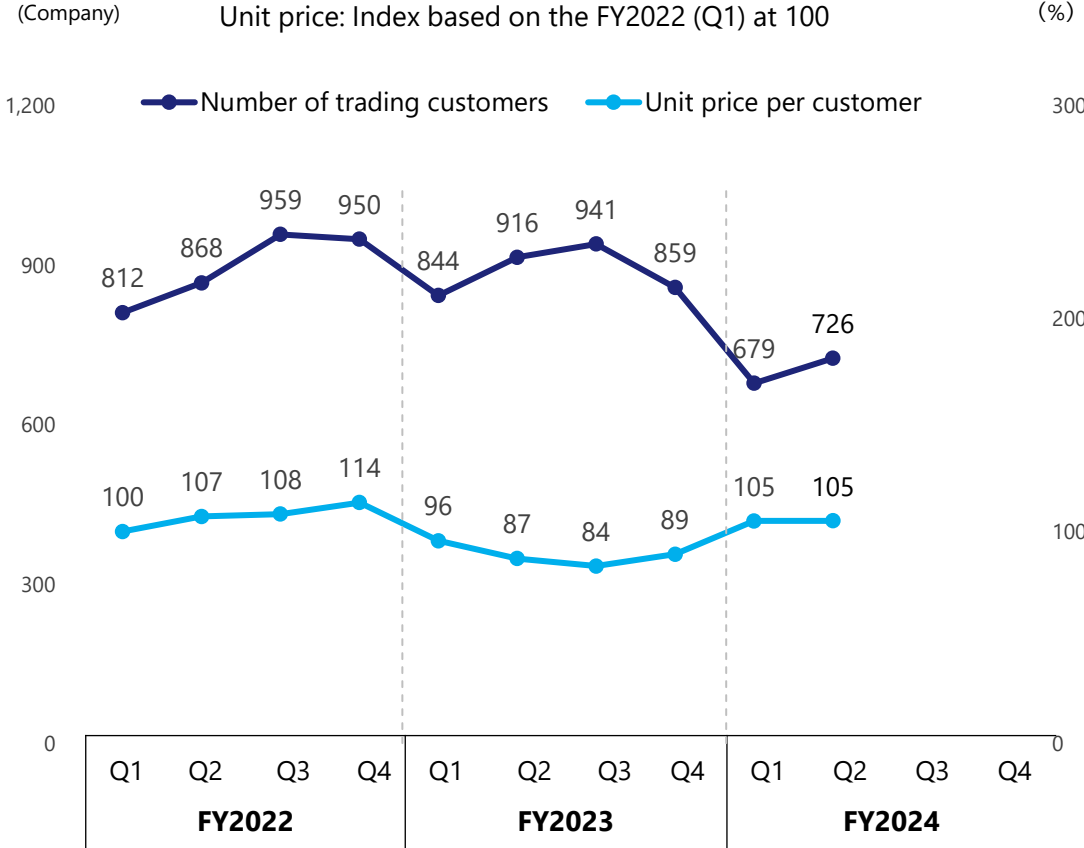
[Media & Solution Business - Job Advertisements] Trends in Major KPIs

- The number of job postings has been recovering since May. An upward trend continued in this quarter
- The number of business partners also increased by 47 in Q2 compared with Q1. The unit price per customer was on an upward trend compared with the previous year

Number of job postings on Kojo Works



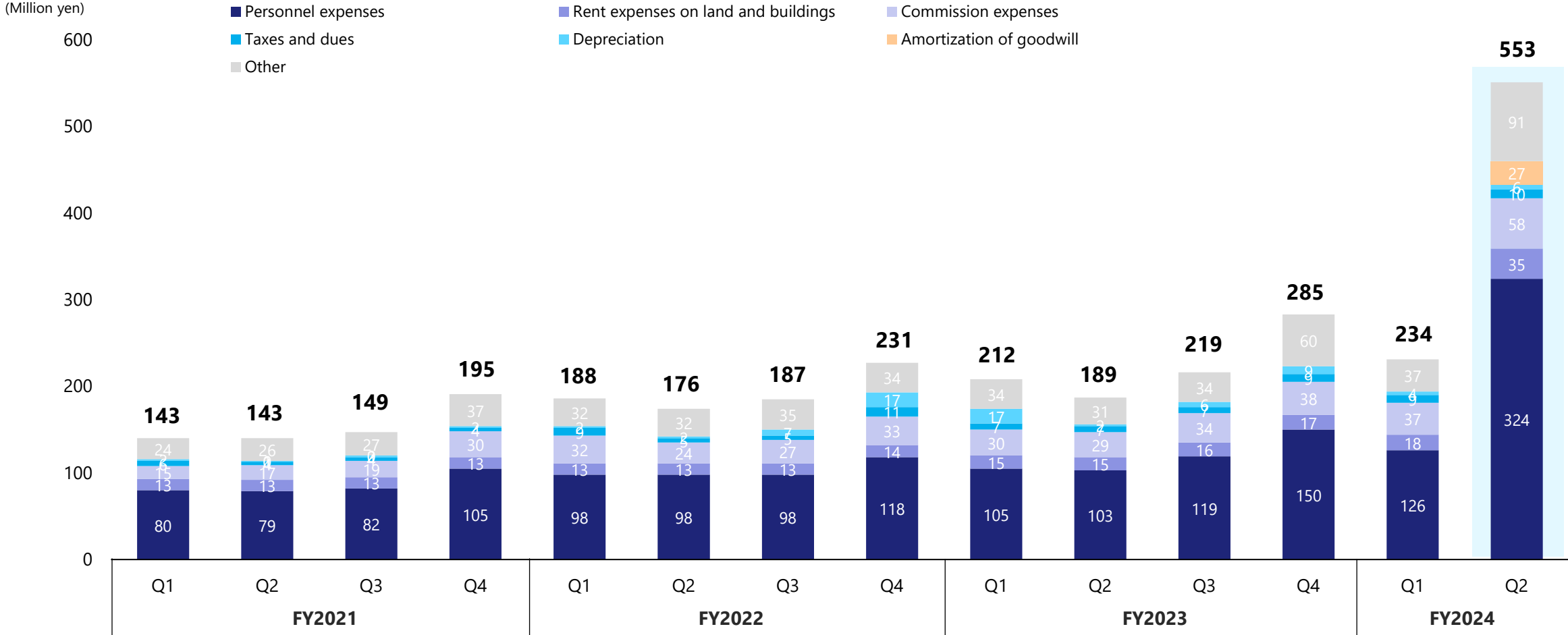
Kojo Works' number of trading customers and unit price per customer



[Consolidated] Quarterly SG&A Expenses Trends

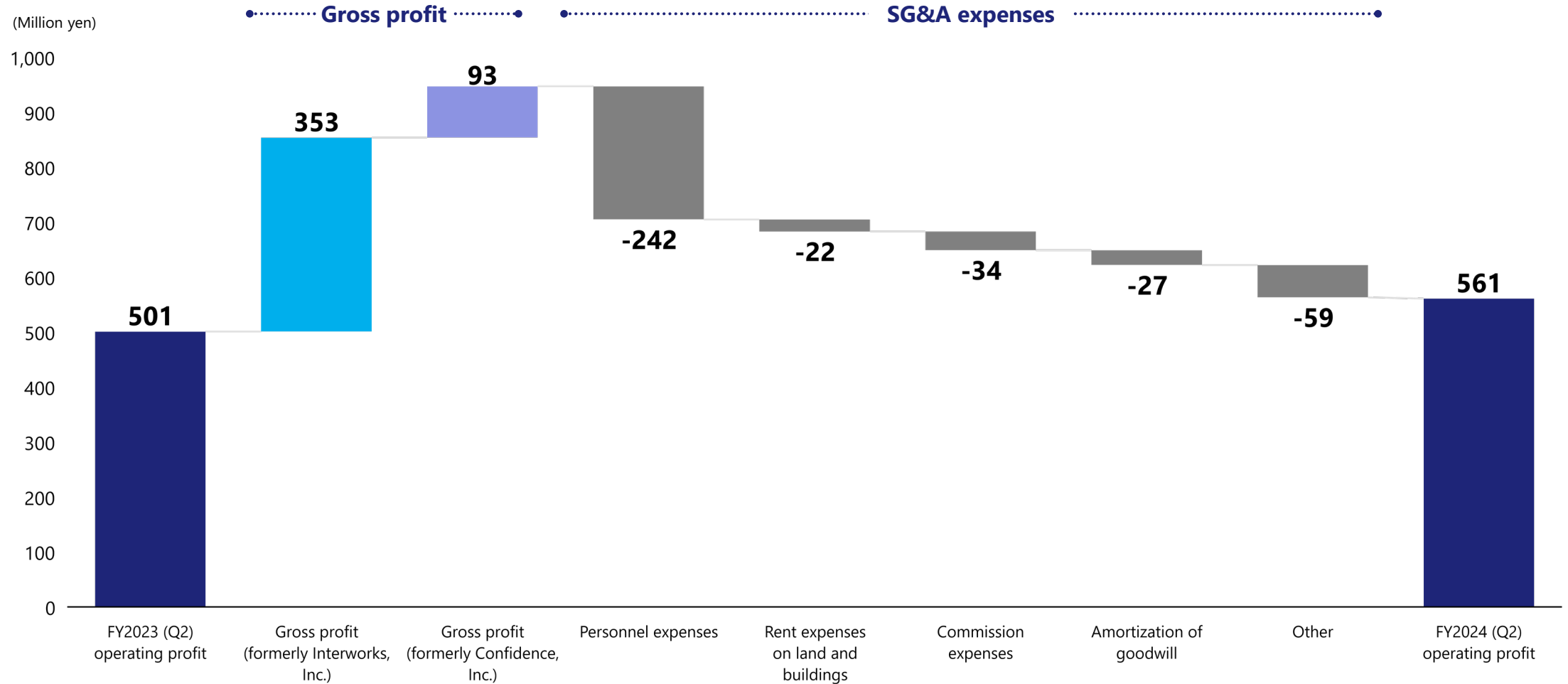
- Merger with Interworks significantly changed the size and composition of SG&A expenses
- However, we will continue to thoroughly control costs and maintain an organizational structure that generates solid operating profit even after the merger

Quarterly trends



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

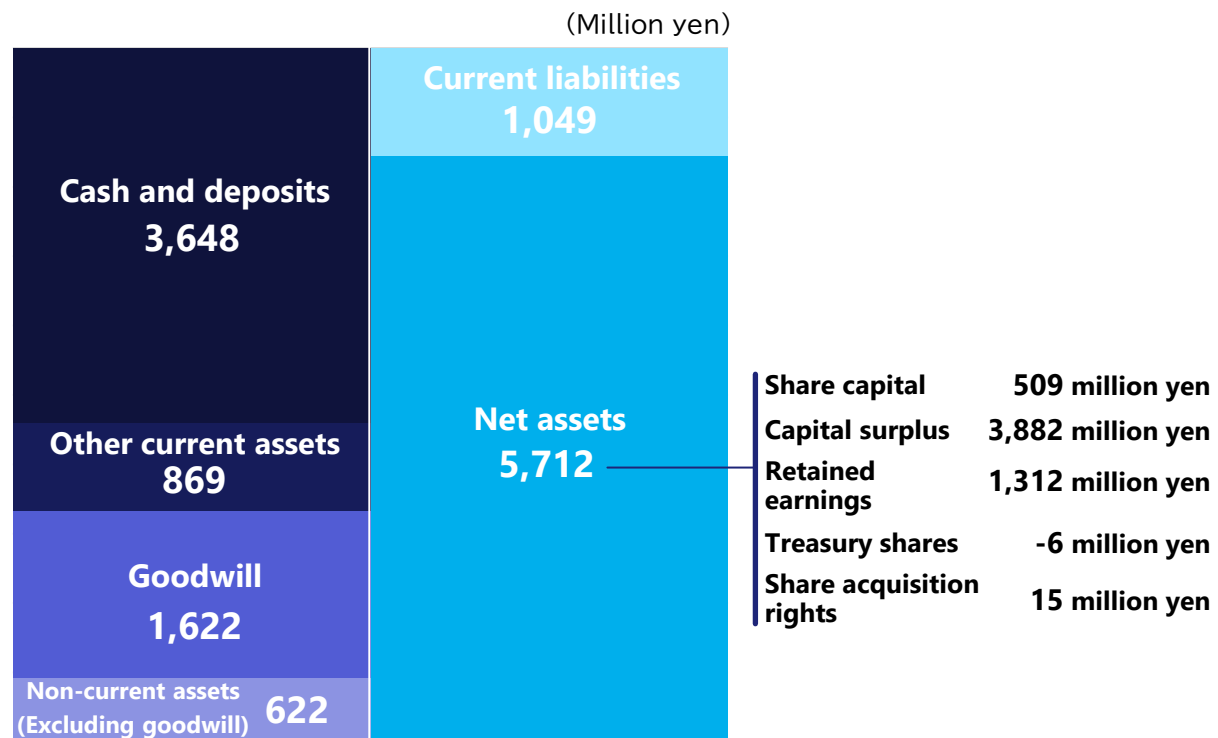
- As a result of the merger, Interworks' gross profit/expense were added. In addition, although amortization of goodwill from Q2 FY2024 was incurred, we secured an increase in profits by offsetting increase in costs through the introduction of Interworks, the contribution of media and solutions to gross profits, and the optimization of back-office expenses through the merger. The same trend is expected to continue in Q3 and beyond.



[Consolidated] Balance Sheets/Statements of Cash Flows

- As a result of the merger, cash and deposits increased by **1.60 billion yen**, net assets by **3.68 billion yen**, and total assets by **3.87 billion yen** compared with the end of the previous fiscal year (goodwill: **1.62 billion yen**)
- Net cash was **3.64 billion yen**, and the equity ratio was **84.2%**, ensuring high financial stability

Balance sheets at end of Q2 FY2024



Cash flows for Q2 FY2024

(Million yen)

Balance of cash and deposits as of March 31, 2023	2,047
Cash flows from operating activities	+407
Cash flows from investing activities	-29
Cash flows from financing activities *	-156
Increased amount in cash and deposits due to merger	+1,378
Increase/decrease in cash and deposits	+1,600
Balance of cash and deposits as of September 30, 2023	3,648

* Dividends paid: -129 million yen, repayments of borrowings: -22 million yen, other, net: -4 million yen

Financial indicators

Net cash	3.64 billion yen
Equity ratio	84.2%
ROE (Reference) *	18.8%

* Net profit, which is the basis for calculating ROE, is estimated based on the full year figures announced for FY2024

04

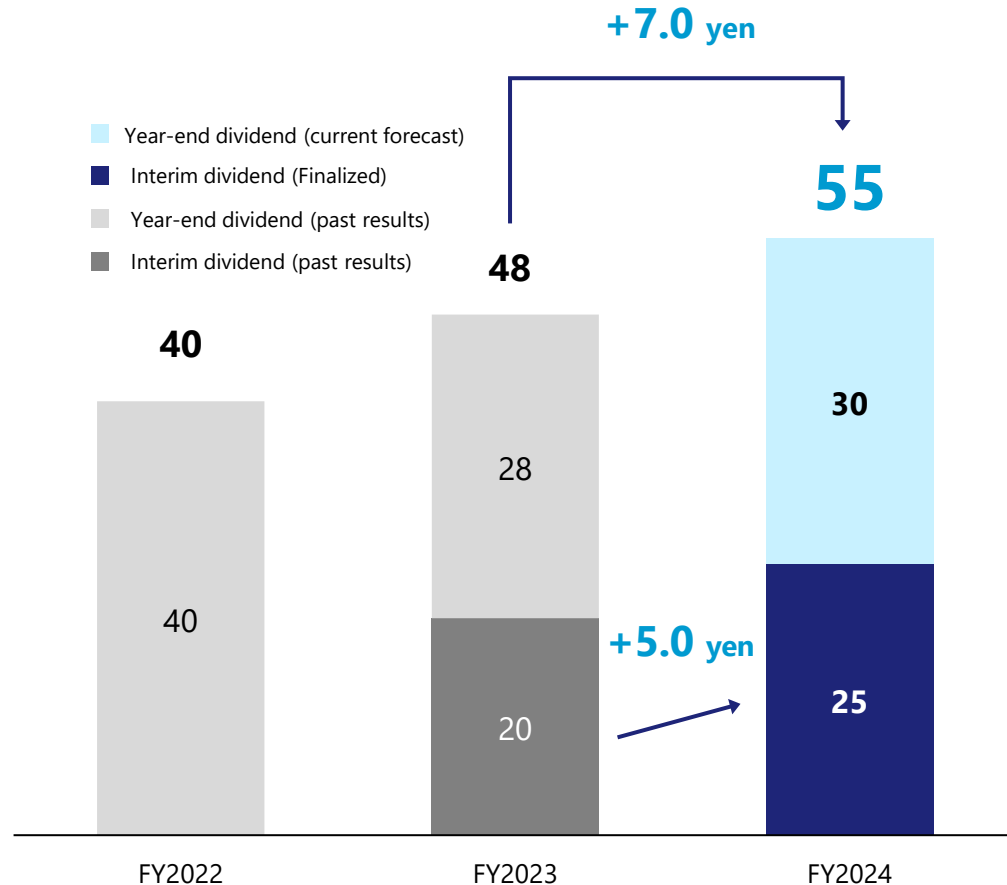
Dividend Distribution



Summary of Dividend Forecast for FY2024

- The full year dividend for FY2024 is expected to be **55 yen**, an **increase of 7 yen (YoY)**. The interim dividend was decided at **25 yen**, an **increase of 5 yen (YoY)**
- The following is a various indicators related to dividends with an assumption of the current full year forecast

Trends in dividend per share



Summary of dividend indicator

Payout ratio	46.4% (Forecast)	FY2023 results 35.6%
DOE	8.7% (Forecast)	FY2023 results 12.1%
Dividend yield	3.4% (Forecast/estimate: stock price at the end of September)	As of March 31, 2023 2.6%

* EPS, which is the basis for calculating dividend yields, is estimated based on the full year figures announced for FY 2024.

05

Progress of Growth Strategies/ Business Topics

Progress in Growth Strategies/Business Topics

Business topic summary [2023]

FY2024

PROTAGONIST



Confidence Pro

Indi



Make equity investment in Protagonist Inc., which works on Web 3.0 × HR Tech

Hosting "Web3 Connections Tokyo"

Launched a nurturing-type HR solution service in the digital marketing field

Established a consolidated subsidiary "Confidence Pro" specializing in freelance matching

Invested in Indigames (offshore game development, 3DCG contracting, etc.)

Held "Game DX Forum" in collaboration with GREE Advertising

Jan. 19, 2023

Feb. 13, 2023

Mar. 22, 2023

Apr. 3, 2023

Sep. 7, 2023

Oct. 24, 2023

Jan. 20, 2023

Mar. 1, 2023

Mar. 28, 2023

Aug. 1, 2023

Oct. 17, 2023

In collaboration with Glossom and the Nishinippon Shimbun, we started DX support in regional areas through digital talents development



Opened Fukuoka Branch and strengthened support for DX marketing areas



Formed a business alliance with Beagle to strengthen its creative production support and marketing business specializing in the gaming industry



Started as a new integrated company "Interworks Confidence Inc."



Joint development of a game planner training course with Precious Analytics



Growth Strategy: Expand Matching Solutions



Expansion of matching solutions

Expand into new business areas

Web3.0

Metaverse

Other areas

Press release dated September 7, 2023



Confidence Interworks



- Investment in Indigames, which handles offshore game development and 3DCG contracting

Overview of Indigames, Inc.

A game development company that is expanding its game business globally

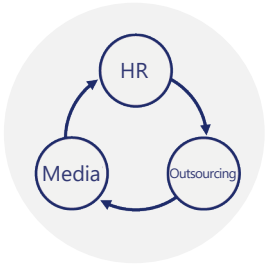
- ✓ Gaming business such as hyper-casual games, live gaming, and NFTs
- ✓ CG production business utilizing Vietnam offshore
- ✓ Game engine business utilizing Python

Purpose of investment

- ✓ **Collaboration with Indigames, which has advanced CG artists and engineers at its base in Vietnam and a wealth of experience in contracting**
- ▼
- ✓ **Expansion of the scope of responding to the outsourcing needs of domestic business partners**
 - ✓ **Securing and expanding the scale of global tech talents**



Growth Strategy: Enhance Business Management Efficiency by Establishing an Ecosystem



Enhancement of business management efficiency

by establishing an ecosystem

HR Solution



Media

- Customer network cultivated through the HR Solution business for the gaming industry

**-Games & Entertainment-
Number of corporate clients
(cumulative)**

* Compiled based on the actual data through FY2023

More than
230
companies

- Our media "GAMEMO"



- DX support in collaboration with Glossom (a GREE subsidiary)



Press release dated September 29, 2023

Held Game DX Forum

GREE Advertising

ゲームDXフォーラム-1-

「カゲマス」立役者が語る!

ユーザー獲得とコミュニティマーケティングのツボ

10/24 木
18:30 ▶ 20:30

[場所]
サイバード様本社オフィス
東京都渋谷区猿樂町10-1 マンサード代官山

運営協力 C BIRD Empower Your Love! ゲームエイト Game8 共催・運営事務局 Confidence Interworks

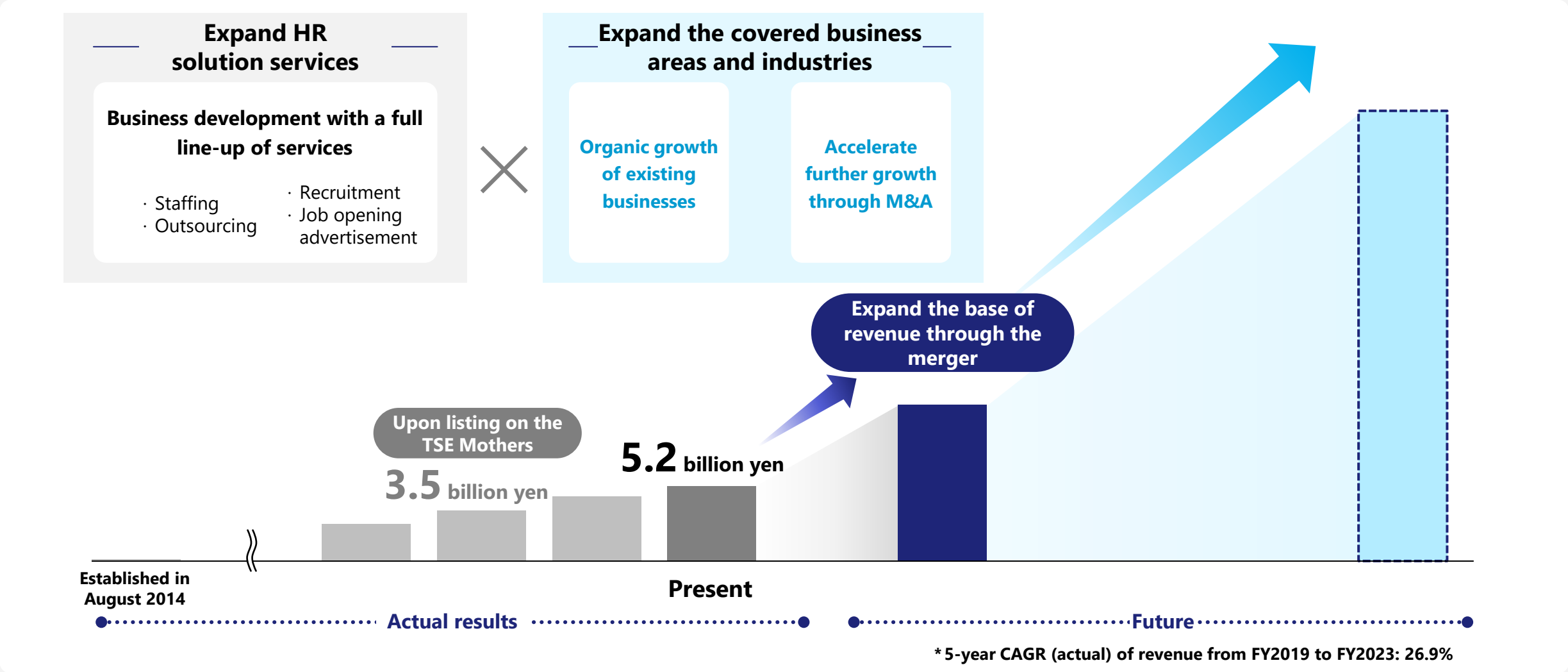
- In the future, we will continue to hold similar events to contribute to the development of the gaming industry and related markets

Appendix.



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

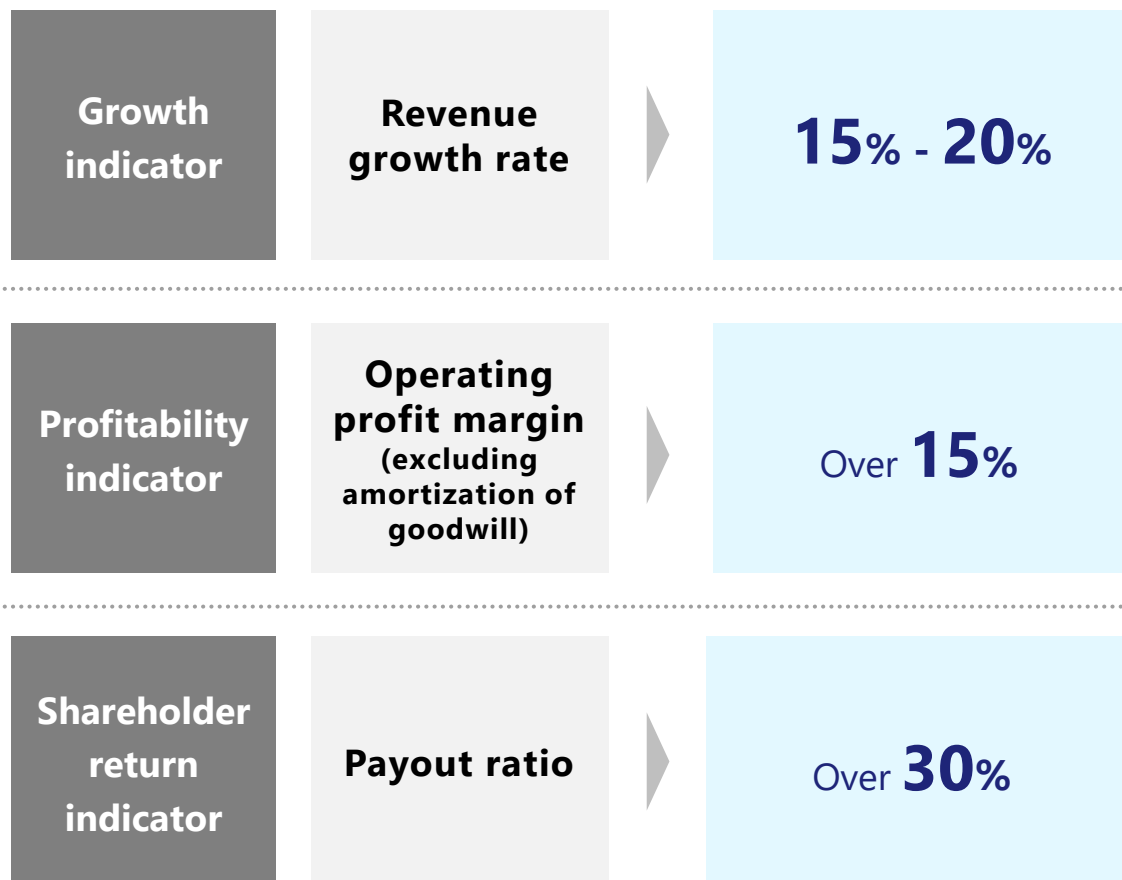
* As the Company merged with Interworks, Inc. on August 1, 2023, the full-year earnings forecast includes estimated revenue and profit figures of former Interworks for 8 months.

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

Assumptions Underlying the Preparation of Earnings Forecast

Target indicators for earnings forecast and dividend forecast for FY2024

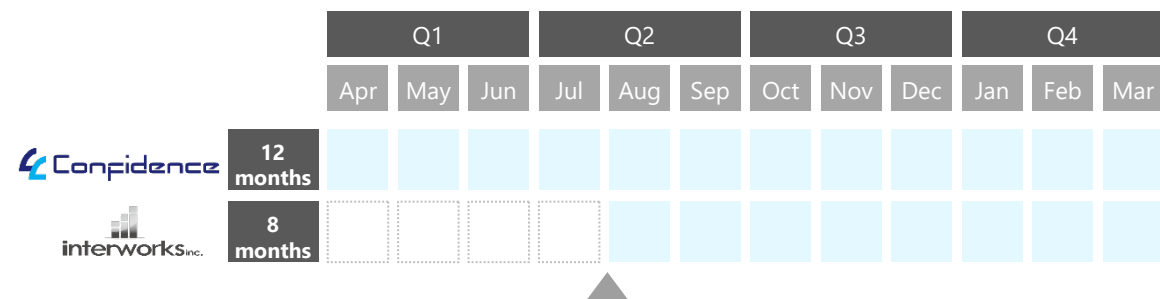
Target indicators



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

Inquiries about this material: IR staff, Finance and Planning Division (ir@ciw.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.