



3rd 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 Q3 FY2024 (Cumulative)

- As a result of the merger with Interworks on August 1, Q3 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 [16.7%](#), keeping a high level

## Q3 results

### Revenue

**5,377** million yen

YoY **39.3%** 

Revenue CAGR **26.9%**

### Gross profit

**2,422** million yen

YoY **77.6%** 

Gross profit margin: **45.1%**

### Operating profit

**895** million yen

YoY **20.7%** 

Operating profit margin: **16.7%**

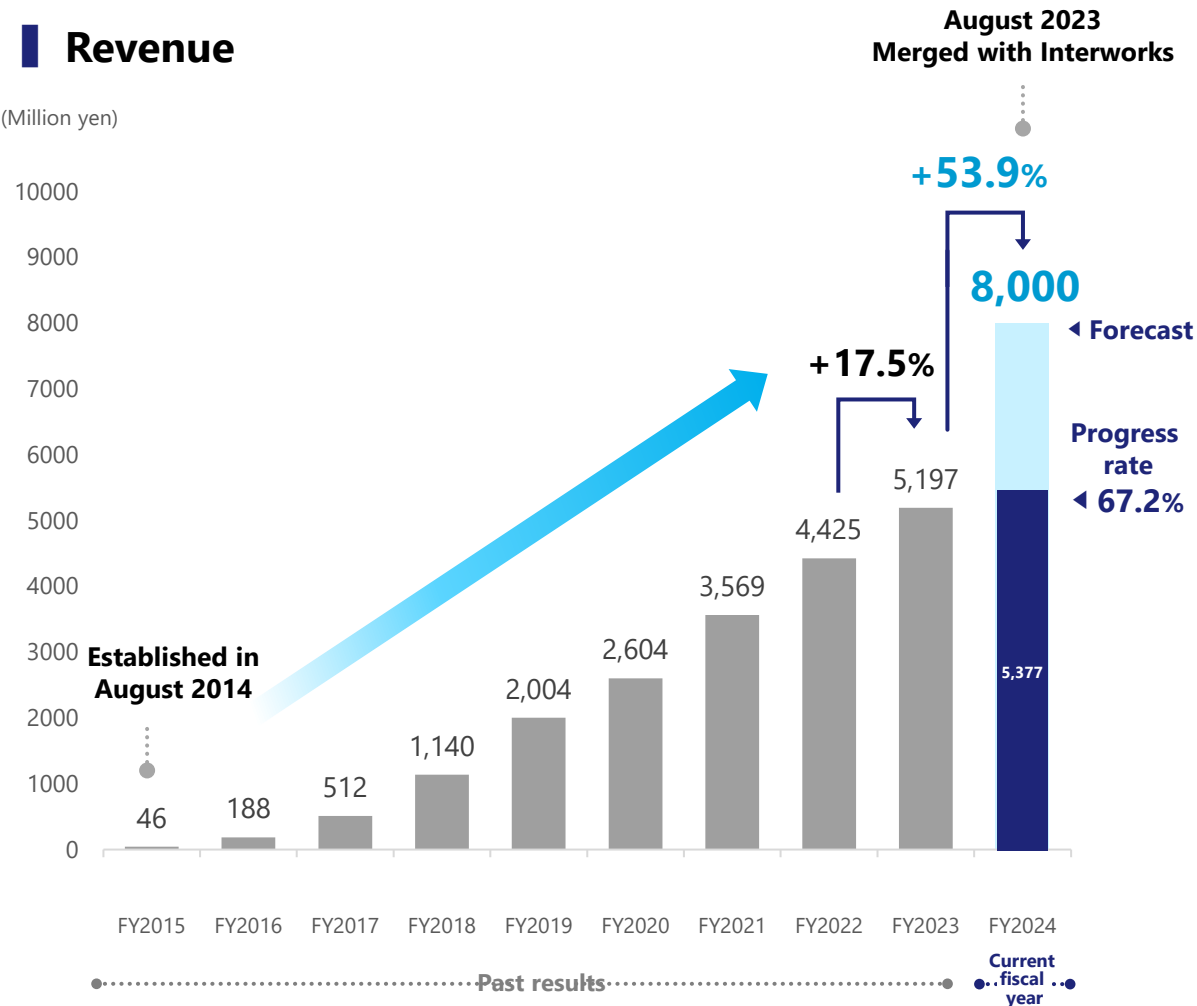
\* Revenue CAGR is calculated based on actual figures between FY2019 and FY2023.

# Trends in Revenue / Operating Profit Over the Years

- **As of Q3, revenue has already exceeded the full-year figure of FY2023**, partly due to the inclusion of Interworks' results for five months (August through December)
- By progress rate, **revenue and operating profit were at 67.2% and 80.0%**, respectively, against the full-year forecast, with revenue slightly behind despite a trend of larger volume in 2H while operating profit progressed faster than the forecast

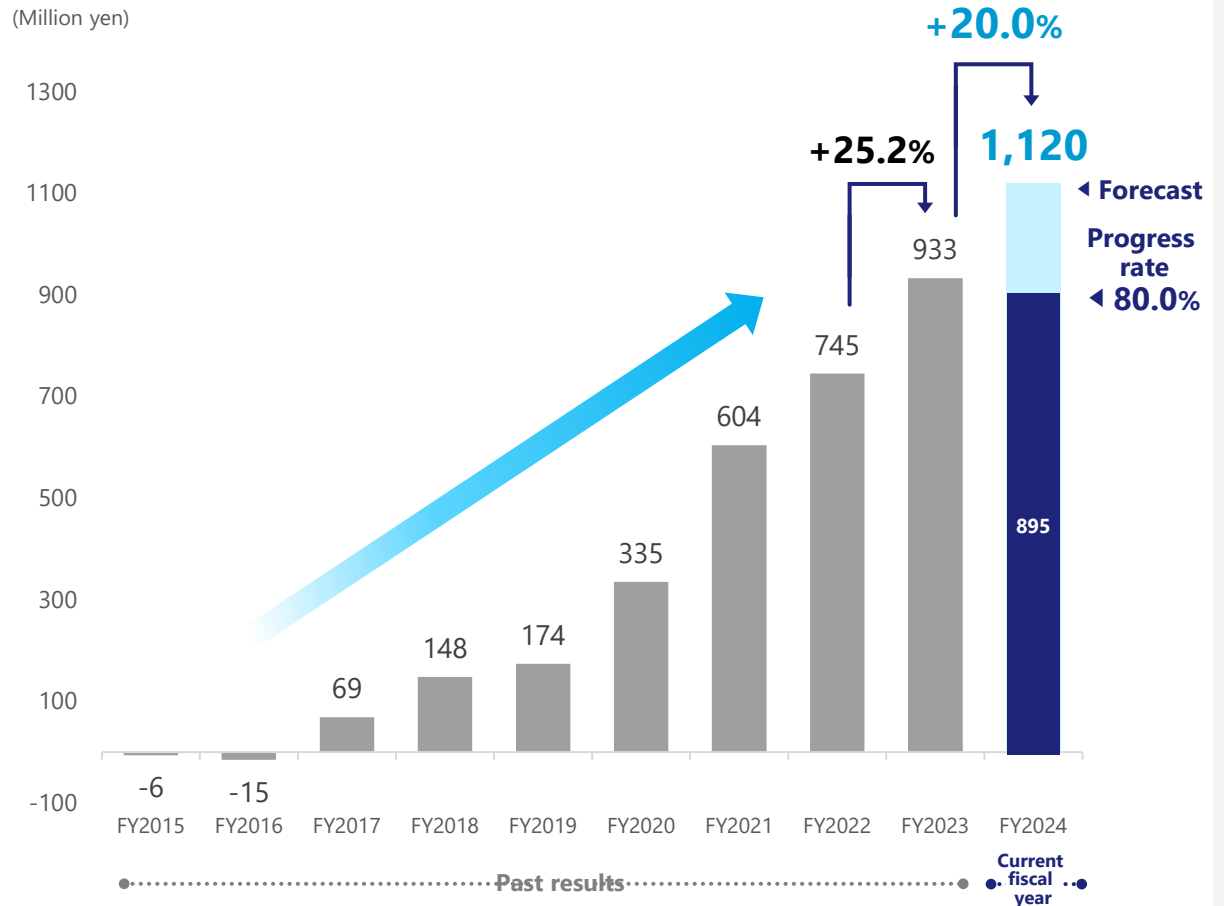
## Revenue

(Million yen)



## Operating profit

(Million yen)



# 02

## Company Overview



## Vision

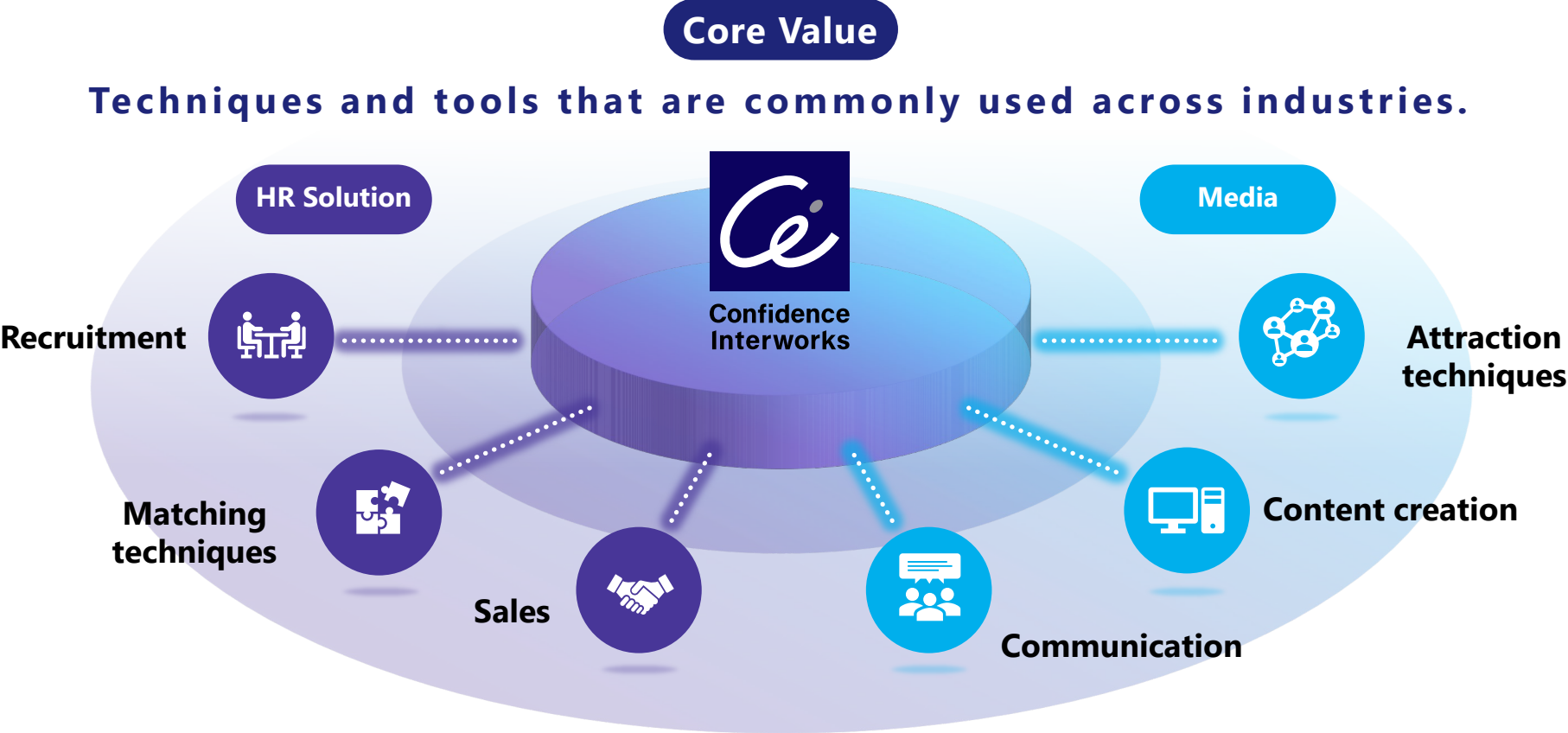
# Empowering Professionals to Create the Future Together

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>Local Office</b>	Nagoya   Osaka   Fukuoka		
<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>	509 million yen (as of December 31, 2023)		
<b>Line of business</b>	HR solution business (staffing, outsourcing, recruitment), Media & solutions business		
<b>No. of employees</b>	1,188 (as of December 31, 2023) [consolidated]		

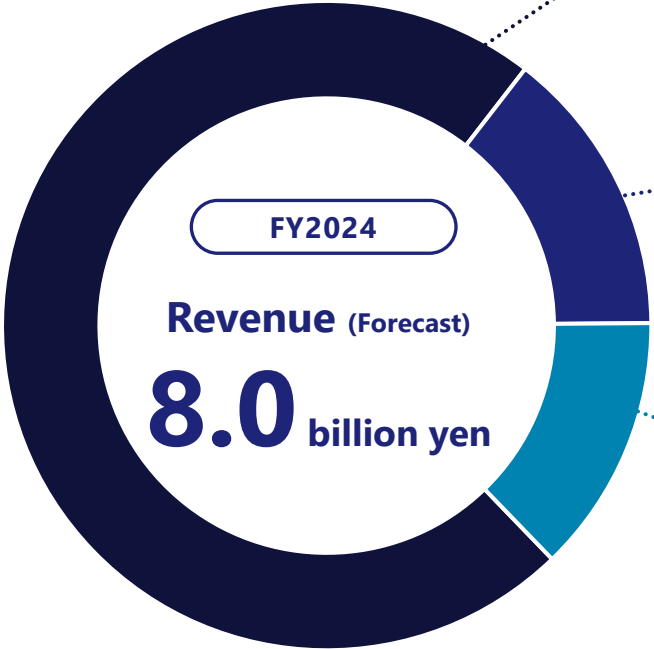
# DEVELOPING A SEGMENT-SPECIFIC HR BUSINESS\*



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



## Composition of revenue



### HR Solution business (Staffing and 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 ▶ **BIZTREAT**

### Media & Solutions Business 13.0%

- Specializing in manufacturing and factories throughout Japan

Operation of job change recruitment media “Kojo Works”

Media   Ad sales

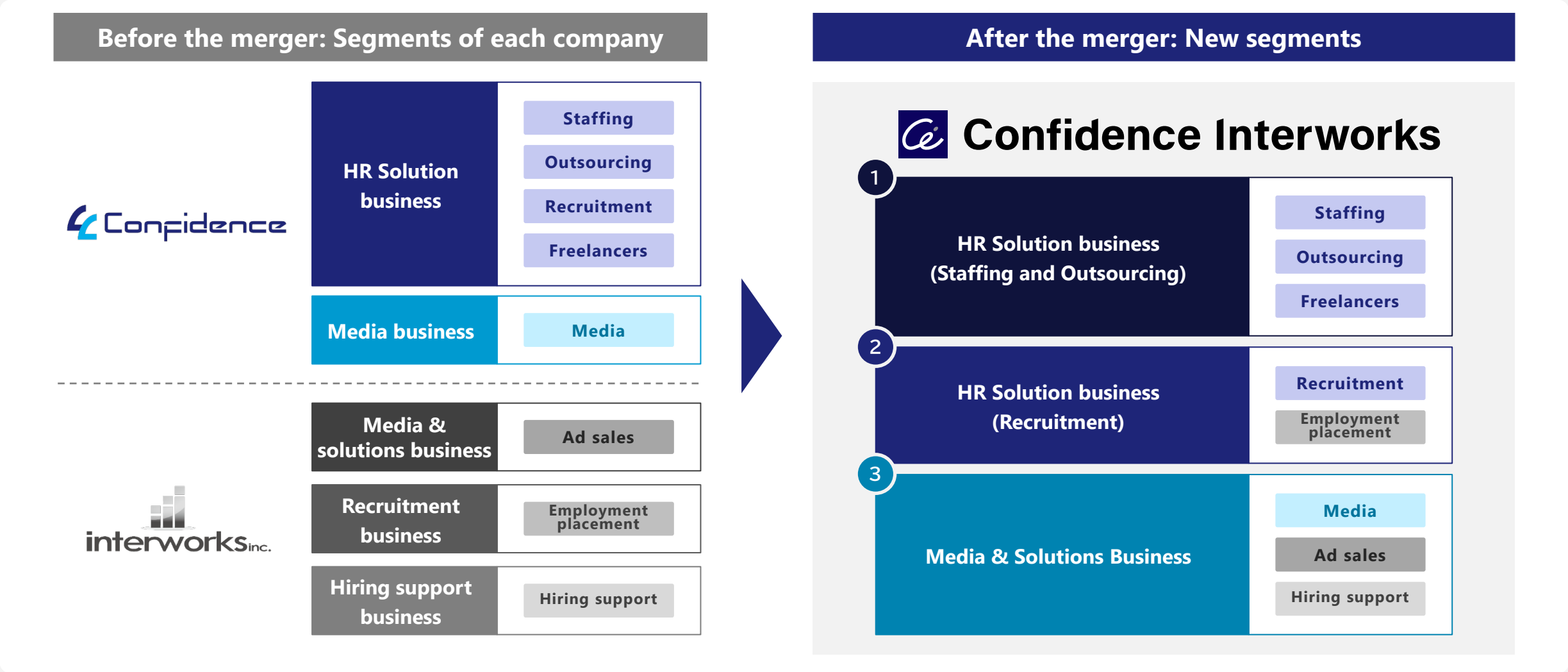
Media operations ▶ 工場ワークス | Dolphin | Lovely | plush. | GAMEMO

- 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 Q3 FY2024 (Cumulative)

- Significant year-on-year increases were seen as a result of expanded bases for revenue and respective profits due to the merger with Interworks as of August 1, 2023
- By progress rate against the full year forecast, revenue was slightly behind despite a trend of larger volume in 2H, while operating profit **grew steadily even after amortizing goodwill**

## Q3 results

▼For Interworks, 5-month results (August - December) were recorded.

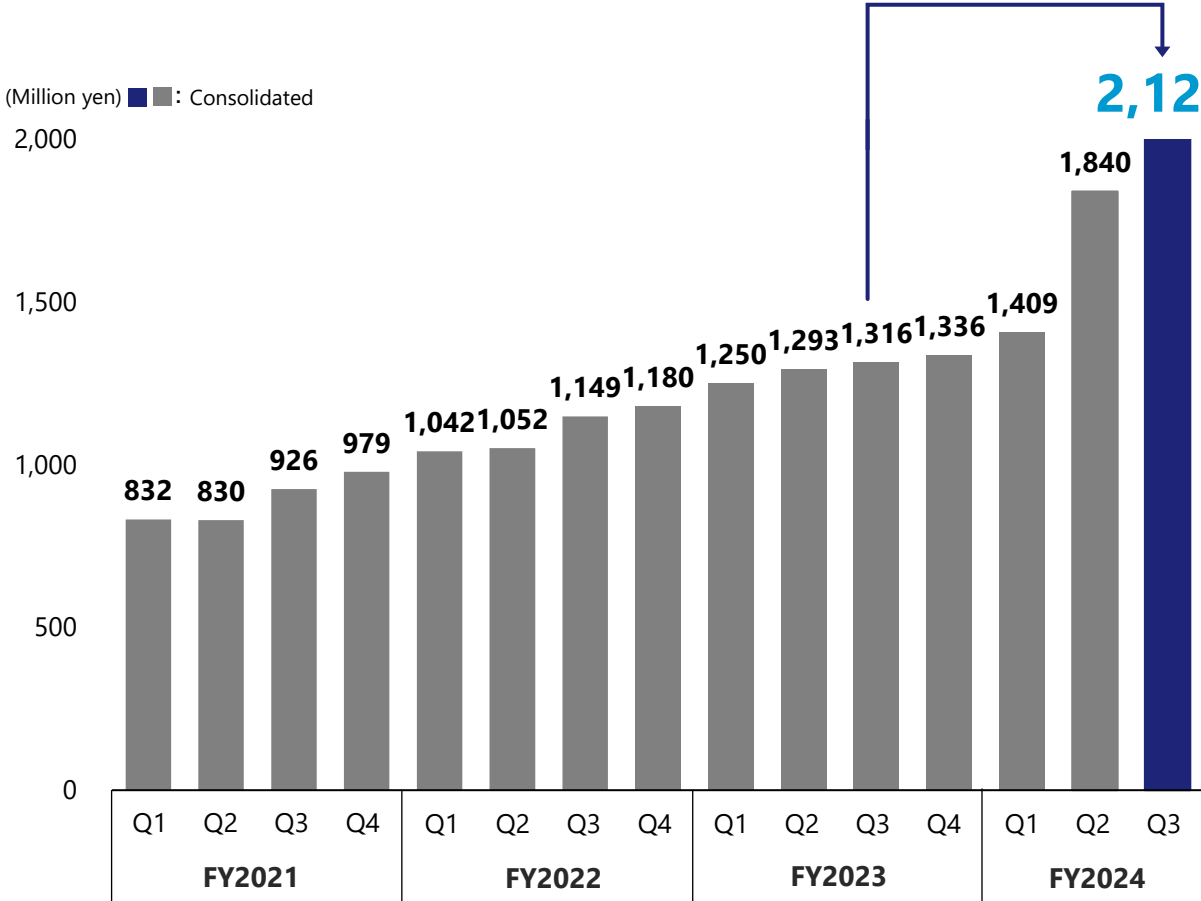
	FY2023 (Q3)	FY2024 (Q3)	YoY	Forecast (announced on August 10, 2023)	Progress rate
Revenue	3,861	<b>5,377</b>	<b>+39.3%</b>	8,000	67.2%
Gross profit	1,364	<b>2,422</b>	<b>+77.6%</b>	3,718	65.2%
Gross profit margin	35.3%	<b>45.1%</b>	+9.8 pts	46.5%	-
Operating profit	742	<b>895</b>	<b>+20.7%</b>	1,120	80.0%
Operating profit margin	19.2%	<b>16.7%</b>	-2.5 pts	14.0%	-
Ordinary profit	741	<b>843</b>	<b>+13.7%</b>	1,065	79.2%
Profit	503	<b>547</b>	<b>+8.7%</b>	725	75.5%
Reference: EBITDA *	769	<b>990</b>	<b>+28.7%</b>	1,258	-
EBITDA margin	19.9%	<b>18.4%</b>	-1.5 pts	15.7%	-

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

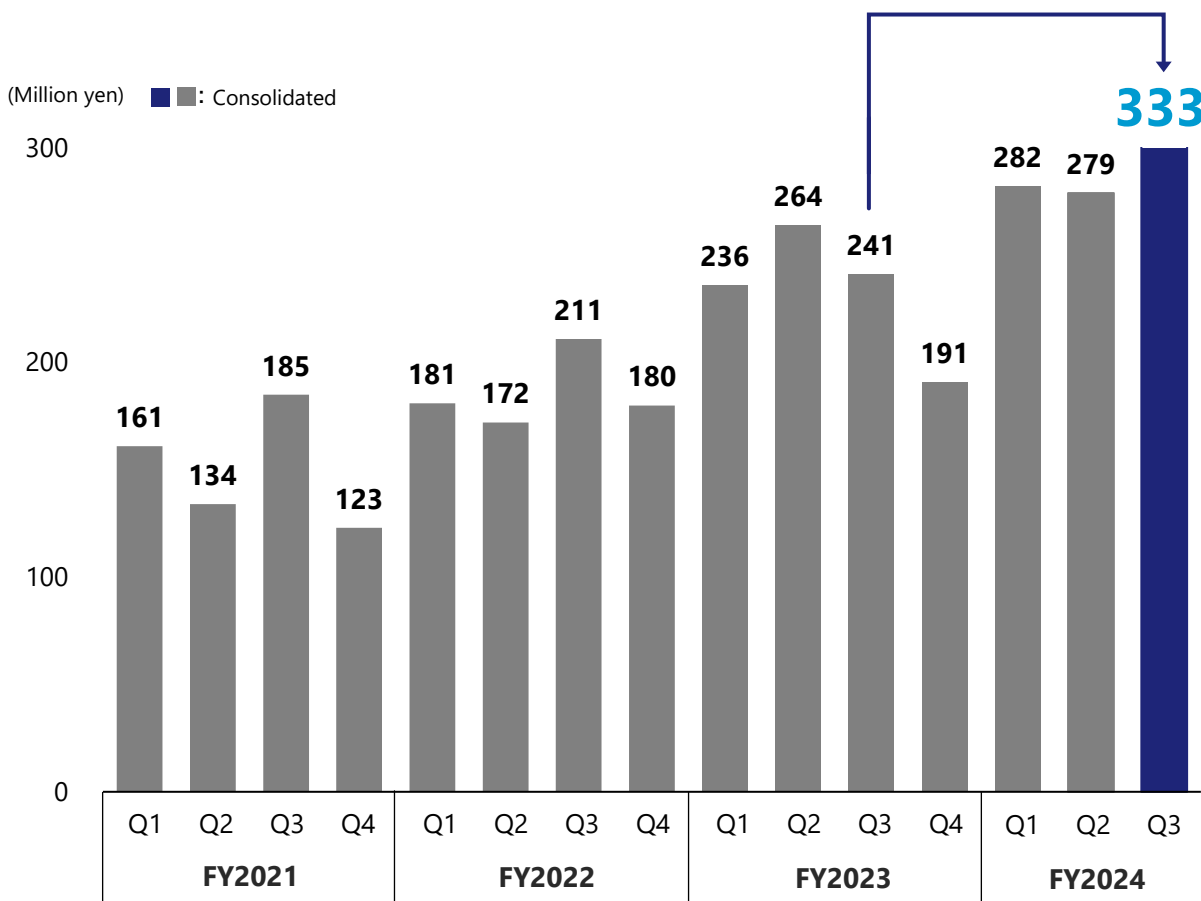
# [Consolidated] | Quarterly Results Trends

- The merger with Interworks led to a significant increase in Q3 revenue. Even excluding the effects of the merger, revenue of former Confidence still **increased 9.3% year on year**
- Operating profit grew 38.4% year on year to **reach a new record high** 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 Q3 FY2024

- The majority of this segment is dominated by the HR Solution business of the former Confidence Inc.
- The mainstay staffing business achieved growth both in revenue and segment profit. The segment profit margin remained largely the same as the year-earlier level

## Q3 results

▼ Figures after reclassifying to new segments

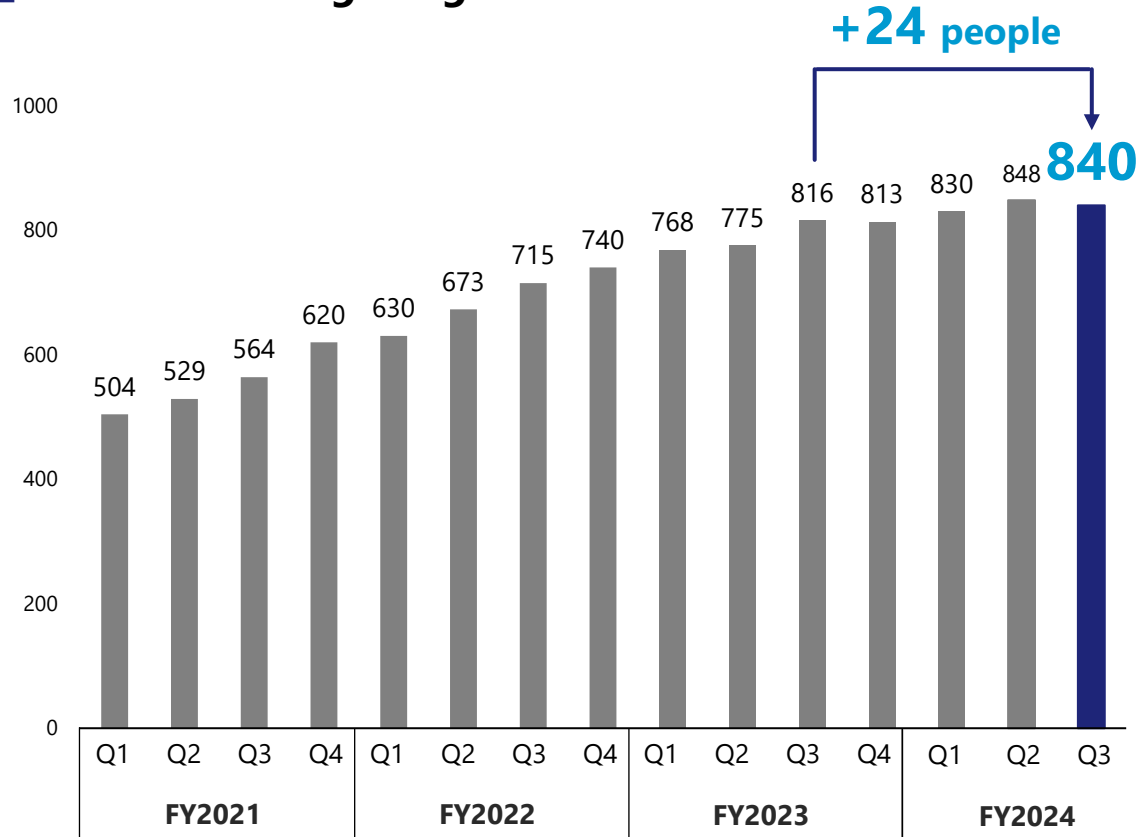
(Million yen)	FY2023 (Q3)	FY2024 (Q3)	YoY	Forecast (announced on August 10, 2023)	Progress rate
Revenue *	3,792	<b>4,166</b>	+9.8%	5,714	72.9%
Staffing	3,631	<b>4,017</b>	+10.6%	-	-
Outsourcing and others	161	<b>149</b>	-7.5%	-	-
Gross profit	1,309	<b>1,448</b>	+10.6%	-	-
Gross profit margin	34.5%	<b>34.8%</b>	+0.3 pts	-	-
Segment profit	1,014	<b>1,074</b>	+5.8%	-	-
Segment profit margin	26.8%	<b>25.8%</b>	-1.0 pts	-	-

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

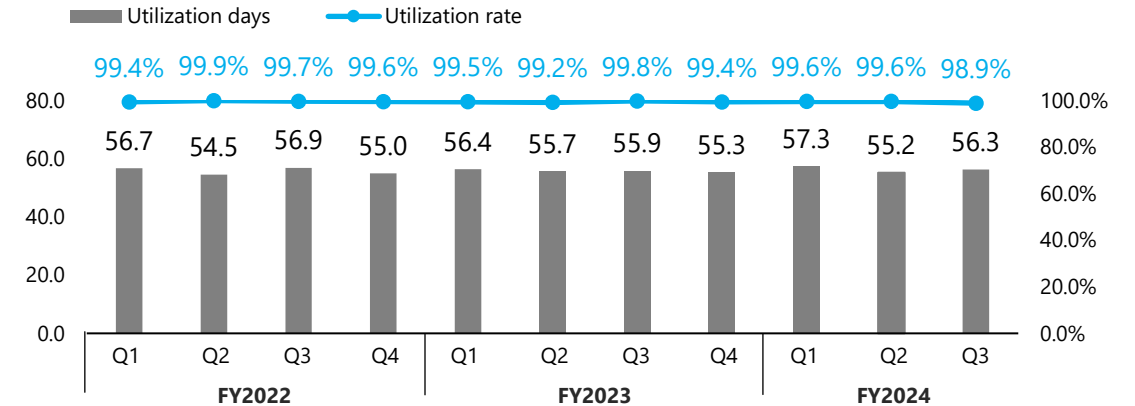
# [HR Solution Business - Staffing and Outsourcing] Trends in Major KPIs

- Creator staffing assignments, which serve as the foundation of the Company's recurring income model, increased by 24 from the year-earlier quarter, but at a slower pace than past growth
- This was due to the slowdown in the mobile gaming market, although the human resource needs in the home-use game console market remained solid. The utilization rate stayed at a high level

## Creator staffing assignments



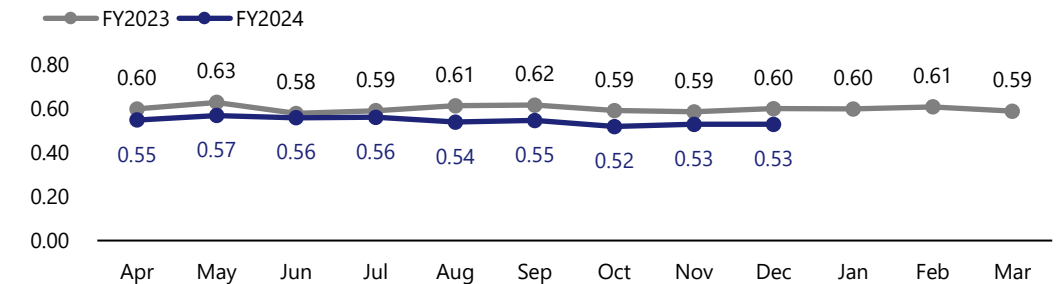
## Utilization days \*1 / Utilization rate \*2



\*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 Q3 FY2024

- The segment achieved a significant year-on-year increase in revenue and profit compared with the former Confidence alone, as the recruitment business of the former Interworks accounts for a large portion of the segment
- **The range of revenue generation expanded** as the recruitment business was significantly strengthened, centered on middle- and high-class human resources across the industry

## Q3 results

▼For the figures, 5-month results (August - December) of Interworks were recorded

	FY2023 (Q3)	FY2024 (Q3)	YoY	Forecast (announced on August 10, 2023)	Progress rate
Revenue *	31	<b>623</b>	+1856.4%	1,243	50.1%
Recruitment	31	<b>623</b>	+1856.4%	-	-
Gross profit	25	<b>499</b>	+1859.3%	-	-
Gross profit margin	80.0%	<b>80.1%</b>	+0.1 pts	-	-
Segment profit	5	<b>184</b>	+3181.3%	-	-
Segment profit margin	17.7%	<b>29.6%</b>	+11.9 pts	-	-

The progress rate of the businesses related to the former Interworks indicates the figures for the five months (August - December) passed out of the 8 months for the entire fiscal year▲

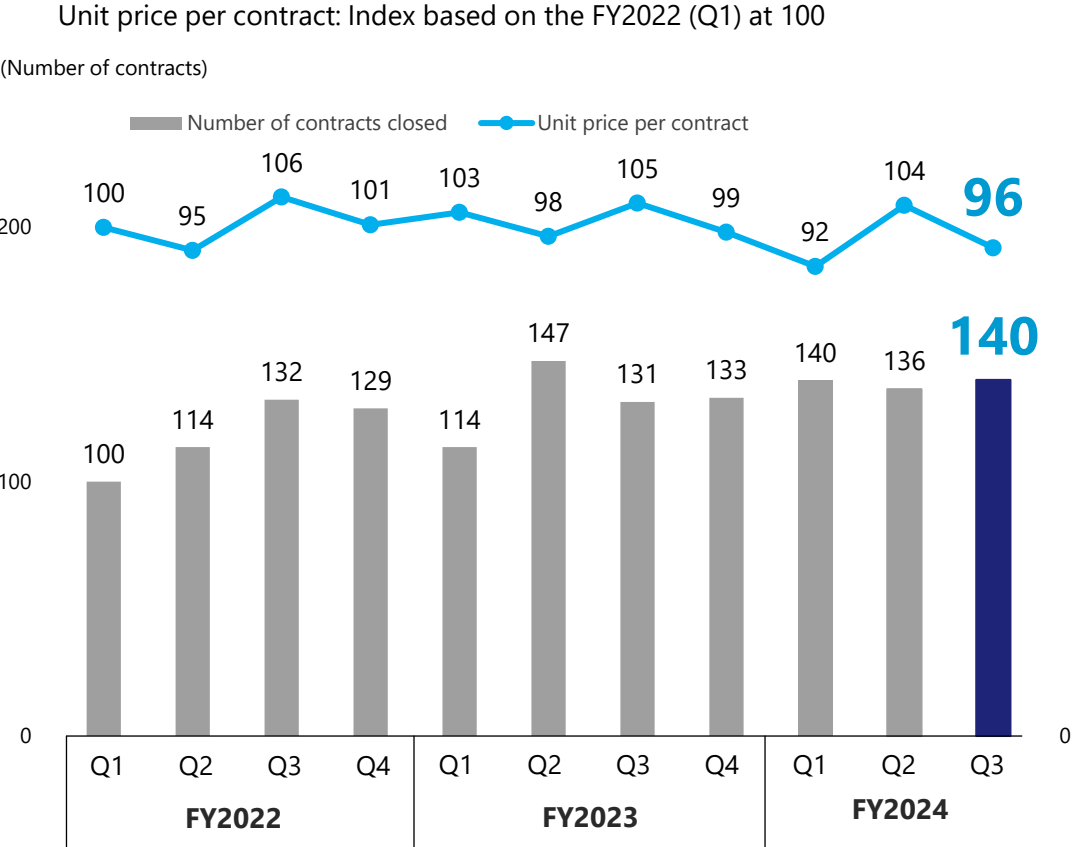
\* Figures after eliminating internal sales within the consolidated companies are indicated



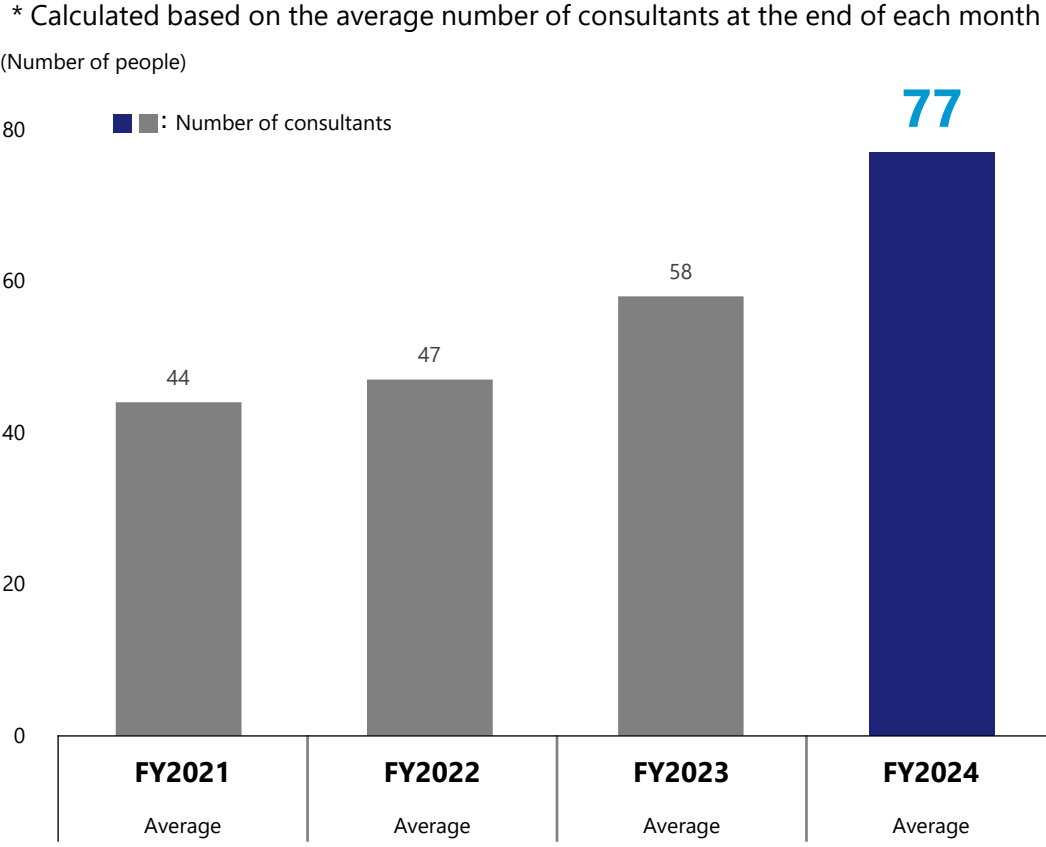
# [HR Solution Business - Recruitment] Trends in Major KPIs

- In Q3, the number of consultants increased to **77 on average**, and efforts were made to foster them, resulting in the number of contracts closed standing at the same level as in Q1 and Q2
- In the recruitment business, where a larger number of consultants directly leads to larger revenue, our plan is to make progress by increasing the number of consultants and focusing on their productivity

## Number of contracts closed and unit price per contract



## Number of consultants (average)



# [Media & Solutions Business] Financial Highlights of Q3 FY2024

- The segment achieved a significant year-on-year increase in revenue and profit compared with the former Confidence alone, as the Media & Solutions business of the former Interworks accounts for a large portion of the segment
- For job opening advertisements (Kojo Works), aim to secure stable segment profit by lowering the break-even point through the reduction of fixed costs

## Q3 results

▼For the figures, 5-month results (August - December) of Interworks were recorded

	FY2023 (Q3)	FY2024 (Q3)	YoY	Forecast (announced on August 10, 2023)	Progress rate
Revenue *	36	<b>587</b>	+1494.6%	1,041	56.4%
Job opening advertisement	-	<b>431</b>	-	-	-
Outsourcing and others	36	<b>156</b>	+324.2%	-	-
Gross profit	29	<b>474</b>	+1523.9%	-	-
Gross profit margin	79.3%	<b>80.8%</b>	+1.5 pts	-	-
Segment profit	18	<b>150</b>	+703.2%	-	-
Segment profit margin	50.8%	<b>25.6%</b>	-25.2 pts	-	-

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

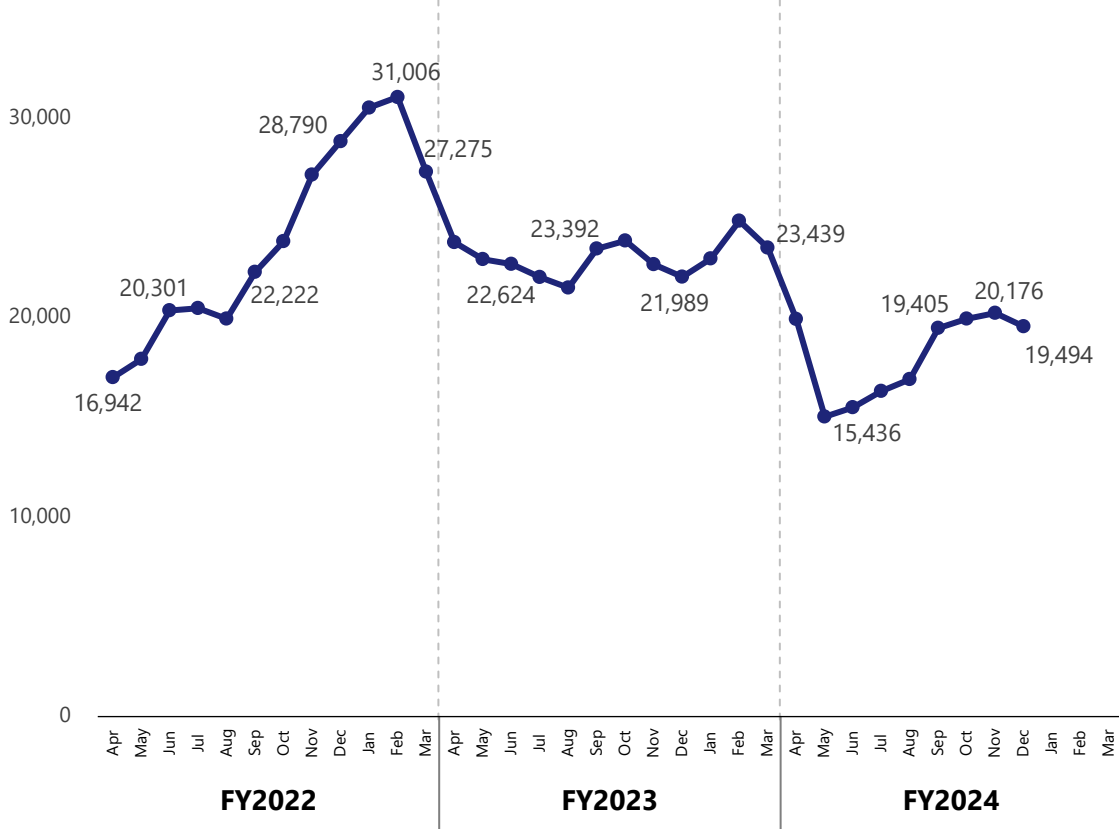
The progress rate of the businesses related to the former Interworks indicates the figures for the five months (August - December) passed out of the 8 months for the entire fiscal year▲

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

- The number of job postings has been recovering since May
- The number of trading clients increased by 20 from Q2. The unit price per client remained on an upward trend compared with FY2023

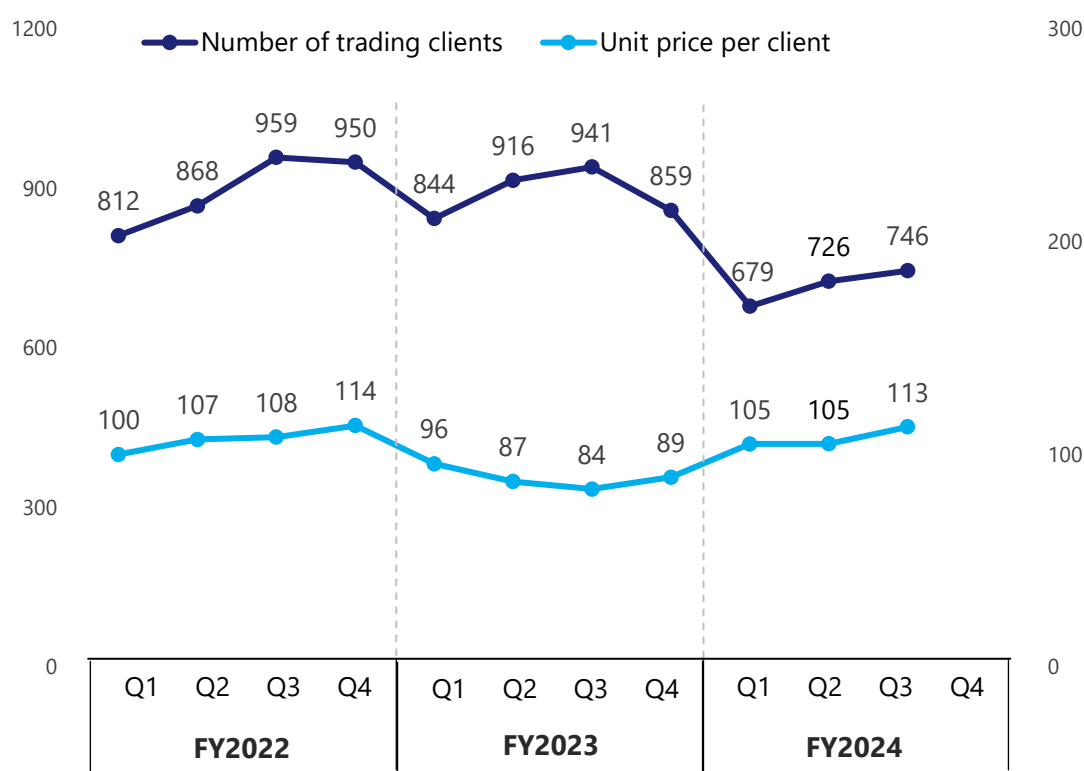
## Number of job postings on Kojo Works

(No. of jobs posted)



## Kojo Works' number of trading clients and unit price per client

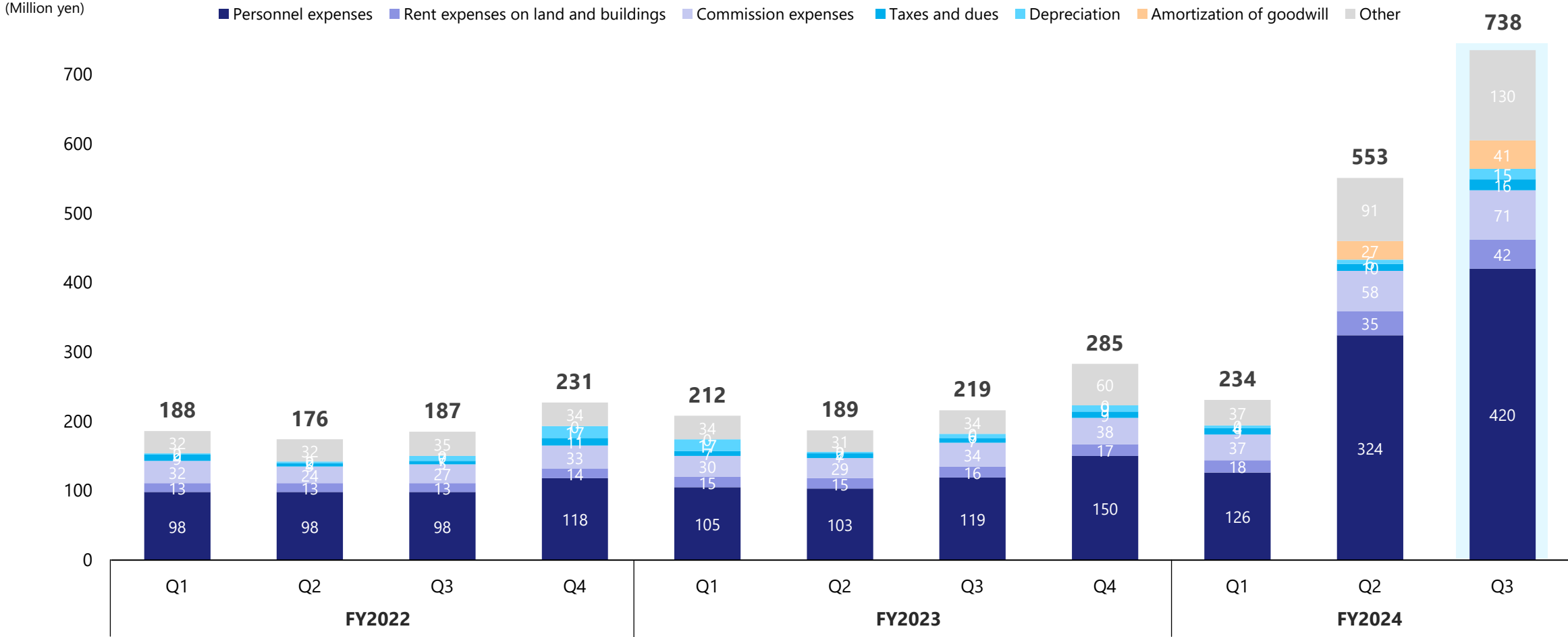
(No. of companies) Unit price per client: Index based on the FY2022 (Q1) at 100 (%)



# [Consolidated] Quarterly SG&A Expenses Trends

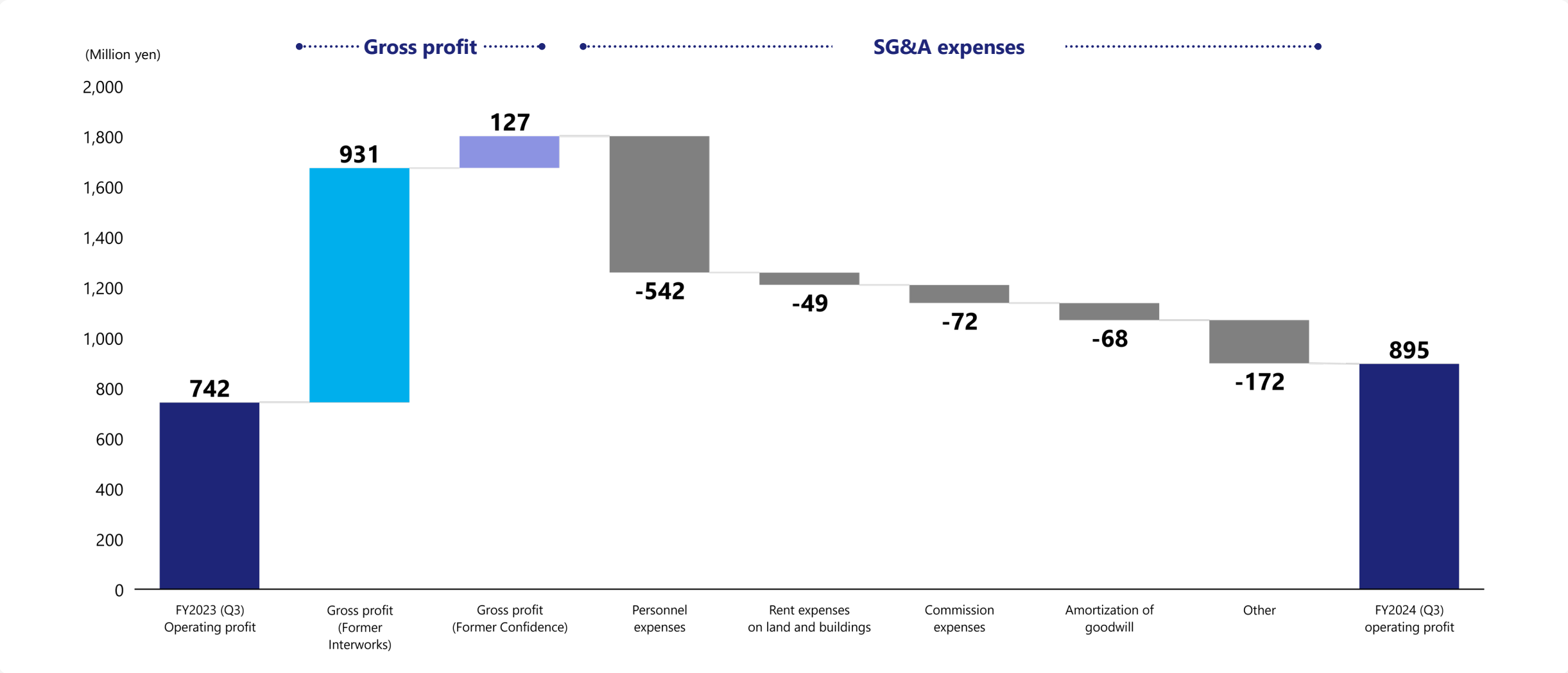
- The merger with Interworks significantly changed the size and composition of SG&A expenses
- Even after the merger, will continue to thoroughly control costs and maintain an organizational structure that generates solid operating profit

## Quarterly trends



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

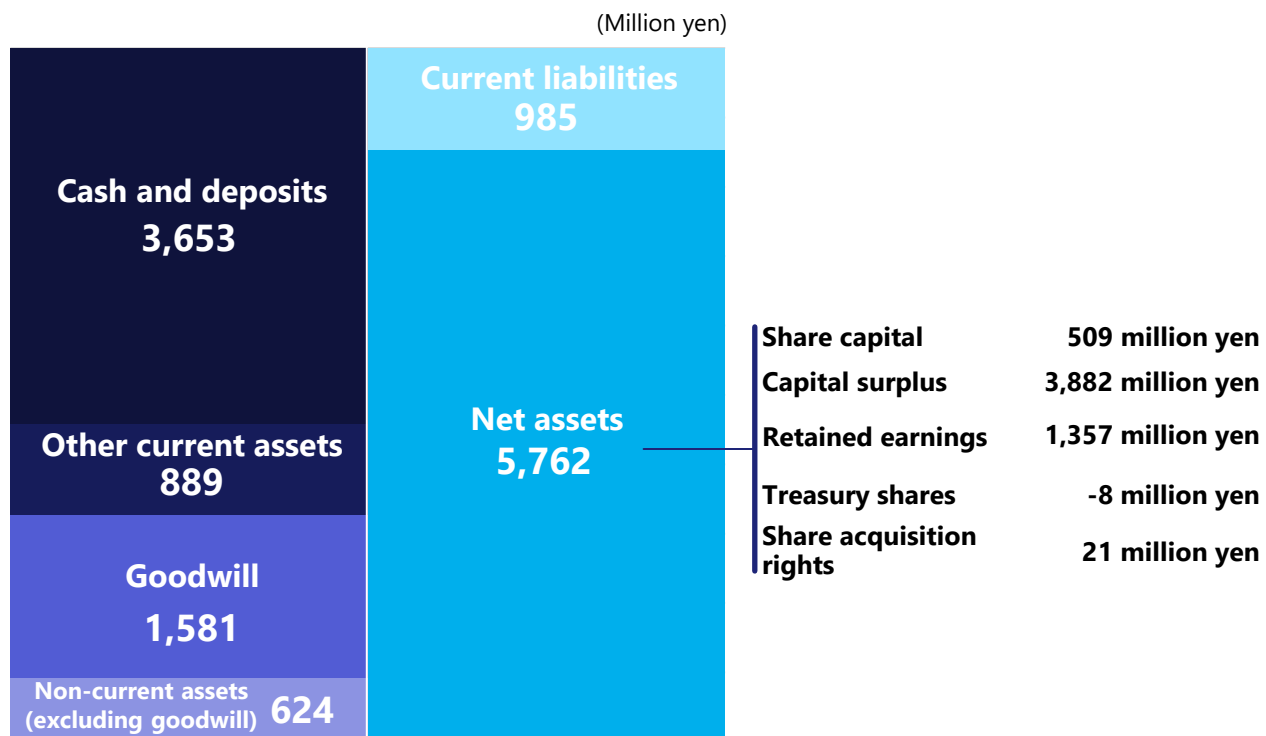
■ As a result of the merger, Interworks' gross profit and expenses were added. Besides, despite amortization of goodwill incurred since Q2, the increased costs were offset and a larger profit was secured through Interworks' recruitment and Media & Solution businesses contributing to gross profit and optimization of back office expenses through the merger. The same trend is expected to continue in Q4 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 **3.73 billion yen**, and total assets by **3.85 billion yen** (goodwill by **1.58 billion yen**) from the end of FY2023
- Continued to secure high financial stability, with net cash amounting to **3.65 billion yen** and the equity ratio standing at **85.1%**

## Balance sheets at end of Q3 FY2024



## Cash flows for Q3 FY2024

(Million yen)

Balance of cash and deposits as of March 31, 2023	2,047
Cash flows from operating activities	+629
Cash flows from investing activities	-80
Cash flows from financing activities *	-322
Increased amount in cash and deposits due to merger	+1,378
<b>Increase/decrease in cash and deposits</b>	<b>+1,605</b>
Balance of cash and deposits as of December 31, 2023	3,653

\* Dividends paid: -294 million yen, repayments of borrowings: -22 million yen, other, net: -5 million yen

### Financial indicators

Net cash	<b>3.65 billion yen</b>
Equity ratio	<b>85.1%</b>
ROE (Reference) *	<b>18.7%</b>

\* Profit, which is the basis for calculating ROE, is an estimate based on the full-year forecast for FY2024 that has been announced

# 04

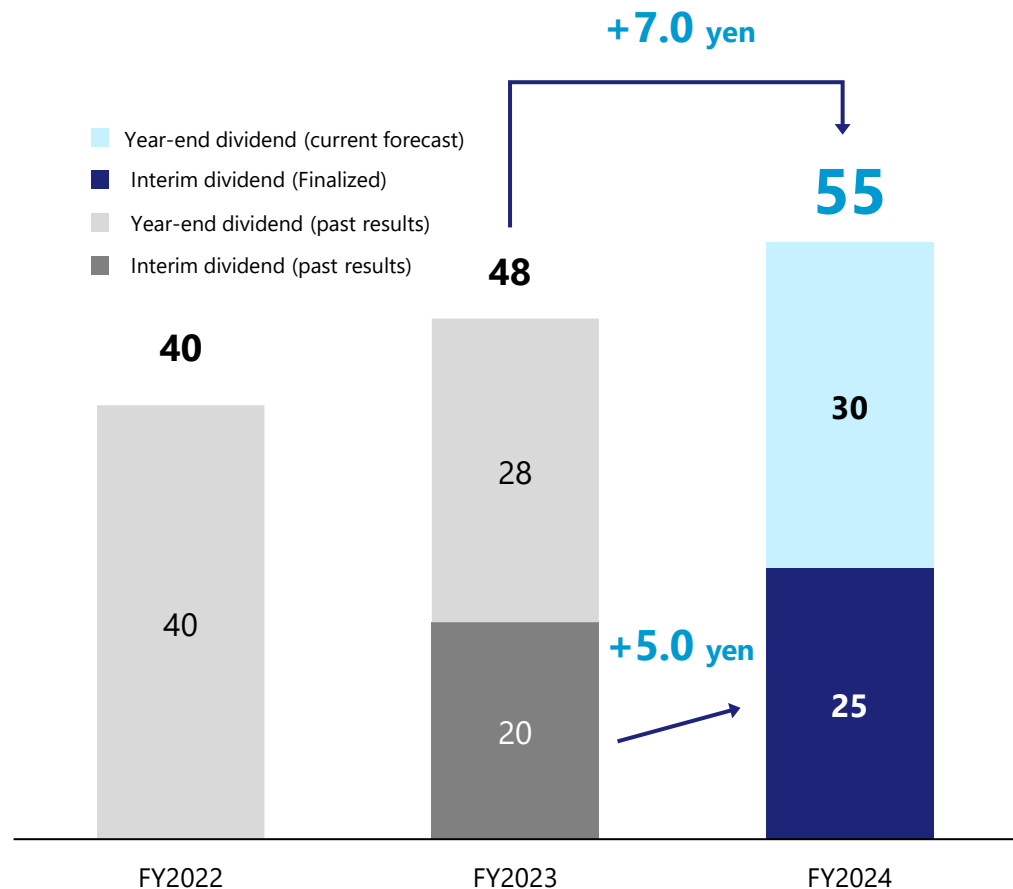
## Dividend Distribution



# Summary of Dividend Forecast for FY2024

- The full year dividend for FY2024 is expected to be **55 yen**, an **increase of 7 yen (YoY)**. Dividend policy is basically to pay continuous and stable dividends, and it has increased dividends consecutively since it was listed on the stock exchange.
- 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

<b>Payout ratio</b>	<b>46.4%</b> (Forecast)	FY2023 results <b>35.6%</b>
<b>DOE</b>	<b>8.6%</b> (Forecast)	FY2023 results <b>12.1%</b>
<b>Dividend yield</b>	<b>3.5%</b> (Forecast/estimate: stock price at the end of December)	As of March 31, 2023 <b>2.6%</b>

\* 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

## Summary of Business Topics [FY2024]



Established Confidence Pro Inc., a consolidated subsidiary specializing in freelance matching

Apr 3, 2023



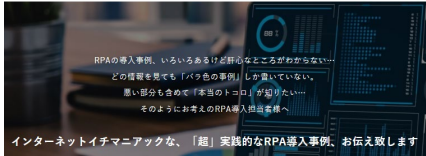
Invested in Indigames (engaged in offshore game development, 3D CG outsourcing services, etc.)

Sep 7, 2023



Held "Game DX Forum" in collaboration with GREE Advertising

Oct 24, 2023



Launched "RPA Tips," a practical information website on robotic process automation (RPA)

Jan 9, 2024

Aug 1, 2023

Started the operation of "Interworks Confidence Inc." as a new integrated company



Oct 17, 2023

Developed a game planner training course in collaboration with Precious Analytics



Nov 29, 2023

Started collaboration with Penetrator Inc. to develop training services for human resources with RPA skills

Penetrator Inc.

Jan 19, 2024

Affiliated Protagonist Inc., which works on Web 3.0 x HR Tech, as a subsidiary



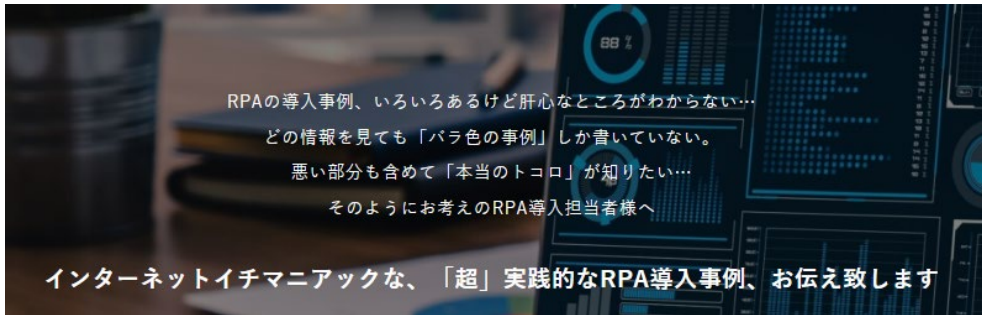
## Launched RPA Tips, an information website

Work to expand HR Solution services in the DX industry through training services for human resources with RPA skills



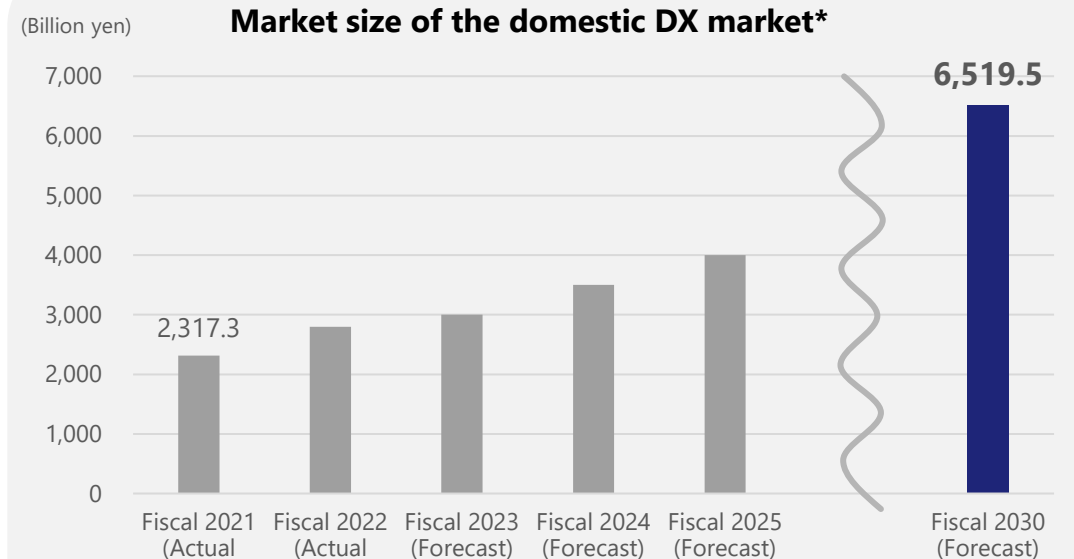
**Utilize our existing know-how in media operations to expand the industry and increase attraction coverage through the provision of information**

- ✓ Articles are written by practicing RPA engineers
- ✓ Can provide consultation for companies considering adoption of RPA



## Market size

The domestic DX market will expand to 6.5 trillion yen in FY2030. Companies will increasingly adopt RPA each year, with demand for human resources in the area expected to grow.



\* Source: "Future Outlook of the Digital Transformation Market 2023 <Market Edition>" (Fuji Chimera Research Institute, Inc.)

## Affiliated Protagonist Inc., which works on Web 3.0 × HR Tech, as a subsidiary Look to expand HR solution services in the Web 3.0 areas that have a high affinity with the gaming industry



### Overview of Protagonist Inc.

Conduct business to meet the needs for human resources in the Web 3.0 area

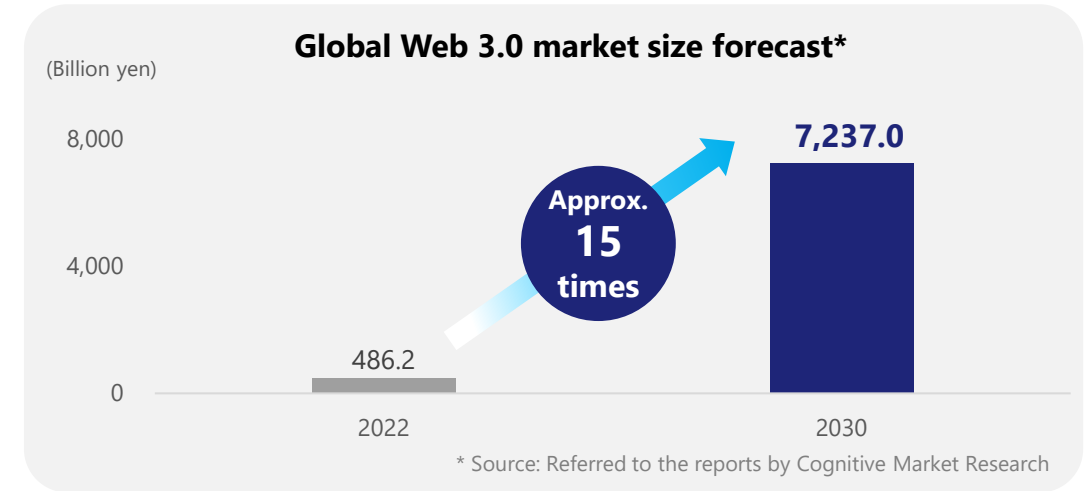
**Desume**  
Concierge   A recruitment platform for Web 3.0 specialists

**Plus Web3**   Support service for changing careers in the Web 3.0 area



### Market size

The Web 3.0 market size will expand to 7.3 trillion yen by 2030



### Intention and synergy of affiliation as a subsidiary

- ✓ A high affinity with the gaming industry and the Web 3.0 industry
- ✓ Cross-connection of the two companies' client networks and human resources databases
- ✓ Provision of know-how in the recruitment business

# Appendix.



# 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

 Confidence

Merger ratio

1 : 0.205

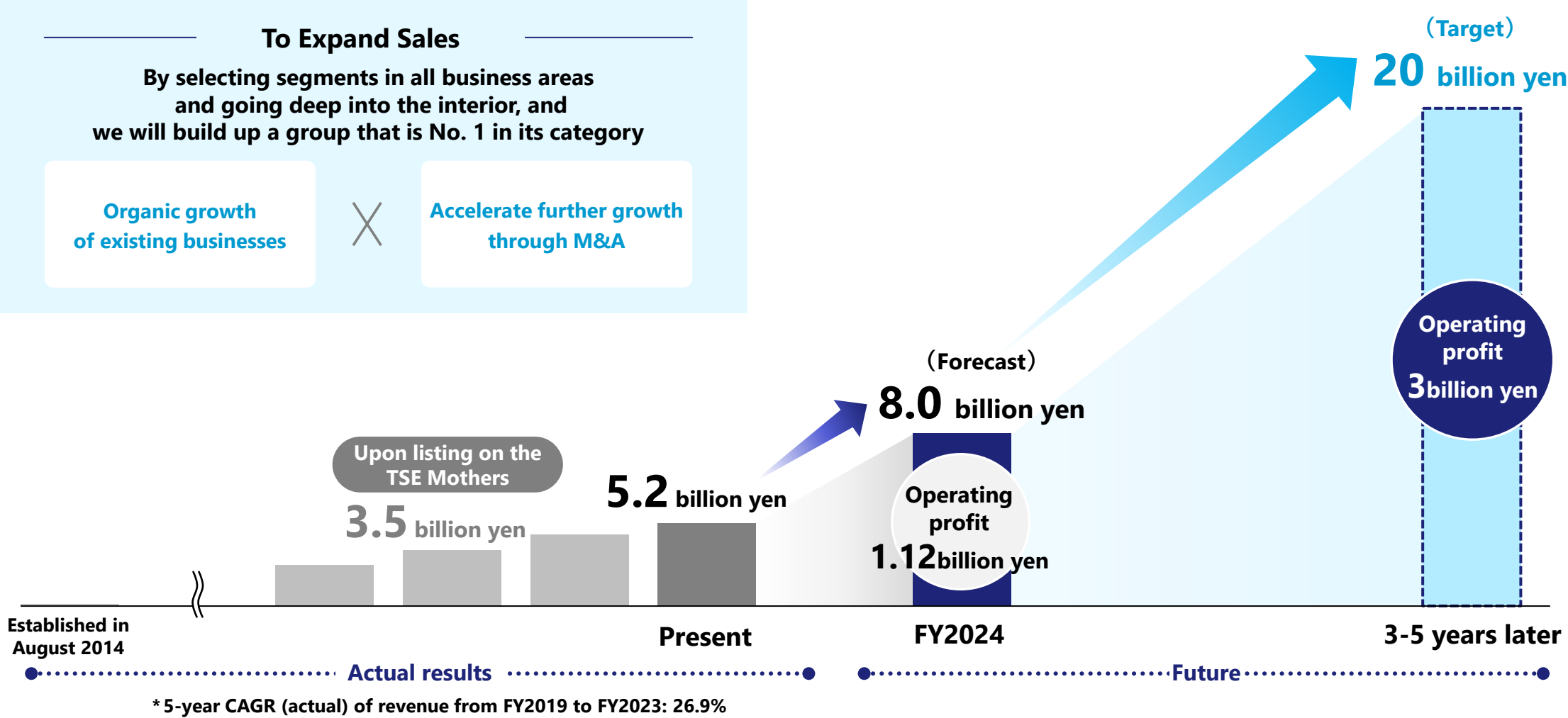
Absorbed and  
dissolving company

  
interworks<sub>inc.</sub>

Absorption-type merger

# Growth Strategy | Future Growth Indicators: Quantitative objective

- In addition to the steady growth achieved by Confidence alone since its listing, the merger has increased the bases that drive revenue
- For all businesses, select segments and aim to become the No. 1 group, by specialization target areas.



# [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.

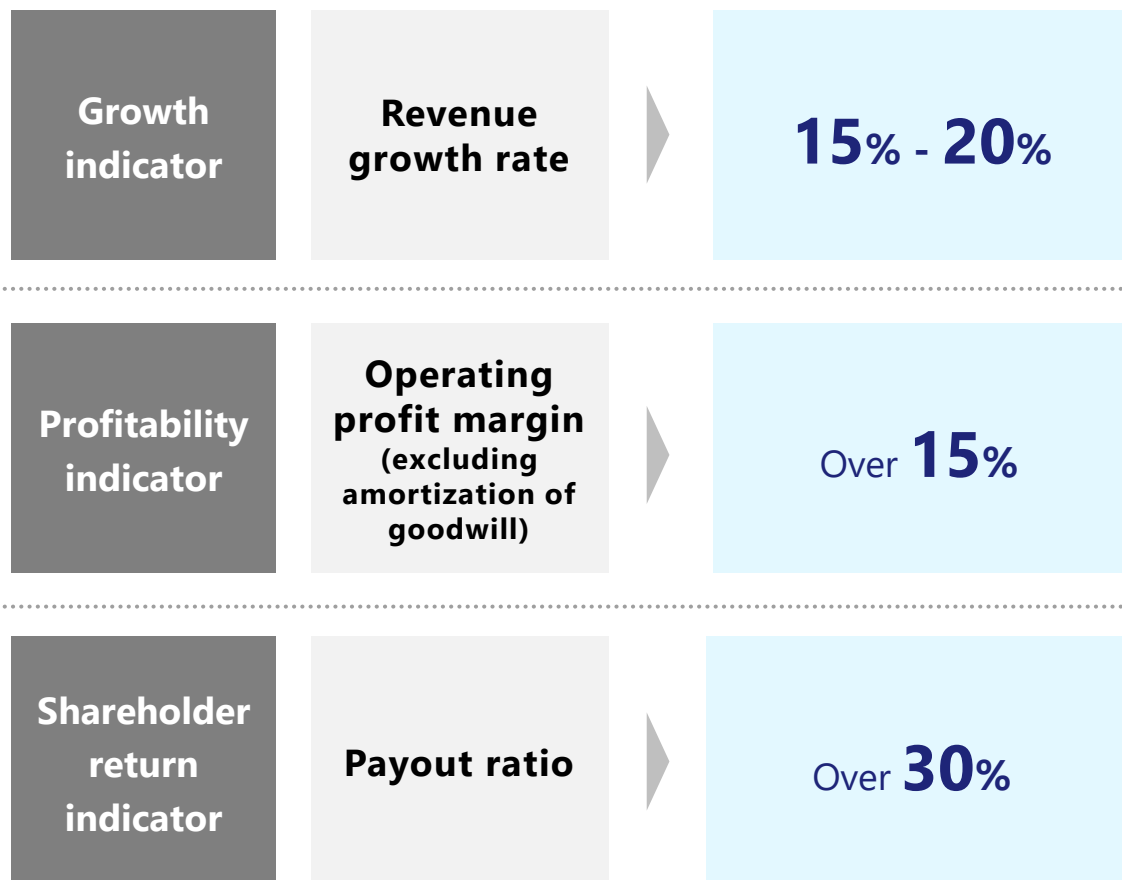
		FY2022 (formerly Confidence)	FY2023 (formerly Confidence)	FY2024 (Interworks Confidence)	YoY (vs. former Confidence)
Revenue	(million yen)	4,425	5,197	<b>8,000</b>	+53.9%
Gross profit	(million yen)	1,528	1,841	<b>3,718</b>	+102.0%
Gross profit margin	(%)	34.5%	35.4%	<b>46.5%</b>	+11.1 pts
Operating profit	(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

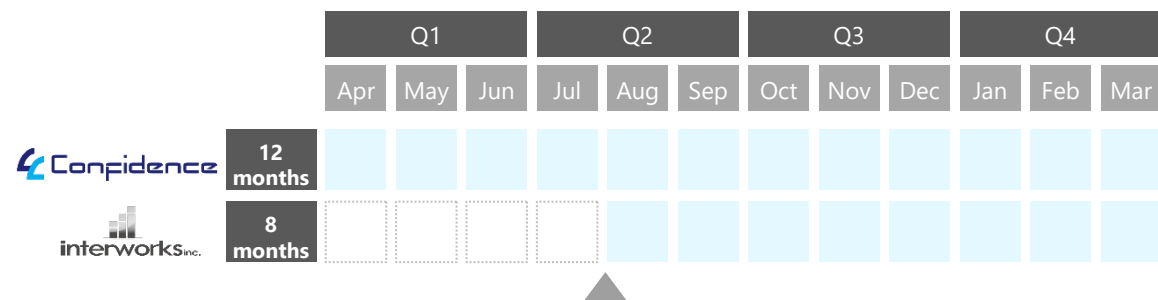
### Target indicators



## 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**

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**Inquiries about this material: IR staff, FP&A Division ([ir@ciw.jp](mailto:ir@ciw.jp))**

**Handling of this material**

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