

Translation

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

November 10, 2022

Company name: Confidence Inc.

Listing exchange: Tokyo Stock Exchange

Securities code: 7374

URL: <https://confidence-inc.jp>

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Scheduled date for filing quarterly securities report: November 10, 2022

Scheduled date for commencing dividend payments: December 5, 2022

Preparation of supplementary materials on quarterly financial results: Yes

Holding of quarterly financial results briefing session: Yes

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

1. Consolidated Financial Results for the First Two Quarters

(April 1, 2022 to September 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 two quarters ended September 30, 2022	2,544	21.5	501	41.5	500	44.1	339	45.2
First two quarters ended September 30, 2021	2,094	-	354	-	347	-	233	-

(Note) Comprehensive income

First two quarters ended September 30, 2022: 339 million yen [45.2%]

First two quarters ended September 30, 2021: 233 million yen [- %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First two quarters ended September 30, 2022	74.04	71.76
First two quarters ended September 30, 2021	52.79	50.27

(Note) Diluted earnings per share for the first two quarters ended September 30, 2022 is calculated by using the average share price for the period from the initial listing date to the end of the said quarters, 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 September 30, 2022	2,557	1,815	70.7
As of March 31, 2022 (end of previous fiscal year)	2,437	1,655	67.6

(Reference) Total shareholders' equity

As of September 30, 2022: 1,806 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	-	20.00	-	-	-
Fiscal year ending March 2023 (Forecast)	-	-	-	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	%	Yen
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 September 30, 2022	4,585,800 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 September 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 two quarters ended September 30, 2022	4,581,115 shares	First two quarters ended September 30, 2021	4,425,301 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)	Second quarter of current fiscal year (As of September 30, 2022)
Assets		
Current assets		
Cash and deposits	1,724,844	1,838,912
Accounts receivable - trade	515,231	516,906
Accounts receivable - other	589	984
Other	27,597	26,910
Total current assets	2,268,262	2,383,714
Non-current assets		
Property, plant and equipment		
Buildings	34,293	45,797
Accumulated depreciation	(18,645)	(2,204)
Buildings, net	15,648	43,592
Tools, furniture and fixtures	26,151	39,623
Accumulated depreciation	(17,383)	(18,243)
Tools, furniture and fixtures, net	8,767	21,380
Total property, plant and equipment	24,415	64,972
Intangible assets		
Software	11,789	13,180
Trademark right	145	137
Total intangible assets	11,935	13,317
Investments and other assets		
Deferred tax assets	49,008	43,279
Guarantee deposits	83,319	51,367
Other	618	457
Total investments and other assets	132,946	95,104
Total non-current assets	169,297	173,394
Total assets	2,437,559	2,557,108

(Thousands of yen)

	Previous fiscal year (As of March 31, 2022)	Second quarter of current fiscal year (As of September 30, 2022)
Liabilities		
Current liabilities		
Current portion of long-term borrowings	90,000	67,500
Accounts payable - other	43,685	44,297
Accrued expenses	258,920	265,824
Income taxes payable	118,577	159,783
Accrued consumption taxes	131,543	93,621
Deposits received	16,144	18,587
Refund liabilities	276	271
Provision for bonuses	100,504	91,853
Total current liabilities	759,652	741,738
Non-current liabilities		
Long-term borrowings	22,500	-
Total non-current liabilities	22,500	-
Total liabilities	782,152	741,738
Net assets		
Shareholders' equity		
Share capital	497,384	498,734
Capital surplus	389,378	390,728
Retained earnings	761,274	917,221
Total shareholders' equity	1,648,036	1,806,683
Share acquisition rights	7,371	8,686
Total net assets	1,655,407	1,815,370
Total liabilities and net assets	2,437,559	2,557,108

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

(Thousands of yen)

	First two quarters of previous fiscal year (April 1, 2021 – September 30, 2021)	First two quarters of current fiscal year (April 1, 2022 – September 30, 2022)
Revenue	2,094,988	2,544,586
Cost of sales	1,376,304	1,641,310
Gross profit	718,684	903,276
Selling, general and administrative expenses	364,556	402,230
Operating profit	354,127	501,045
Non-operating income		
Interest income	4	8
Gain on sale of goods	2	-
Total non-operating income	6	8
Non-operating expenses		
Interest expenses	962	488
Commission expenses	-	206
Share issuance costs	6,008	-
Total non-operating expenses	6,970	695
Ordinary profit	347,163	500,358
Extraordinary income		
Gain on reversal of share acquisition rights	-	759
Total extraordinary income	-	759
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	347,163	490,557
Income taxes - current	103,174	145,665
Income taxes - deferred	10,399	5,728
Total income taxes	113,574	151,394
Profit	233,589	339,163
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	233,589	339,163

Quarterly Consolidated Statements of Comprehensive Income
(Cumulative)

(Thousands of yen)

	First two quarters of previous fiscal year (April 1, 2021 – September 30, 2021)	First two quarters of current fiscal year (April 1, 2022 – September 30, 2022)
Profit	233,589	339,163
Other comprehensive income		
Total other comprehensive income	-	-
Comprehensive income	233,589	339,163
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	233,589	339,163
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	First two quarters of previous fiscal year (April 1, 2021 – September 30, 2021)	First two quarters of current fiscal year (April 1, 2022 – September 30, 2022)
Cash flows from operating activities		
Profit before income taxes	347,163	490,557
Depreciation	4,061	15,618
Interest and dividend income	(4)	(8)
Loss on retirement of non-current assets	-	2,873
Share issuance costs	6,008	-
Share-based payment expenses	-	2,074
Gain on reversal of share acquisition rights	-	(759)
Relocation expenses	-	7,687
Decrease (increase) in trade receivables	18,055	(1,675)
Decrease (increase) in accounts receivable - other	(334)	(394)
Increase (decrease) in accounts payable - other	(4,699)	(185)
Increase (decrease) in accrued expenses	5,865	6,926
Increase (decrease) in deposits received	2,589	2,443
Increase (decrease) in provision for bonuses	(26,987)	(8,651)
Increase (decrease) in accrued consumption taxes	(66,729)	(37,922)
Other, net	4,572	6,432
Subtotal	289,558	485,016
Interest and dividends received	4	8
Interest paid	(969)	(488)
Payments of relocation expenses	-	(7,687)
Income taxes paid	(159,381)	(105,499)
Net cash provided by (used in) operating activities	129,211	371,350
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,972)	(55,726)
Purchase of intangible assets	(5,361)	(2,501)
Proceeds from refund of guarantee deposits	-	38,742
Payments of guarantee deposits	-	(1,050)
Payments for asset retirement obligations	-	(11,230)
Net cash provided by (used in) investing activities	(9,333)	(31,765)
Cash flows from financing activities		
Proceeds from issuance of shares	463,559	-
Proceeds from issuance of shares resulting from exercise of share acquisition rights	-	2,700
Repayments of long-term borrowings	(45,000)	(45,000)
Dividends paid	-	(183,216)
Net cash provided by (used in) financing activities	418,559	(225,516)
Net increase (decrease) in cash and cash equivalents	538,437	114,068
Cash and cash equivalents at beginning of period	940,324	1,724,844
Cash and cash equivalents at end of period	1,478,761	1,838,912

(4) 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 two quarters of the previous fiscal year (April 1, 2021 – September 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	2,059,202	35,785	2,094,988	-	2,094,988
Inter-segment sales or transfers	-	-	-	-	-
Total	2,059,202	35,785	2,094,988	-	2,094,988
Segment profit	538,895	7,307	546,203	(192,075)	354,127

(Notes) 1. Adjustments of segment profit (-192,075 thousand yen) include corporate expenses of 192,075 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 two quarters of the current fiscal year (April 1, 2022 – September 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	2,500,187	44,399	2,544,586	-	2,544,586
Inter-segment sales or transfers	10,531	-	10,531	(10,531)	-
Total	2,510,718	44,399	2,555,118	(10,531)	2,544,586
Segment profit	730,996	6,410	737,407	(236,361)	501,045

(Notes) 1. Adjustments of segment profit or loss (-236,361 thousand yen) include corporate expenses of 236,361 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.