

2nd Quarter of the Fiscal Year Ending March 2025 (FY2025)

Financial Results Briefing Material

"Kabushiki Kaisha Confidence Interworks" (English name: "Interworks Confidence Inc.")

Securities code : 7374

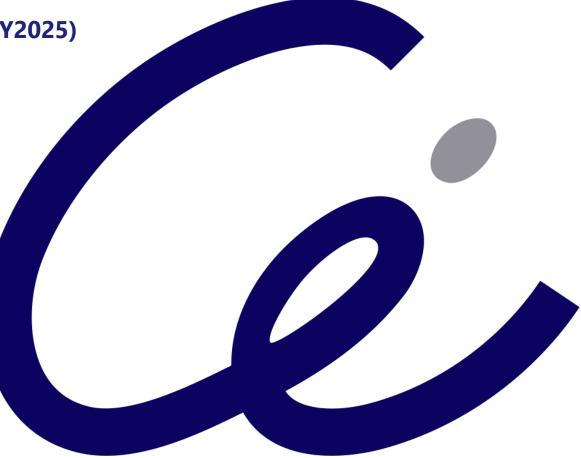


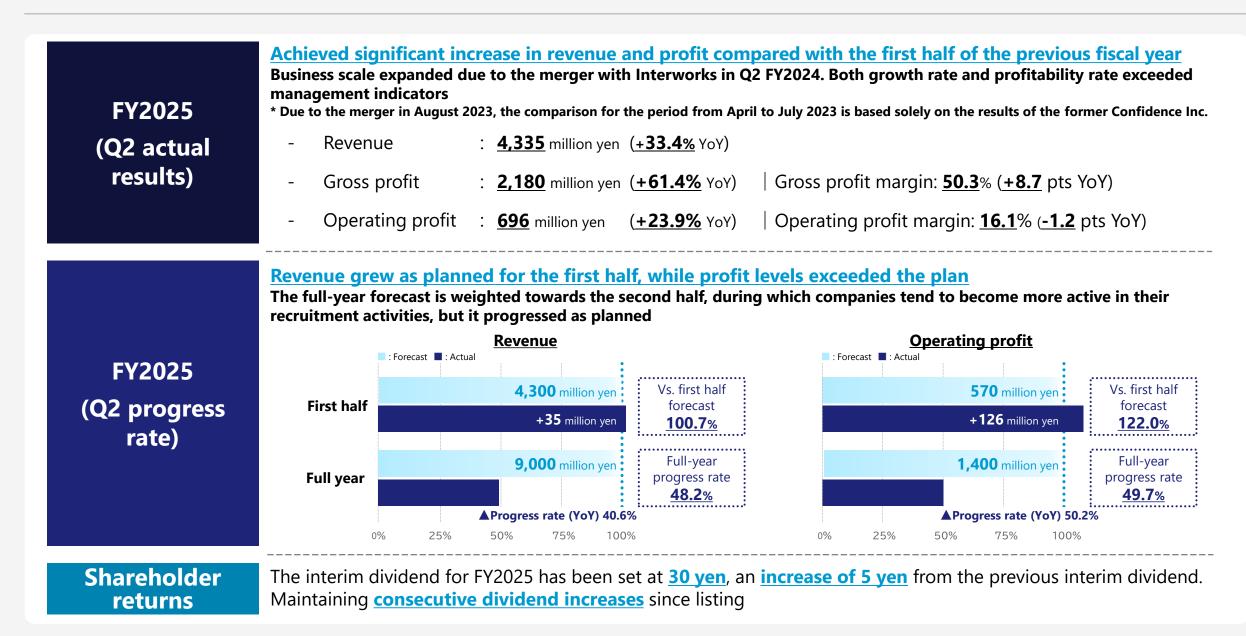
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Executive Summary

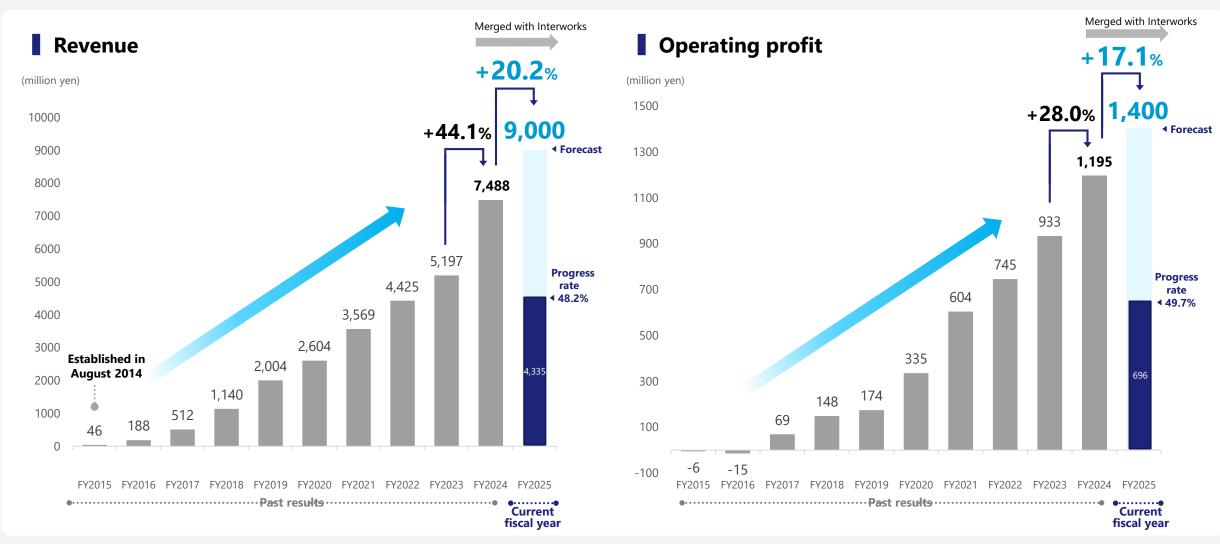
Financial Highlights of Q2 FY2025 (Cumulative)



Trends in Revenue / Operating Profit Over the Years

Trends in revenue and operating profit over time, including forecasts for FY2025, are shown below

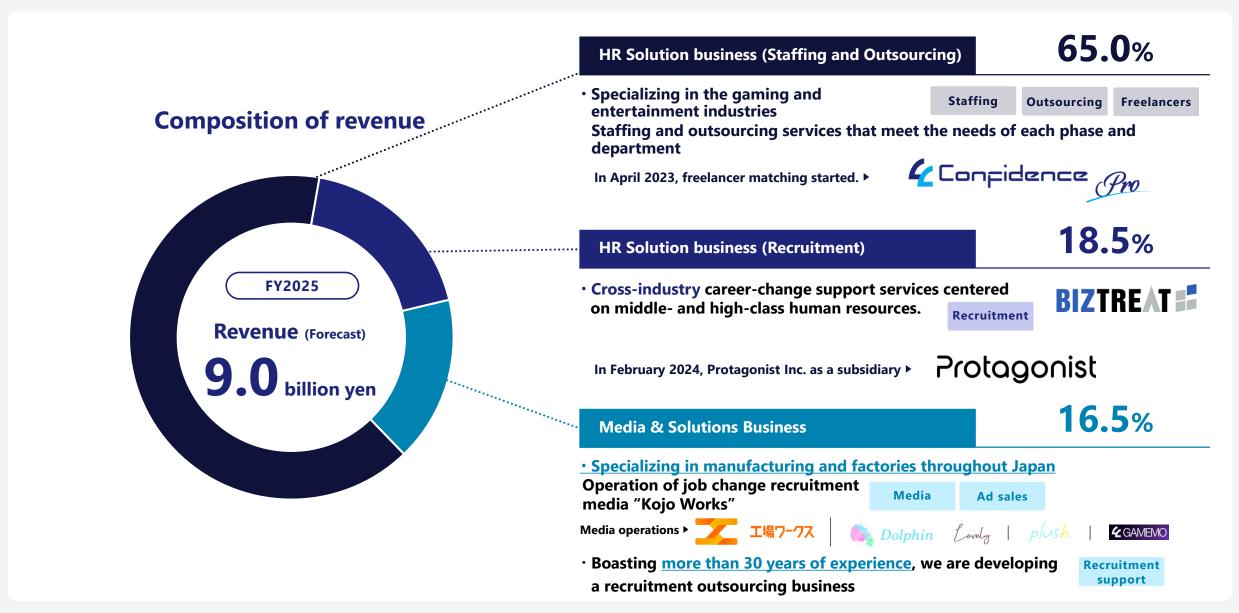
The progress rate against the full-year forecast announced at the time of the full-year financial report for FY2024 was <u>48.2% for revenue</u> and <u>49.7% for operating profit</u>, as planned



02

Company Overview | Consolidated Financial Results and Segment Results

Company Overview | Composition of Revenue



[Consolidated] Financial Highlights of Q2 FY2025

Significant increase in revenue and profit YoY (*Merged with Interworks on August 1, 2023. For Q2 FY2024, the figures for the period up to July are based solely on the results of the former Confidence Inc.). Steady progress even after amortization of goodwill
 Staffing business has faced challenges in responding to changes in the market environment, but generally progressed steadily in both revenue and operating profit against

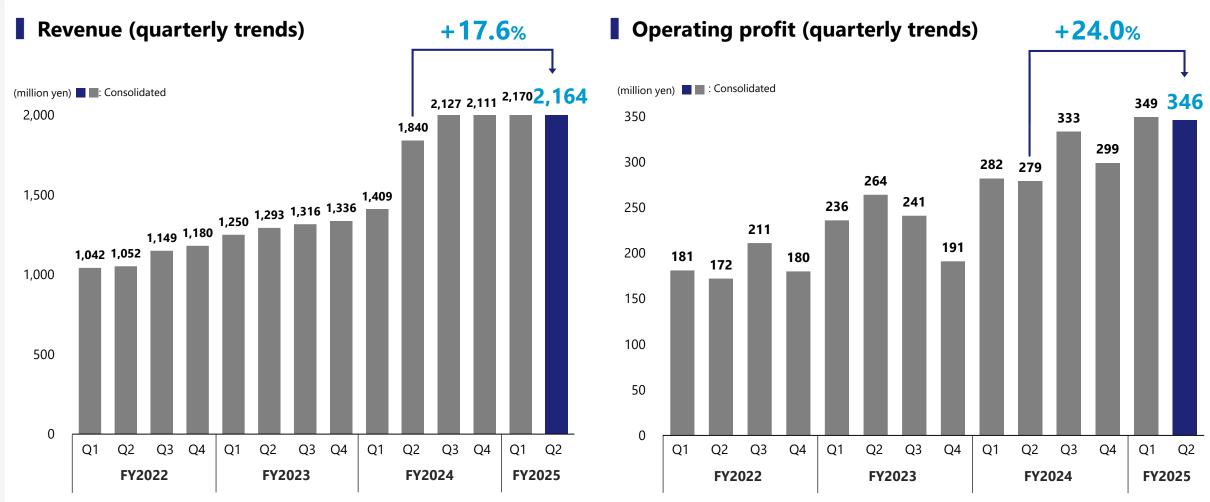
the full-year forecast

Q2 actual results	▼For Q2 FY2024, the figures from April to July are based solely on the former Confidence Inc. The figures from August onwards also include results of the Interworks, Inc.						
	FY2024 (Q2)	FY2025 (Q2)	ΥοΥ	Forecast (announced on May 10, 2024)	Progress rate		
Revenue	3,249	4,335	<u>+33.4%</u>	9,000	48.2%		
HR Solution Business - Staffing and Outsourcing	2,760	2,745	<u>-0.6%</u>	5,853	46.9%		
HR Solution Business - Recruitment	256	826	<u>+221.6%</u>	1,666	49.6%		
Media & Solutions Business	231	763	<u>+229.4%</u>	1,480	51.6%		
Gross profit	1,350	2,180	<u>+61.4%</u>	4,476	48.7%		
Gross profit margin	41.6%	50.3%	+8.7 pts	49.7%	-		
Operating profit	561	696	<u>+23.9%</u>	1,400	49.7%		
Operating profit margin	17.3%	16.1%	-1.2 pts	15.6%	-		
Ordinary profit	510	700	<u>+37.2%</u>	1,401	50.0%		
Profit attributable to owners of parent	337	439	<u>+30.3%</u>	882	49.8%		

Confidence Interworks

[Consolidated] Quarterly Results Trends

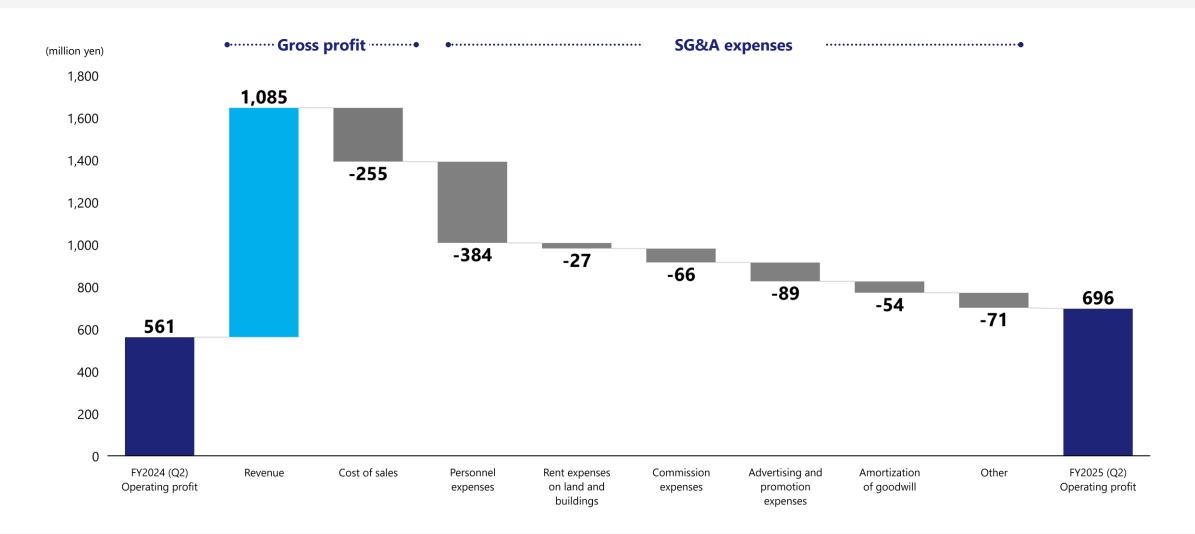
- For Q2 FY2024, which reflects the results after the merger in the period from August onwards, revenue and operating profit increased by <u>17.6%</u> and <u>24.0% YoY</u>, respectively
- Striving for further profit expansion based on the post-merger business foundation



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

[Consolidated] Factor Analysis of Increase/Decrease in Q2 Operating Profit (YoY)

- Due to the merger with Interworks on August 1, 2023, there is an increasing trend in all items when compared with Q2
- Despite the amortization of goodwill incurred since Q2 FY2024, increased profit was secured by optimizing back-office expenses and other factors to offset increased costs



[Consolidated] Quarterly SG&A Expenses Trends

Merger with Interworks significantly changed the size and composition ratio of SG&A expenses

Maintained the organizational structure to generate steady operating profit through thorough cost control

Quarterly trends (million yen) Personnel expenses Rent expenses on land and buildings Commission expenses Taxes and dues Depreciation Amortization of goodwill Other 900 771 800 746 738 737 700 600 553 500 400 35 285 300 234 231 219 212 189 188 187 176 441 420 418 200 416 324 100 150 126 118 119 105 103 98 98 98 0 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q1 Q2 FY2022 FY2023 FY2024 FY2025

> * Due to the merger in FY2024, some changes were made to the breakdown of account items from Q2 FY2024 and changes have been made retroactively from previous years * This graph is compiled based on management accounting classification

[Consolidated] Performance Highlights of Q2 FY2025 by Business

HR Solution Business (Staffing and Outsourcing) accounts for 63.3% of revenue, continuously driving the company's overall performance

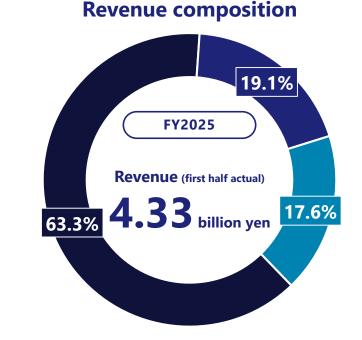
• We aim to further expand business domains through cross-selling based on the foundation of the former Interworks' Recruitment and Media & Solutions businesses

Q2 actual results

▼Figures after reclassifying to new segments. For the former Interworks, the results from August 2023 onwards are recorded

	FY2024 (Q2)	FY2025 (Q2)	ΥοΥ
Revenue*	3,249	4,335	+33.4%
HR Solution Business - Staffing and Outsourcing	2,760	2,745	-0.6%
HR Solution Business - Recruitment	256	826	+221.6%
Media & Solutions Business	231	763	+229.4%
Segment profit	850	1,214	+42.8%
HR Solution Business - Staffing and Outsourcing	725	643	-11.3%
HR Solution Business - Recruitment	74	317	+323.8%
Media & Solutions Business	50	253	+404.3%
Selling, general and administrative expenses (common expenses)	288	518	+79.8%
Operating profit	561	696	+23.9%

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

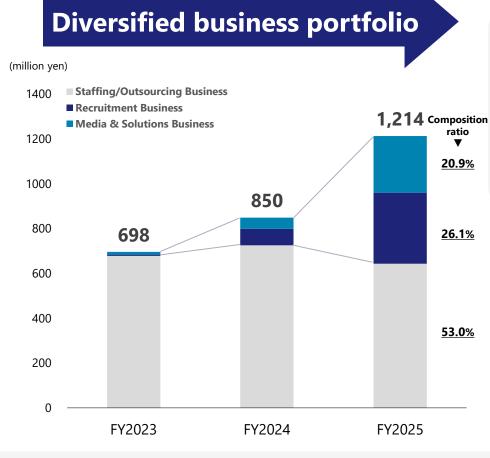


- **HR Solution Business Staffing and Outsourcing**
- HR Solution Business Recruitment
- Media & Solutions Business

[Consolidated] Q2 FY2025: From Single Business to Portfolio Management

- Segment profit margins in the Recruitment and Media & Solutions businesses improved and increased, respectively, expanding the profit composition ratio of all segments to as high as <u>47.0%</u>
- Staffing business struggled to respond to changes in the market environment, but <u>achieved stable profit growth</u> by increasing complementarity through its diversified business portfolio due to the merger

Trends in segment profit margin



Diversified revenue structure

Reduced dependence on a single business due to changes in the external environment

- With a comprehensive client base in specialized industries, the staffing business cultivated needs for outsourcing and freelancer matching services, etc. and expanded into peripheral areas with a high affinity with the skills of its creators, but struggled against the backdrop of a decline in the willingness of game companies to hire
- By diversifying the revenue structure through the expansion of business domains to increase complementarity among businesses, we will create the next core business while achieving stable profit growth
- Since the merger, the Recruitment and Media & Solutions businesses have accounted for 47.0% of the total segment profits

Improved and increased profitability

<u>Contribution from improved profit margins in the Recruitment and Media & Solutions</u> <u>businesses</u>

Profit margins in businesses primarily operated by the former Interworks are improving

Segment profit margin Recruitment Business: **29.2**% → **38.4**% (+**9.2** pts)

Media & Solutions Business: **21.7%** → **33.2%** (+**11.5 pts**)

[HR Solution Business - Staffing and Outsourcing] Financial Highlights of Q2 FY2025

The majority of this segment is dominated by the HR Solution business of the former Confidence Inc. The mainstay staffing business for the gaming industry experienced a stagnant increase in the number of utilized persons due to the sluggish market, but the freelancer matching business launched in Q1 FY2024 began to contribute to profits, aiding the increase in the number of utilized persons and revenue growth

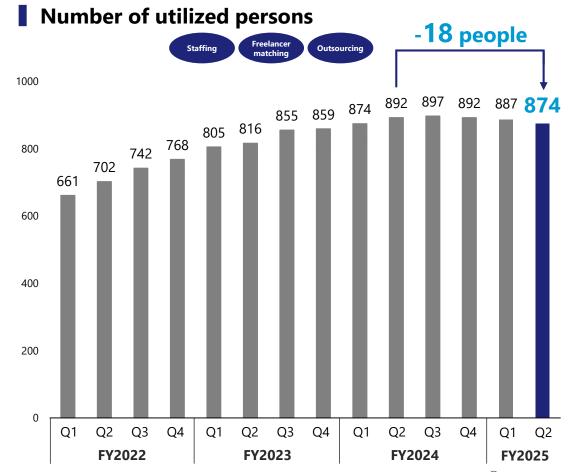
Q2 actual results	Q2 actual results VFigures after reclassifying to new segments						
(million yen)	FY2024 (Q2)	FY2025 (Q2)	ΥοΥ	Forecast (announced on May 10, 2024)	Progress rate		
Revenue*1	2,760	2,745	-0.6%	5,853	46.9%		
Staffing*2	2,657	2,627	-1.1%	-			
Outsourcing and other	103	117	+14.3%	-			
Gross profit	962	916	-4.8%	-	_		
Gross profit margin	34.9%	33.4%	-1.5 pts	-	-		
Segment profit	725	643	-11.3%	-	-		
Segment profit margin	26.3%	23.4%	-2.9 pts	-	-		

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

*2 The freelancer matching business operated by Confidence Pro Co., Ltd. established on April 3, 2023, is included in this category and disclosed

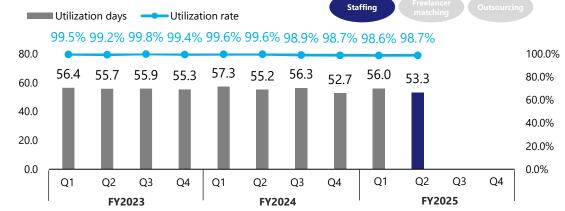
[HR Solution Business – Staffing and Outsourcing] Trends in Major KPIs

- The number of utilized persons, the basis of the Company's recurring income model, <u>decreased by 18 people</u> YoY due to a weakening hiring sentiment among gaming companies, etc.
- By steadily increasing the number of utilized persons through various solutions such as the freelancer matching business provided by our subsidiary Confidence Pro Co., Ltd. and QA outsourcing, we will seek a breakthrough in these sluggish business conditions



* Starting with financial results for Q1 FY2025, to ensure more accurate alignment with the PL of Segment ① HR Solution - Staffing and Outsourcing Business, we have retroactively adjusted to include the number of utilized persons in the freelancer matching and outsourcing businesses, in addition to those in the staffing business.

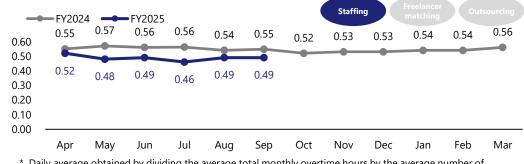
Utilization days^{*1} / Utilization rate^{*2}



*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 FY2025

The segment achieved <u>a significant YoY increase in revenue and profit</u>, as the Recruitment business of the former Interworks accounts for a large portion of the segment
 <u>The range of revenue generation expanded</u> as improved profitability contributed to a significant strengthening of the recruitment business, centered on middle- and high-class human resources across the industry

▼For Q2 FY2024, the figures from April to July are based solely on former Confidence Inc. The figures from August onwards also include results of Interworks, Inc.

Q2 actual results

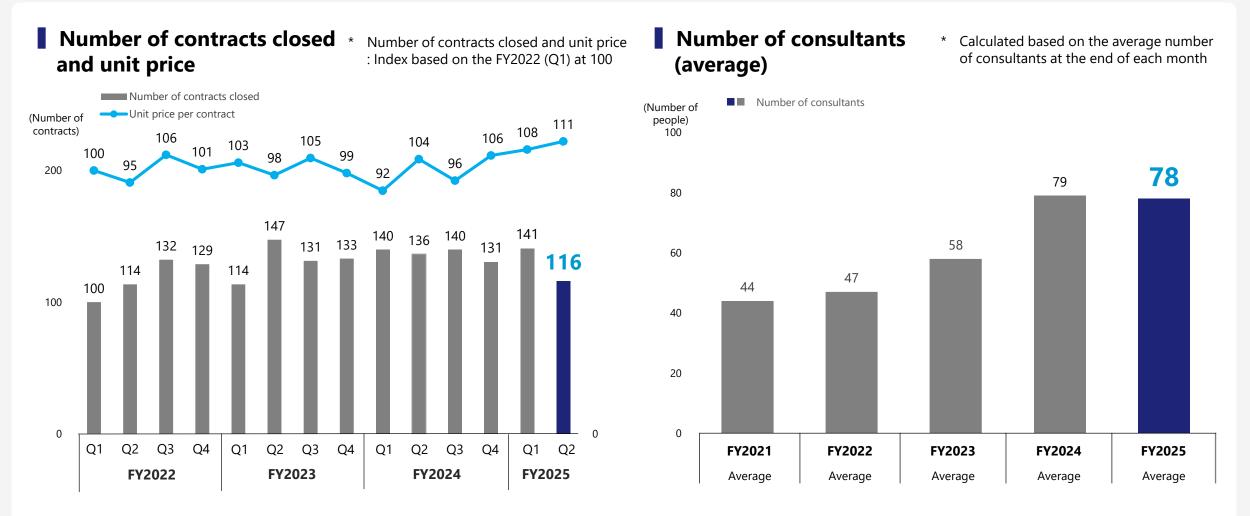
Figures after reclassifying to new segments

(million yen)	FY2024 (Q2)	FY2025 (Q2)	ΥοΥ	Forecast (announced on May 10, 2024)	Progress rate
Revenue*	256	826	+221.6%	1,666	49.6%
Recruitment	256	826	+221.6%	_	_
Gross profit	207	660	+219.1%	_	-
Gross profit margin	80.6%	80.0%	-0.6 pts	_	-
Segment profit	74	317	+323.8%	-	-
Segment profit margin	29.2%	38.4%	+9.2 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 was down YoY, but the unit price increased. We will continue to focus on training and improving the productivity of our consultants, the number of which increased in FY2024
- Strengthen channels for attracting job seekers and promote the automation of operations to improve productivity and build a system for recruiting new consultants



[Media & Solutions Business] Financial Highlights of Q2 FY2025

- The segment achieved a significant YoY increase in revenue and profit, as the Media & Solutions business of the former Interworks accounts for a large portion of the segment
- Since the merger, the segment profit margin has also improved significantly as a result of a focus on lowering the break-even point by reducing fixed costs

▼For Q2 FY2024, the figures from April to July are based solely on former Confidence Inc. The figures from August onwards also include results of Interworks, Inc.

Q2 actual results ▼Figures after reclassifying to new segments Forecast FY2024 FY2025 YoY (announced on **Progress rate** (Q2) (Q2) (million yen) May 10, 2024) 231 763 +229.4% 1,480 Revenue* 51.6% 162 542 Job opening advertisement +232.7% 68 221 Outsourcing and other +221.6% 181 603 Gross profit +233.2%78.1% Gross profit margin 79.0% +0.9 pts 50 253 Segment profit +404.3%21.7% Segment profit margin 33.2% +11.5 pts -

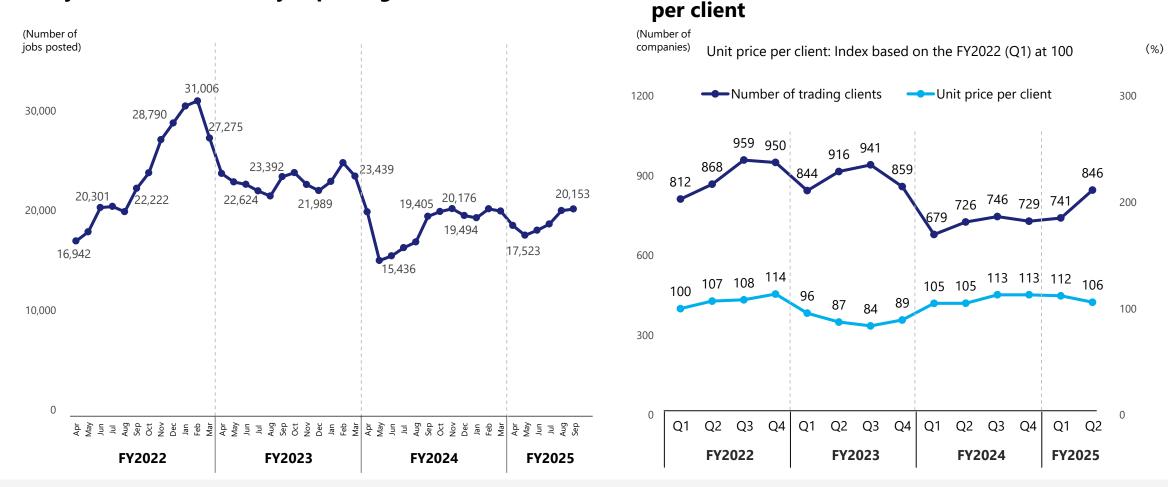
* Figures after eliminating internal sales within the consolidated companies are indicated

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

Since the merger, we have continued to implement measures to increase media power to counter the decline in client attraction ability resulting from the decentralization of media platforms

Kojo Works' number of trading clients and unit price

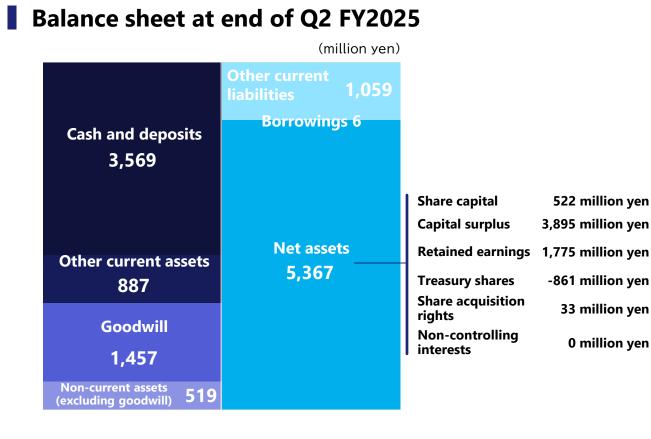
These measures have been successful, and the number of both job postings and trading clients has been recovering. We aim to increase revenue while continuing to maintain productivity



Kojo Works' number of job postings

[Consolidated] Balance Sheets/Statements of Cash Flows

- Based on the purchase of treasury shares implemented in May 2024, the main changes in B/S compared to the end of the previous fiscal year include <u>-520 million yen</u> in cash and deposits, <u>-600 million yen</u> in net assets, and <u>-750 million yen</u> in total assets
- Continued to secure high financial stability, with net cash amounting to <u>3.56 billion yen</u> and the equity ratio standing at <u>82.9%</u>



Cash flows for Q2 FY2025

	(million yen)
Balance of cash and deposits as of March 31, 2	4,089
Cash flows from operating activities	+495
Cash flows from investing activities	+37
Cash flows from financing activities*	-1,052
Increase/decrease in cash and deposits	-520
Balance of cash and deposits as of September 30	, 2024 3,569
* Dividends paid: -199 million yen; treasury share purchase: other, net: -1 million yen	-851 million yen;
Financial indicators	
Net cash	3.56 billion yen
Equity ratio	82.9%
ROE (Reference)*	15.7%

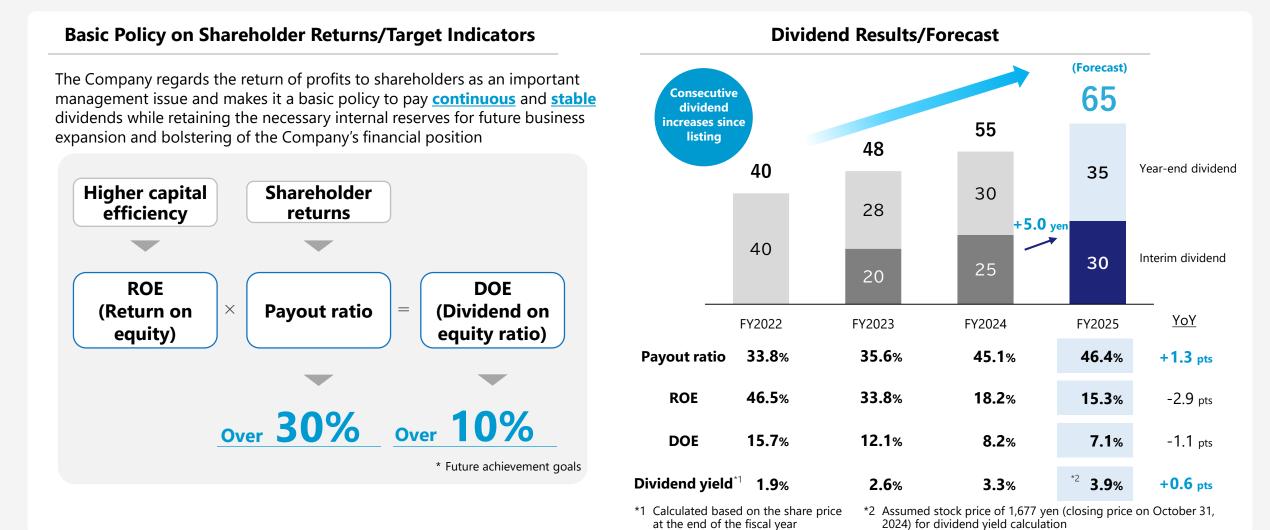
* Net profit, which is the basis for calculating ROE, is estimated based on the fullyear figures announced for FY2025



Shareholder Return

Shareholder Return Policy | Dividend Results/Forecast

- The interim dividend has been set at <u>30 yen</u>, an increase of 5 yen YoY. The annual dividend for FY2025 is expected to be <u>65 yen</u>, an increase of 10 yen YoY
- Regarding shareholder returns, the Company's basic policy is to provide continuous and stable dividends, with the goal of achieving <u>a DOE of 10%</u> over the medium term



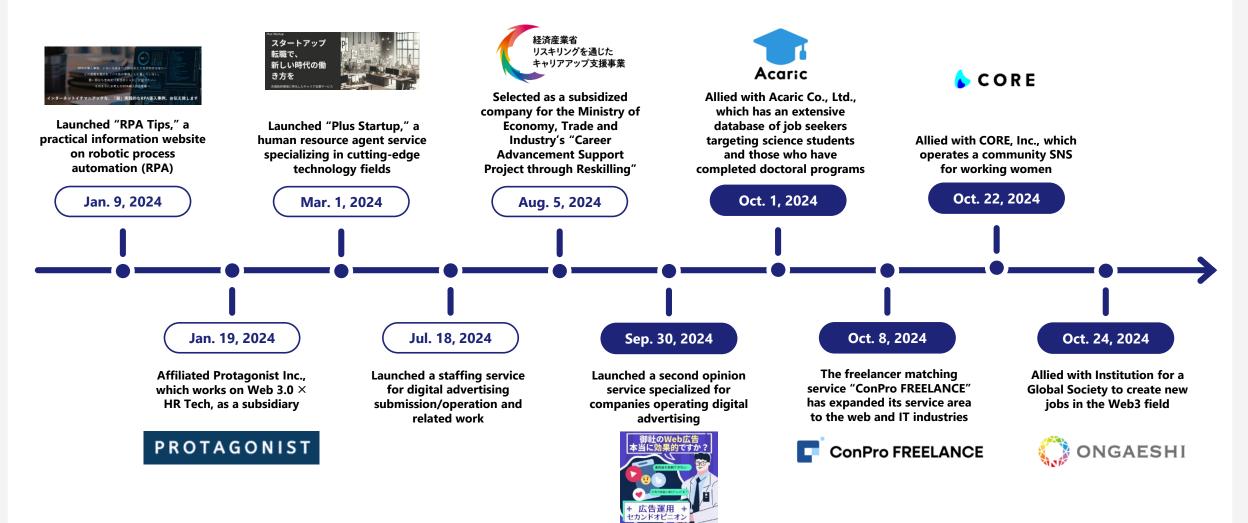
Confidence Interworks



Business Topics

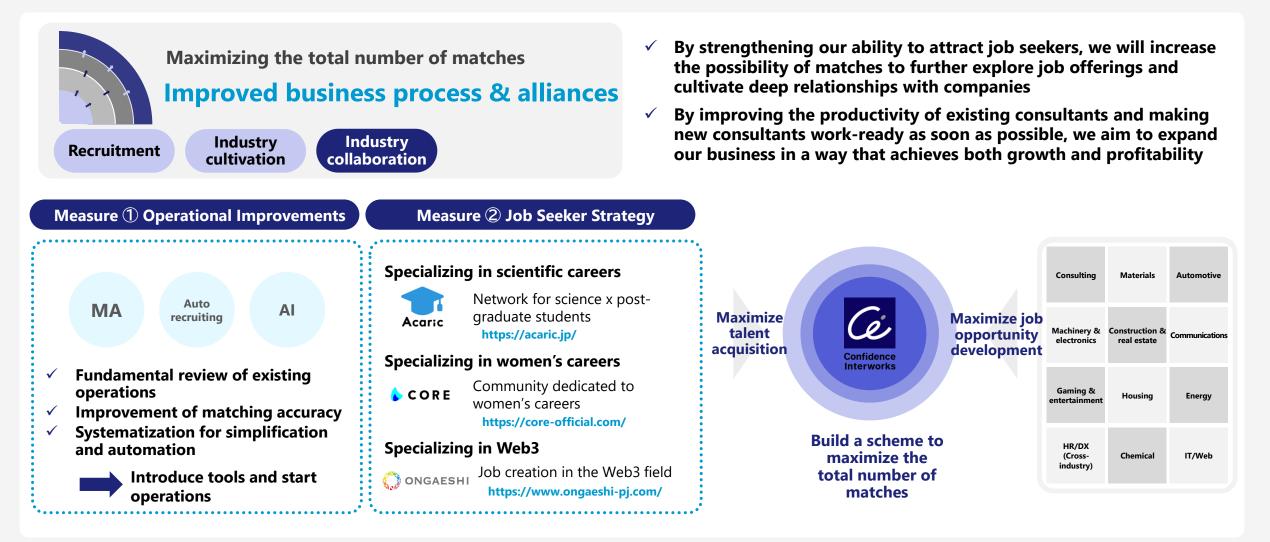
Progress in Growth Strategies/Business Topics

Summary of Business Topics [From January 2024 onwards]



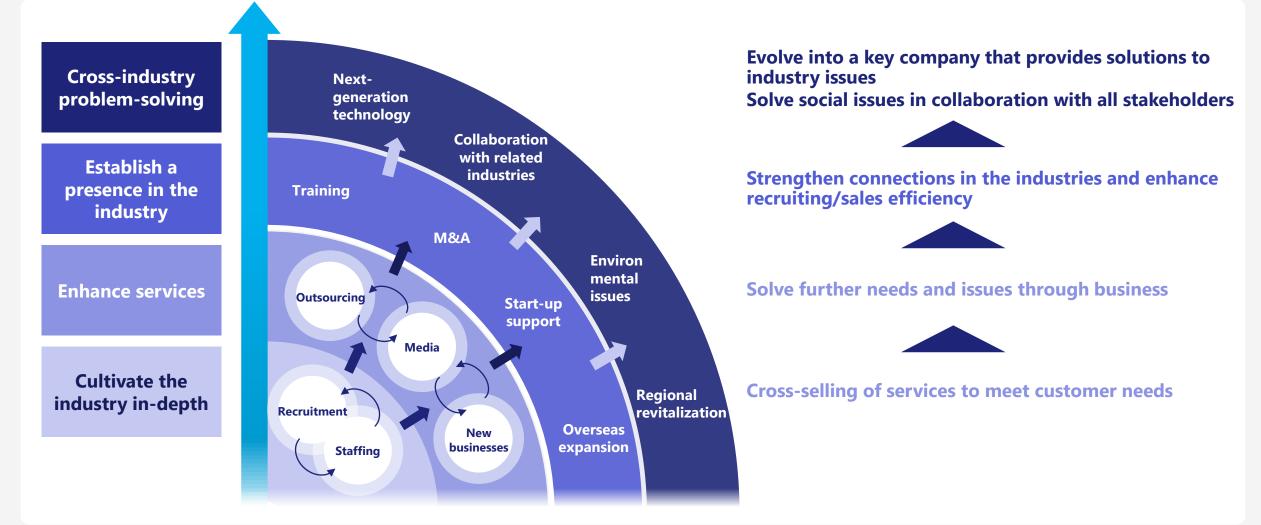
Business Topics | Developing a Scheme to Maximize Total Number of Matches

- For the recruitment business, considering the strong demand for career changes, strengthened activities to <u>build our own attraction scheme</u>, in addition to creating recruiting media and in-house database
- Aim to expand business in a way that achieves both growth and profitability by maximizing the total number of matches through improved productivity of our consultants



Future We Want to Realize/View of the World We Aim For

Using staffing and recruitment services as a starting point, we will establish a presence in the industry by comprehensively penetrating major companies in specialized industries and expanding services through cross-selling media, outsourcing, etc. while promoting in-depth cultivation of the industry. Evolve into a key company that works with all stakeholders to solve industry issues



Appendix.

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.

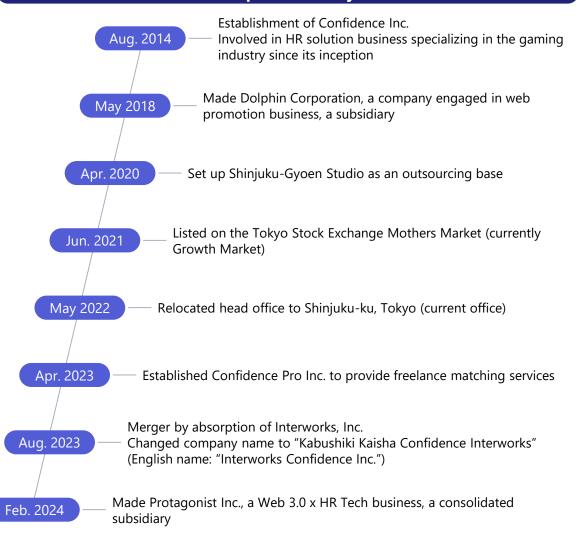


Company Overview

Company Profile

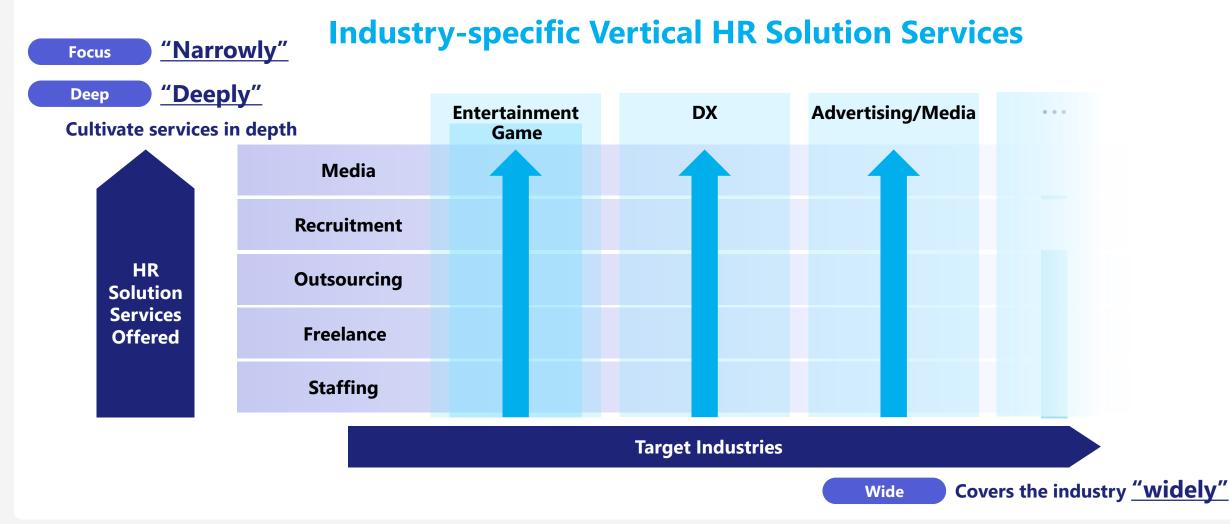
Kabushiki Kaisha Confidence Interworks (English name: Interworks Confidence Inc.)						
Nobuyuki Takushi, President						
August 2014						
BYGS Shinjuku Bldg.	10F2-19-1 Shinjuku, Sł	ninjuku-ku, Tokyo				
Nagoya Osaka	Fukuoka					
Dolphin Inc. Confidence Pro Inc. Protagonist Inc.						
President	Nobuyuki 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	Hiroshi Kawano			
Outside Auditor	Takashi Yachi	Outside Auditor	Tadahiko Yasukuni			
Outside Auditor	Kenya Fujimori	Outside Auditor	Yoshitaka Maruta			
522 million yen (as of September 30, 2024)						
HR solution business (staffing, outsourcing, recruitment), Media & solutions business						
1,117 (as of September 30, 2024) [consolidated]						
	Nobuyuki Takushi, Pr August 2014 BYGS Shinjuku Bldg. Nagoya Osaka Dolphin Inc. Confid President Managing Director Outside Director Outside Director Outside Auditor Outside Auditor 522 million yen (as o HR solution business	Nobuyuki Takushi, PresidentAugust 2014BYGS Shinjuku Bldg. 10F2-19-1 Shinjuku, ShNagoya Osaka FukuokaDolphin Inc. Confidence Pro Inc. ProtagoPresidentNobuyuki TakushiManaging DirectorMasatsugu KudoOutside DirectorReona AmemiyaOutside DirectorHirofumi MikiOutside AuditorTakashi YachiOutside AuditorKenya Fujimori522 million yen (as of September 30, 2024)HR solution business (staffing, outsourcing,	Nobuyuki Takushi, PresidentAugust 2014BYGS Shinjuku Bldg. 10F2-19-1 Shinjuku, Shinjuku-ku, TokyoNagoya Osaka FukuokaDolphin Inc. Confidence Pro Inc. Protagonist Inc.PresidentNobuyuki TakushiPresidentMasatsugu KudoOutside DirectorReona AmemiyaOutside DirectorHirofumi MikiOutside AuditorTakashi YachiOutside AuditorKenya FujimoriOutside AuditorKenya FujimoriHR solution business (staffing, outsourcing, recruitment), Media &			

Corporate History



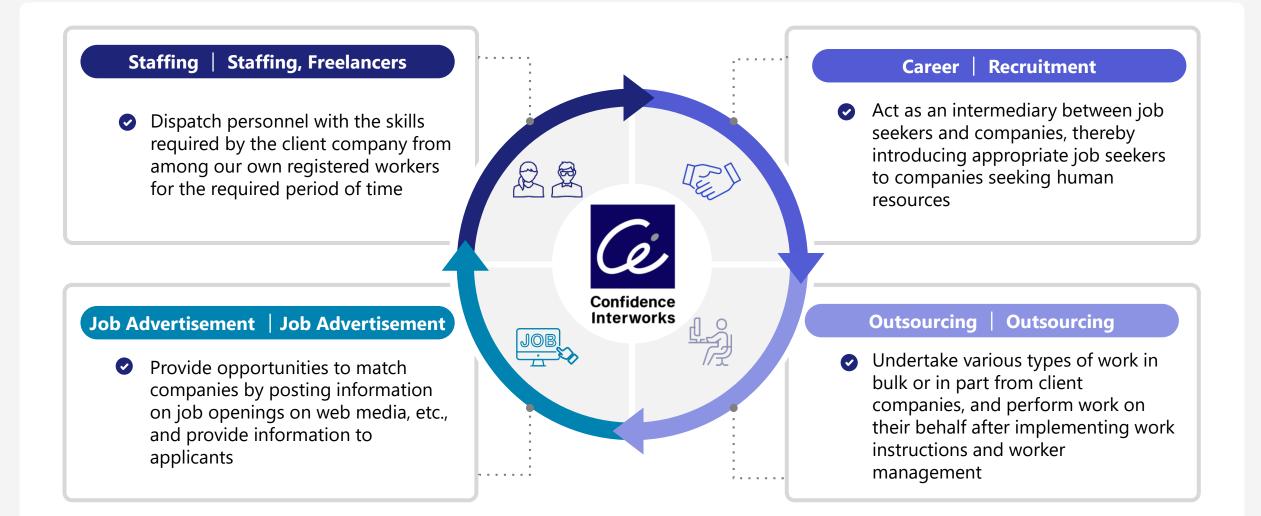
Management Policy | Industry-specific Vertical HR Solution Services

- Created a system capable of providing a full range of major human resource services.
- Strategy to expand services widely to other industries with reproducibility, starting from the business base cultivated in the gaming and entertainment industries, while engaging in specialized industries <u>narrowly</u> and providing services to customers <u>deeply</u>.



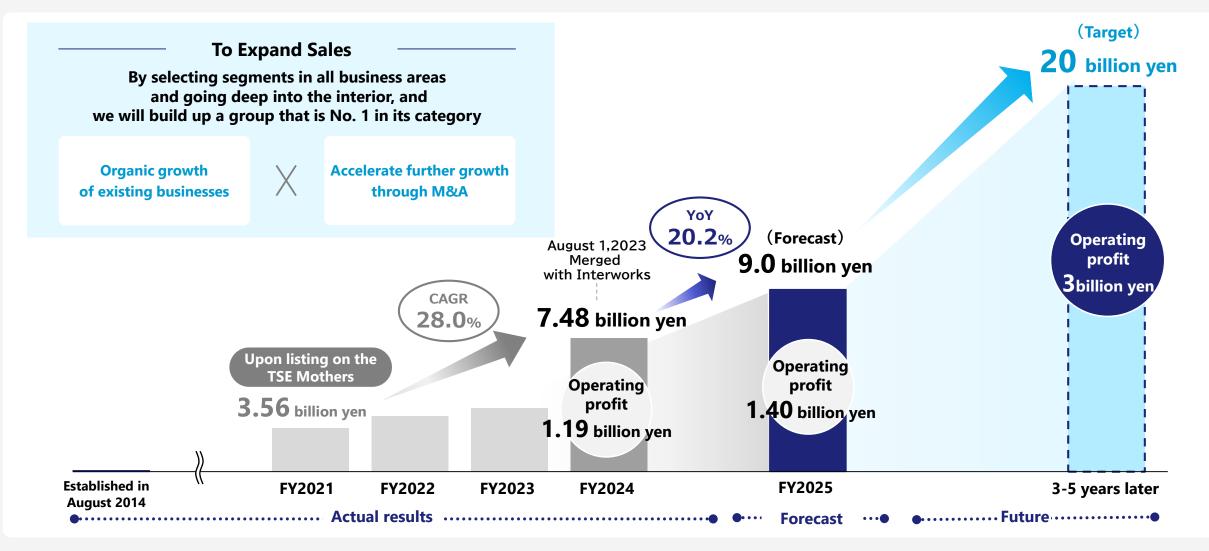
Business Structure | Services

Created an operating structure that can respond to client needs in a comprehensive manner.



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.



Growth Strategy | **Toward a Transition to the Prime Market**

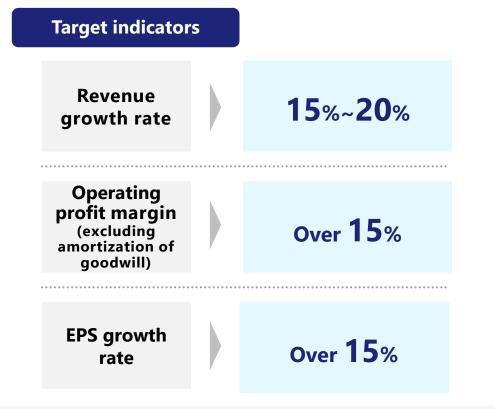
Aim to achieve revenue of 20 billion yen and operating profit of 3 billion yen (operating profit margin of 15%) and meet the criteria of total market capitalization of tradable shares and market capitalization for a transition to the Prime Market at an early stage

Transition to the Prime Market: Quantitative Criteria			End of Mar. 2023	End of Mar. 2024	End of Mar. 2025
	Number of shareholders	No less than 800	0	0	O (Estimate)
	Number of shares in circulation	No less than 20,000 units	×	0	O (Estimate)
Liquidity	Total market capitalization of tradable shares	No less than 10 billion yen	×	×	Aim for early achievement
	Market capitalization	No less than 25 billion yen	×	×	Aim for early achievement
Governance	Ratio of tradable shares	No less than 35%	0	0	O (Estimate)
Operating Results and	Revenue base	Total profit for the last two years is no less than 2.5 billion yen	×	×	O (Estimate)
Financial Condition	Financial Condition	Net assets of no less than 5 billion yen	×	0	O (Estimate)

Assumptions underlying the preparation of earnings forecast

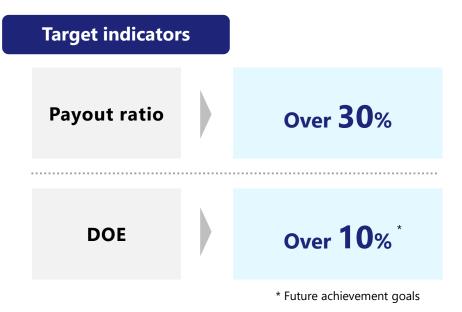
Aim for growth through "industry-specific vertical HR solution services" based on the premise of achieving both growth and profitability, as has been the management policy to date.

Also, set EPS growth as a target indicator



Assumptions underlying the preparation of dividend forecast

Formulate a dividend policy based on the basic policy of continuous and stable dividends, with a medium-term target of achieving "DOE 10%," which was set in the medium-term growth strategy after listing, and also with capital efficiency in mind.

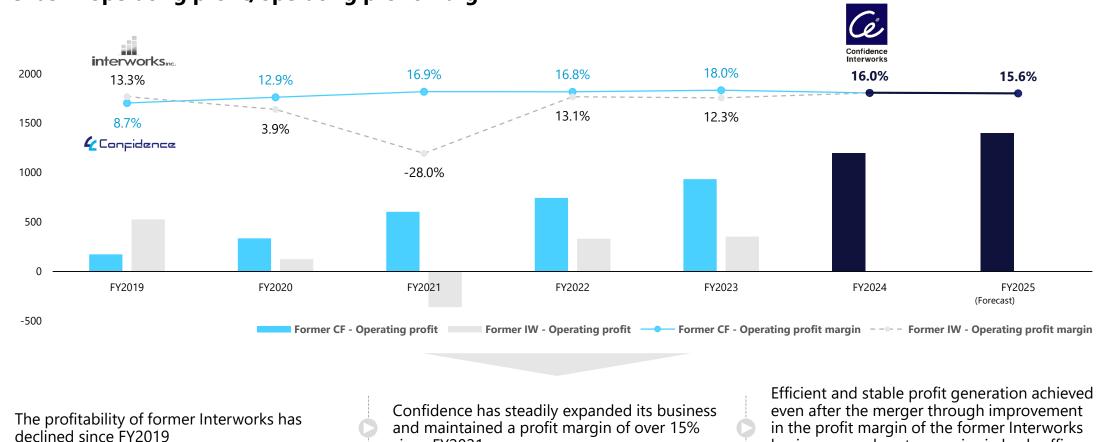


[Financial Information] Trends in Operating Profit/Operating Profit Margin

since FY2021

Since FY2021, the operating profit margin has maintained a level above 15%, as stated in the management policy

Stable profit generation achieved through portfolio diversification by improving the profit margin of the former Interworks businesses and cost synergies in back-office expenses



Trends in operating profit/operating profit margin

businesses and cost synergies in back-office

expenses

IR Information

- We are working to provide timely and easy-to-understand information to our shareholders and investors
- Interworks Confidence Inc. will continue to actively disseminate information to raise awareness of and build trust in our IR activities

Information dissemination using IR note magazine and official X account



We are also working to provide <u>timely</u> and <u>easy-to-understand</u> information to our shareholders and investors

Confidence Interworks



IR note magazine

Supplementary explanations of financial results, Q&A, Monthly Report, etc.

https://note.com/ciw_ir



Official X account

Instant updates on the latest financial results, IR events, and release information

@ciw_ir

Enhancement of explanations for individual investors

<FY2024>

- Wealth advisor Online IR fair for individual investors
- Kabu Berry Lab
- STOCKVOICE Asset Building Festa 2024
- Seminar for individual investors hosted by Nihon Securities Journal Inc.

<FY2025>

- Shonan Investment Study Group
- NIKKEI IR & Individual Investor Fair 2024
- Kobe Investment Study Group (scheduled)
- To Be Updated



Empowering Professionals to Create the Future Together

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

Handling of this material

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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.