

Translation

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

August 10, 2022

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 filing quarterly securities report: August 10, 2022

Scheduled date for commencing dividend payments: -

Preparation of supplementary materials on quarterly financial results: Yes

Holding of quarterly financial results briefing session: No (for institutional investors and analysts)

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

1. Consolidated Financial Results for the First Quarter (April 1, 2022 to June 30, 2022) of the Fiscal Year Ending March 31, 2023

(1) Consolidated Operating Results (Cumulative)

(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	%
First quarter ended June 30, 2022	1,250	20.0	236	30.1	236	34.8	156	34.0
First quarter ended June 30, 2021	1,042	-	181	-	175	-	116	-

(Note) Comprehensive income

First quarter ended June 30, 2022: 156 million yen [34.0%]

First quarter ended June 30, 2021: 116 million yen [- %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First quarter ended June 30, 2022	34.06	32.99
First quarter ended June 30, 2021	27.14	25.79

(Note) Diluted earnings per share for the first quarter ended June 30, 2021 is calculated by using the average share price for the period from the initial listing date to the end of the said quarter, deeming it to be the period-average share price, as the Company was listed on the Tokyo Stock Exchange Mothers market on June 28, 2021.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	2,411	1,629	67.2
As of March 31, 2022 (end of previous fiscal year)	2,437	1,655	67.6

(Reference) Total shareholders' equity

As of June 30, 2022: 1,621 million yen

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

2. Cash Dividends

	Annual dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 2022	-	0.00	-	40.00	40.00
Fiscal year ending March 2023	-				
Fiscal year ending March 2023 (Forecast)		20.00	-	25.00	45.00

(Note) Revisions to the most recently announced dividend forecast: No

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2023 (from April 1, 2022 to March 31, 2023)
(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	%	
First two quarters (cumulative)	2,450	16.9	379	7.0	378	8.9	256	10.0	56.09
Full year	5,200	17.5	850	14.0	848	14.9	585	10.3	127.91

(Note) Revisions to the most recently announced earnings forecast: No

* Notes

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

(2) Application of accounting treatments specific to the preparation of quarterly consolidated financial statements: No

(3) 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: No

4) Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of June 30, 2022	4,580,800 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 June 30, 2022	- shares	As of March 31, 2022	- shares
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3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

First quarter ended June 30, 2022	4,580,774 shares	First quarter ended June 30, 2021	4,289,121 shares
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* This summary of financial results is not subject to quarterly review 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.

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

(Thousands of yen)

	Previous fiscal year (As of March 31, 2022)	First quarter of current fiscal year (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	1,724,844	1,628,549
Accounts receivable - trade	515,231	543,728
Accounts receivable - other	589	637
Other	27,597	25,116
Total current assets	2,268,262	2,198,031
Non-current assets		
Property, plant and equipment		
Buildings	34,293	45,797
Accumulated depreciation	(18,645)	(1,437)
Buildings, net	15,648	44,359
Tools, furniture and fixtures	26,151	38,410
Accumulated depreciation	(17,383)	(16,868)
Tools, furniture and fixtures, net	8,767	21,542
Total property, plant and equipment	24,415	65,902
Intangible assets		
Software	11,789	10,843
Trademark right	145	141
Total intangible assets	11,935	10,985
Investments and other assets		
Deferred tax assets	49,008	57,485
Guarantee deposits	83,319	78,064
Other	618	538
Total investments and other assets	132,946	136,087
Total non-current assets	169,297	212,974
Total assets	2,437,559	2,411,006

(Thousands of yen)

	Previous fiscal year (As of March 31, 2022)	First quarter of current fiscal year (As of June 30, 2022)
Liabilities		
Current liabilities		
Current portion of long-term borrowings	90,000	90,000
Accounts payable - other	43,685	34,975
Accrued expenses	258,920	277,744
Income taxes payable	118,577	85,371
Accrued consumption taxes	131,543	107,998
Deposits received	16,144	42,852
Provision for bonuses	100,504	142,028
Refund liabilities	276	252
Total current liabilities	759,652	781,224
Non-current liabilities		
Long-term borrowings	22,500	-
Total non-current liabilities	22,500	-
Total liabilities	782,152	781,224
Net assets		
Shareholders' equity		
Share capital	497,384	497,484
Capital surplus	389,378	389,478
Retained earnings	761,274	734,070
Total shareholders' equity	1,648,036	1,621,033
Share acquisition rights	7,371	8,748
Total net assets	1,655,407	1,629,782
Total liabilities and net assets	2,437,559	2,411,006

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive IncomeQuarterly Statements of Income
(Cumulative)

(Thousands of yen)

	First quarter of previous fiscal year (April 1, 2021 - June 30, 2021)	First quarter of current fiscal year (April 1, 2022 - June 30, 2022)
Revenue	1,042,136	1,250,685
Cost of sales	672,401	801,565
Gross profit	369,735	449,119
Selling, general and administrative expenses	188,047	212,759
Operating profit	181,687	236,359
Non-operating income		
Interest income	0	-
Gain on sale of goods	2	-
Total non-operating income	2	-
Non-operating expenses		
Interest expenses	511	273
Commission expenses	-	44
Share issuance costs	6,008	-
Total non-operating expenses	6,519	317
Ordinary profit	175,170	236,042
Extraordinary income		
Gain on reversal of share acquisition rights	-	282
Total extraordinary income	-	282
Extraordinary losses		
Loss on retirement of non-current assets	-	2,873
Office relocation expenses	-	7,687
Total extraordinary losses	-	10,560
Profit before income taxes	175,170	225,764
Income taxes - current	63,031	78,228
Income taxes - deferred	(4,270)	(8,477)
Total income taxes	58,760	69,751
Profit	116,409	156,012
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	116,409	156,012

Quarterly Consolidated Statements of Comprehensive Income
(Cumulative)

(Thousands of yen)

	First quarter of previous fiscal year (April 1, 2021 - June 30, 2021)	First quarter of current fiscal year (April 1, 2022 - June 30, 2022)
Profit	116,409	156,012
Other comprehensive income		
Total other comprehensive income	-	-
Comprehensive income	116,409	156,012
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	116,409	156,012
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in the Amounts of Shareholder's Equity)

Not applicable.

(Segment Information, Etc.)

[Segment information]

I. First quarter of the previous fiscal year (April 1, 2021 - June 30, 2021)

Information on revenue and profit or loss by reportable segment

(Thousands of yen)

	Reportable segment			Adjustments (Note 1)	Amount recorded in quarterly statements of income (Note 2)
	HR Solution business	Media business	Total		
Revenue					
Sales to outside customers	1,024,604	17,531	1,042,136	-	1,042,136
Inter-segment sales or transfers	-	-	-	-	-
Total	1,024,604	17,531	1,042,136	-	1,042,136
Segment profit	281,982	3,515	285,498	(103,810)	181,687

(Notes) 1. Adjustments of segment profit (-103,810 thousand yen) include corporate expenses of 103,810 thousand yen that are not allocated to each reportable segment.

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

II. First quarter of the current fiscal year (April 1, 2022 - June 30, 2022)

Information on revenue and profit or loss by reportable segment

(Thousands of yen)

	Reportable segment			Adjustments (Note 1)	Amount recorded in quarterly statements of income (Note 2)
	HR Solution business	Media business	Total		
Revenue					
Sales to outside customers	1,234,406	16,279	1,250,685	-	1,250,685
Inter-segment sales or transfers	6,199	-	6,199	(6,199)	-
Total	1,240,605	16,279	1,256,884	(6,199)	1,250,685
Segment profit (loss)	372,739	(2,688)	370,050	(133,690)	236,359

(Notes) 1. Adjustments of segment profit or loss (-133,690 thousand yen) include corporate expenses of 133,690 thousand yen that are not allocated to each reportable segment.

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

(Significant Subsequent Events)

Not applicable.