Synchro Food Corporation
FY2016 Financial Results

FY2016 Financial Results Briefing Materials

May 2017 Synchro Food Co., Ltd. <3963>

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Company Overview

Company Name	Synchro Food Co., Ltd.
Representative	President and CEO Shinichi Fujishiro
Established	April 24, 2003
Head office	7F, SouthOne Bldg. 1-7-8, Ebisu Minami, Shibuya-ku, Tokyo, 150-0022, Japan
Osaka sales office	Kita-ku, Osaka-shi
No. of employees	48 (as of the end-March 2017)
Business	Producing and running a media platform for restaurant owners and related businesses

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“Connecting the World of Food”

Our management philosophy is “to connect the world of food,” and “connect people within the food industry”.

Our company and it’s name originate from this philosophy and drive to “synchro-nize" the people in the world of food and bring them to a new level of happiness.

While the food and drink industry in Japan has relatively more employed workers, labor productivity leaves much room for improvement, because it is far below the level of productivity in the United States. (Source: " Productivity of service industry“, Cabinet Office, April 18, 2008)

Within these circumstances, we maximize the power of the Internet and technology and synchronize “Humans, Things, and Services” with the right timing for opening and operating and closing a restaurant.

We believe that by continuing to provide the necessary services from people involved in food, we can improve the food industry’s labor productivity and contribute to further development and growth of the industry as a whole.

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Directors & Auditors

President and CEO
Shinichi Fujishiro

Mar.1997 Bachelor of Science and Technology
Tokyo University of Science, Tokyo, Japan
Mar.1999 Master of Interdisciplinary Graduate School of Science and Engineering
Tokyo Institute of Technology, Tokyo, Japan
Jun.1999 Joined Andersen Consulting
(currently Accenture Japan Ltd)
Apr.2003 Established Synchro food Co., Ltd.(current office)

Director & Chief of Operating for the Business Department
Yasuhito Ohsuga

Jun.1999 Joined Andersen Consulting
(currently Accenture Japan Ltd)
Apr.2003 Director of Synchro Food Co., Ltd.(current office)

Director & Chief of Operating for the Administrative Department
Masaki Morita

May.1999 Joined Andersen Consulting(currently Accenture Japan Ltd)
Apr.2003 Outside Director of Synchro Food Co., Ltd.
Apr.2015 Director of Synchro Food Co., Ltd.(current office)

Outside director
Ryota Matsuzaki

Apr.1991 Joined The Industrial Bank of Japan, Ltd
(currently Mizuho Financial Group, Inc.)
Feb.2000 Joined Rakuten, Inc.
Feb.2011 Established Thirdgear.Ltd.(current office)
Nov.2011 Member of the Board, Cloud Works Ltd.
Feb.2013 Established Kibidango, Inc. (current office)
Jan.2016 Director of Synchro Food Co., Ltd.(current office)

Audit & Supervisory Board Member
Noboru Nishioka

Apr.1971 Joined SEIYU Store Ltd.(currently Seiyu GK)
Sep.1987 Joined FamilyMart Co., Ltd.
Mar.2001 Member of the executive office, Joined FamilyMart Co., Ltd.
May.2004 Member of the standing statutory auditors,
Joined FamilyMart Co., Ltd.
May.2010 Member of the advisory, Joined FamilyMart Co., Ltd.
May.2011 Member of the advisory, Total Marketing DS Ltd.
Nov.2011 Member of the Outside director, Total Marketing DS Ltd.
Jun.2015 Audit & Supervisory Board Member of
Synchro Food Co., Ltd.(current office)

Outside Audit & Supervisory Board Member
Yasutomo Inoue

Apr.1999 Joined Takahashi Sogo Office
Apr.2011 Established Nagahama, Mizuno & Inoue(current office)
Sep.2015 Audit & Supervisory Board Member of
Synchro Food Co., Ltd.(current office)

Outside Audit & Supervisory Board Member
Toshihide Nakayama

Mar.1991 Joined Deloitte Touche Tohmatsu
(currently Deloitte Touche Tohmatsu LLC)
Apr.1996 Temporary transfer Japan Securities Dealers Association
Jun.2000 Joined PwC Consulting Ltd.(currently IBM Japan, Ltd.)
Sep.2002 Joined Ernst & Young Global Ltd
Nov.2005 Joined GlobalBrain Ltd.
Jun.2009 Established mglobal Ltd.(current office)
Feb.2010 Established Toshihide Nakayama Accounting
(current office)
Jun.2013 Audit Member, ESCRIT INC.(current office)
Jun.2015 Audit Member,
Fivestar Asset Management CO.,LTD(current office)
Jun.2016 Audit & Supervisory Board Member of
Synchro Food Co., Ltd.(current office)

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History

Since our establishment, we have developed multiple media services.

Apr	2003	Established Synchro Food Co., Ltd.
Sept	2003	Started running a restaurant operations support site "Inshokuten.com”.
Mar	2005	Created a recruiting site for interior decoration companies "Tenpodesign.com”.
Nov	2005	Developed a recruitment information site for interior industry "Kyujin@interiordesing”.
Oct	2006	Launched a recruitment information site for food and drink industry "Kyujin@inshokuten.com”.
Sept	2007	Launched a commercial real estate purchase price assessment site "Inukijyouhou.com”.
May	2011	Launched a recruitment information site specialized in KANSAI area "Kyujin@inshokuten.com”.
Sept	2013	Added an ingredients supplier locator section to Inshokuten.com site "Shokuzaishiiresakisagashi".
May	2015	Launched WEB magazine "Foodist Media".
Oct	2015	Launched a property information site specialized in KANSAI area "Inshokuten.comtenpobukensagashi".
Mar	2016	Released food material order system "Place Orders".
Dec	2016	Started the TOKAI version of our recruitment information site "Kyujin@inshokuten.com".

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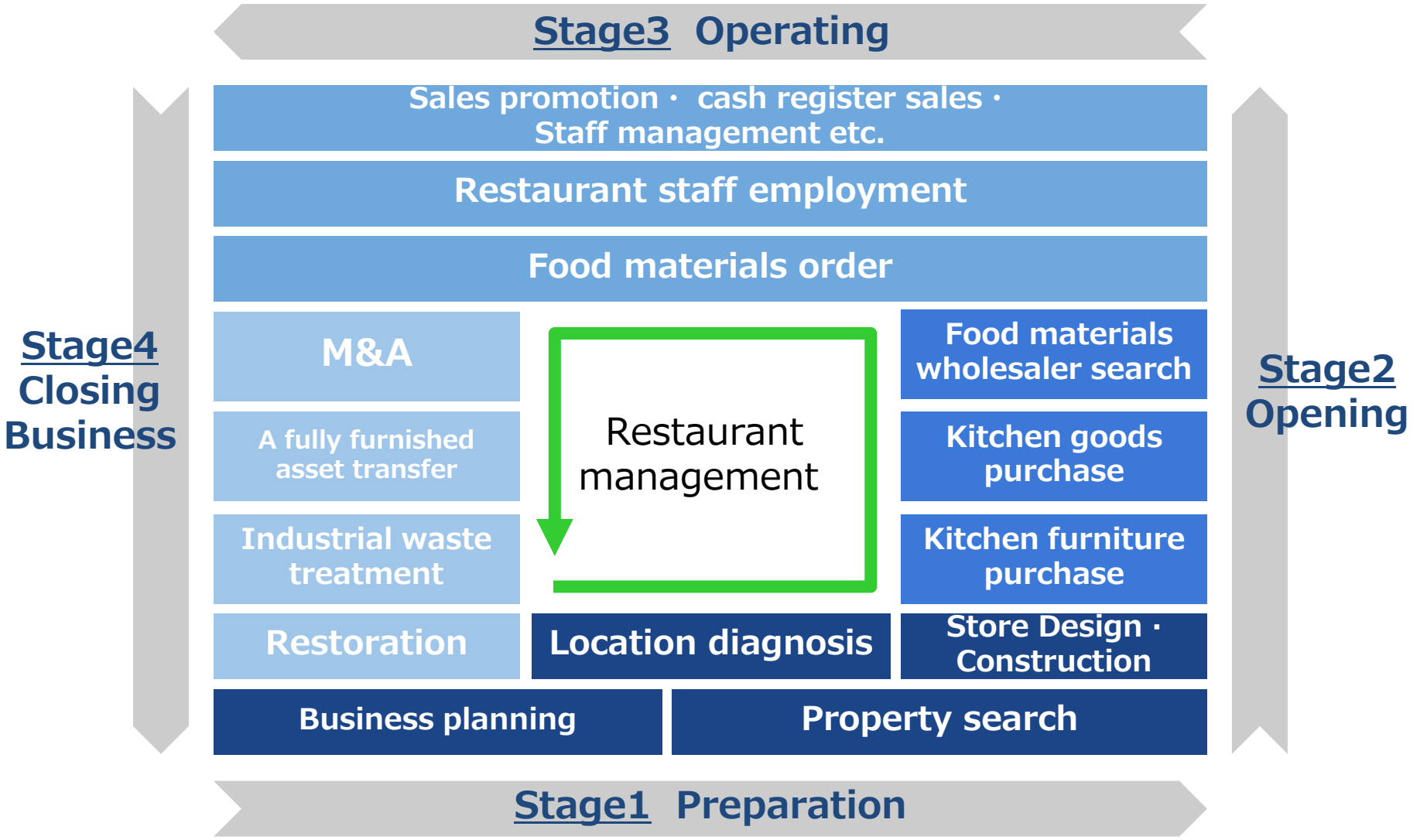
Stage of restaurant management

There are 4 Stages of restaurant management.



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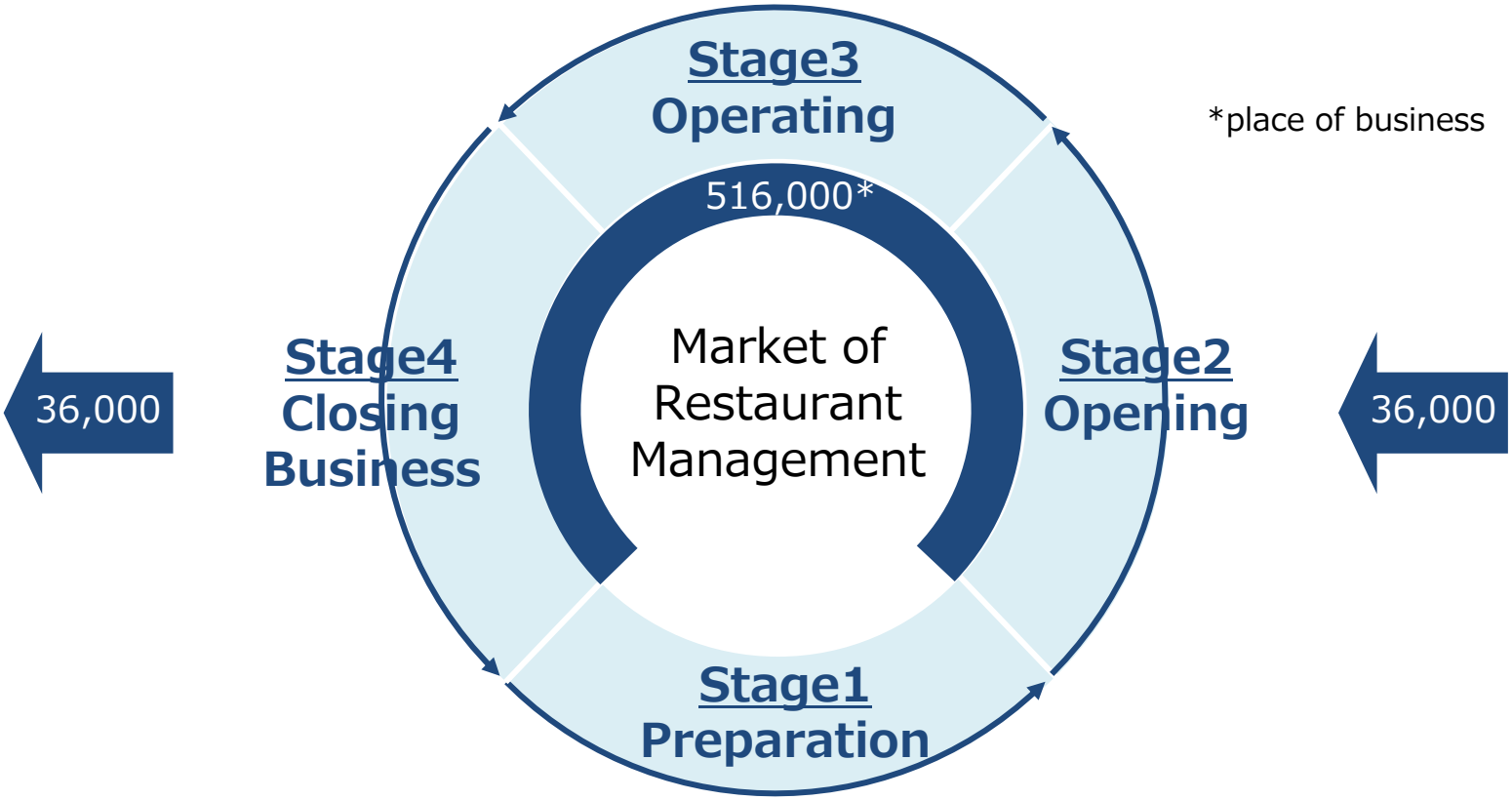
Market Recognition

There are 516,000 restaurants(retailers/chains) in Japan.
36,000 restaurants change location each year.



*place of business

*1 Source: Ministry of Internal Affairs and Communications “economic research”2014.

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Our internet assets (1/2)

INSHOKUTEN.COM

INSHOKUTEN.COM provides a one-stop service used for restaurant preparation, opening and operation. Some examples include providing information on store properties, kitchen fixtures, food suppliers, and the recruitment of management, etc.



KYUJIN@INSHOKUTEN.COM

KYUJIN@INSHOKUTEN.COM provides specialized job offering services to accommodate the recruitment needs of restaurants. It focuses mainly in the Kanto and Kansai areas, with full time employees specialized in food and drink, as well as a part-time job recruiting information site.



INSHOKUTEN.COM SHOKUZAISHIRESAKISAGASHI

INSHOKUTEN.COM offers food suppliers who are looking to sell food and drink, with food buyers who are in the market to purchase commercial food ingredients and alcohol.



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Our internet assets (2/2)

PlaceOrders

PlaceOrders is a web-ordering service dedicated to restaurants and provided by INSHOKUTEN.COM



TENPODESIGN.COM

TENPODESIGN.COM is a service providing information on interior service providers that design and construct stores, to users who are planning to open or refurbish stores.



Foodist Media

Foodist Media distributes media distributing important food and drink trends and information to various people involved in the food industry.



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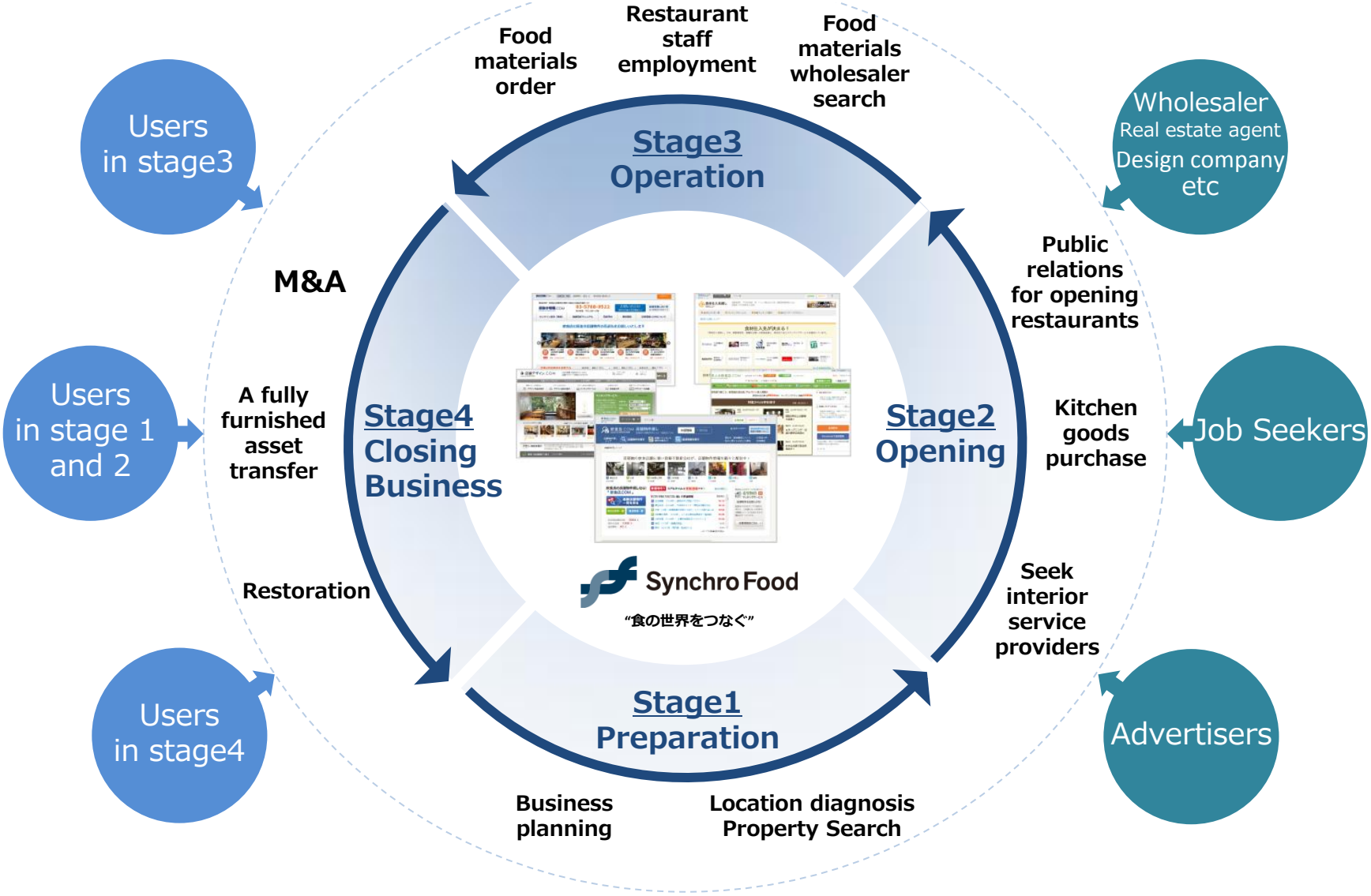
Business Model

We provide “end-to-end” restaurant management services.

B2B Platform for restaurant management



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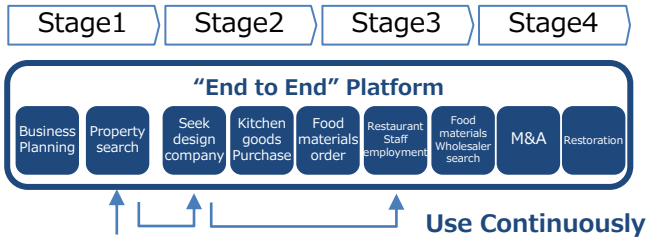
Our Strengths

Our advantages include Uniqueness · Profitability · Stability.

1 Uniqueness

- A proprietary and consistent platform for the management cycle of restaurants
- Migration effect due to total service



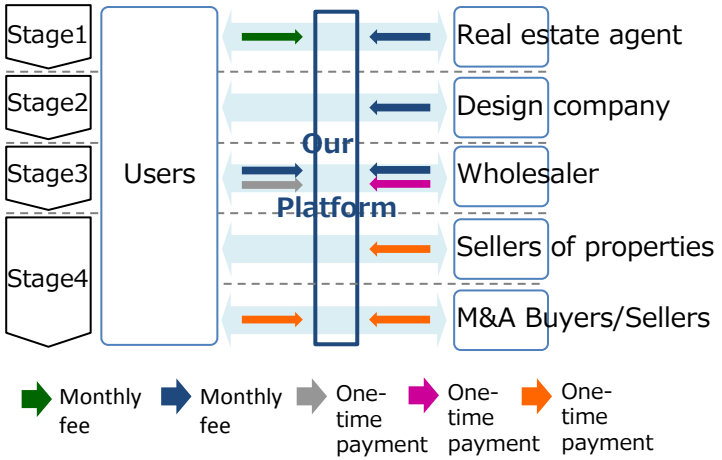
2 Profitability

- Users can be obtained from various channels, thus user acquisition cost is low
- Combined with our monthly billing model, we achieve a high profit margin



3 Stability

- Multi-point-monetization earns revenue from both users / business owners
- Multiple monetization channels are available even when the economy is stagnant (deliver a fully furnished asset, M&A)



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FY2016 Summary (YoY/vs.Full-year Forecast)

We achieved the target figure.
Revenue and operating profit have increased steadily.

(Million yen)	FY15 Total Actual	**FY16 Total Actual**	Year on Year	FY16 Full-year Forecast	vs. Full-year Forecast
Revenue	849	**1,052**	+23.9%	1,013	+3.8%
Gross Profit	752	**957**	–	–	–
SG&A	431	**507**	–	–	–
Operating Profit	320	**450**	+40.5%	366	+23.0%
Operating Profit Ratio	37.8%	**42.8%**	+5.0pt	36.1%	+6.7pt
Recurring Profit	323	**423**	+31.1%	341	+24.1%
Net Income	209	**264**	+26.1%	221	+19.3%

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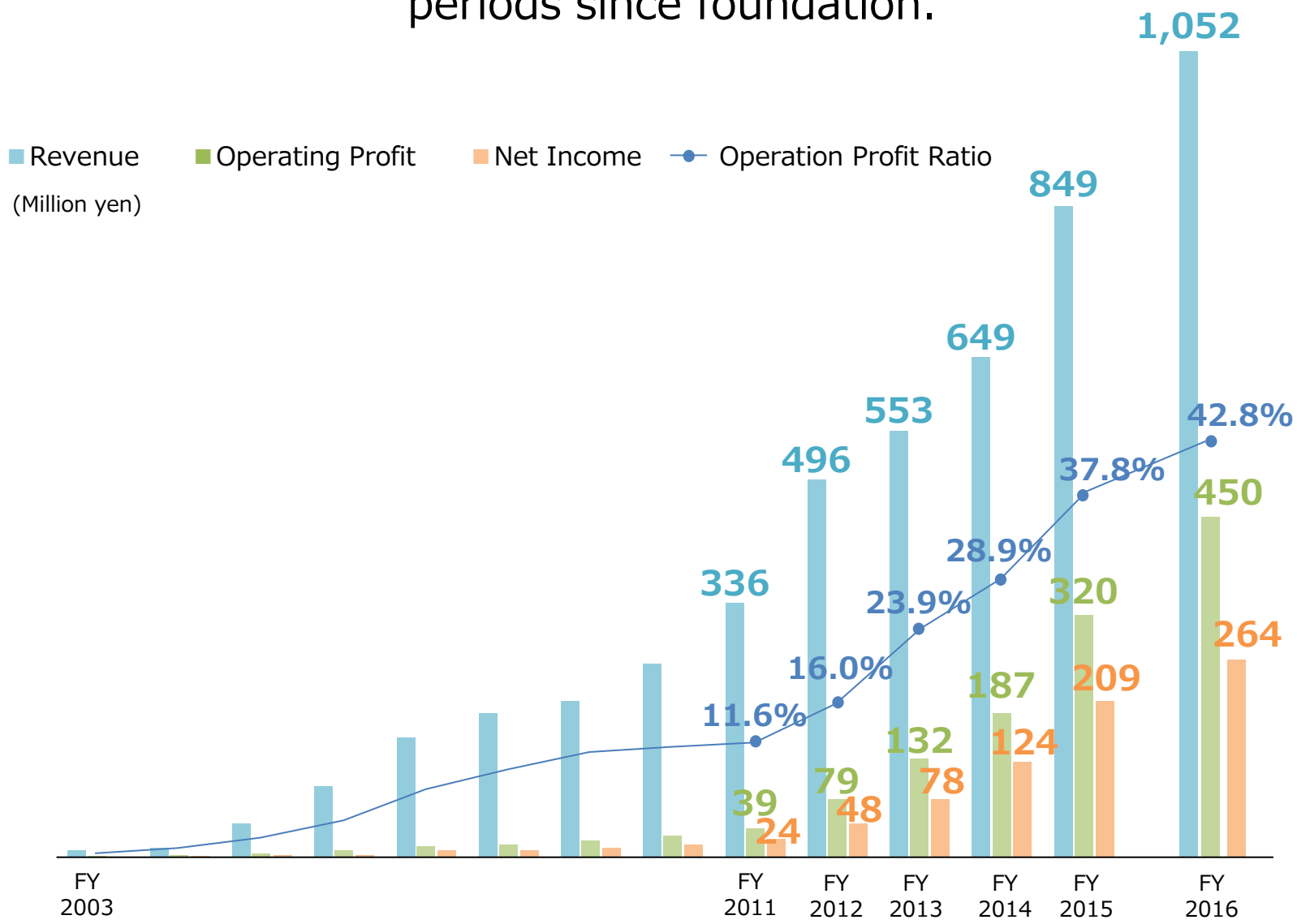
Trend of actual results for the full year

We achieved revenue and profit growth for 14 consecutive periods since foundation.



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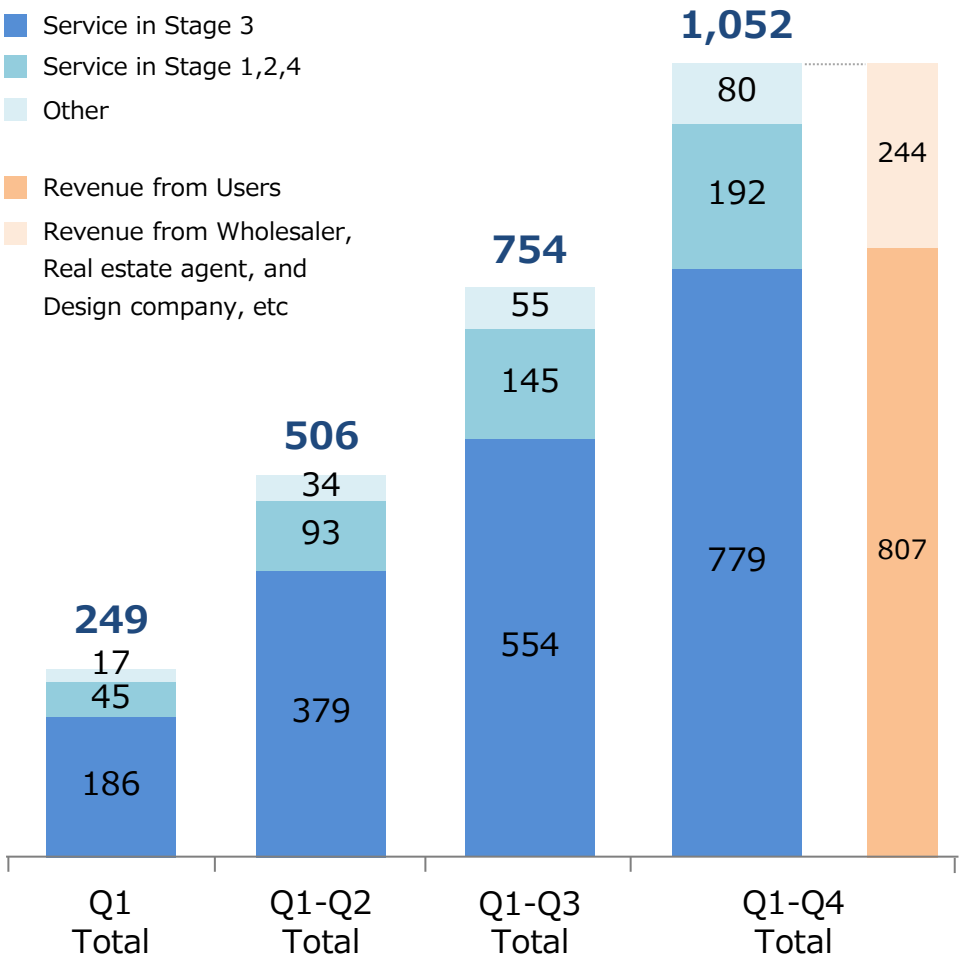
Trend of the revenue

All services achieved revenue growth.

Trend of the revenue in FY2016

(Million yen)



- Service in Stage 3
  - → Under the situation that demand for hiring remains strong, revenue increased by 26.1% year on year.
- Service in Stage 1,2,4
  - → Revenue increased by 12.9% year on year as a result of new contents and new functions release.
- Other
  - → Revenue sharply increased by 32.9% year on year as a result of advertisement growth.

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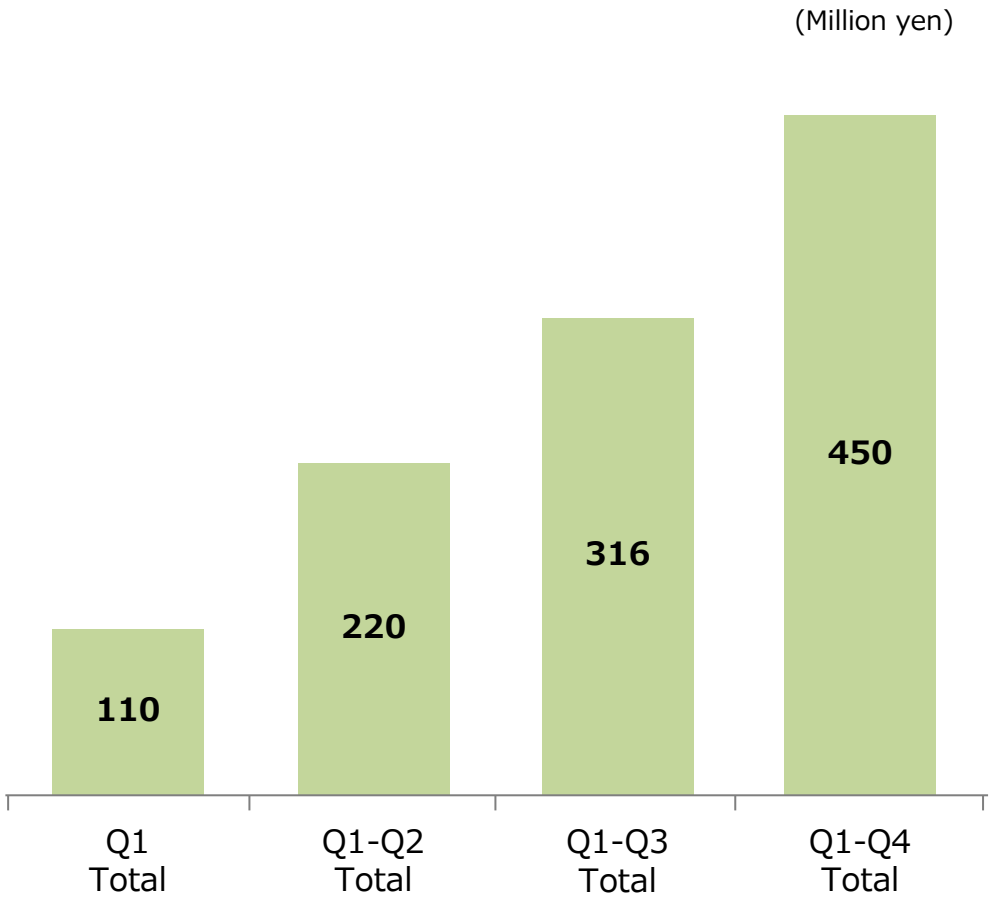
Trend of the operating profit

Operating profit increased mainly due to top-line growth.

Trend of the operating profit in FY2016



- Personnel cost
  → Increased personnel costs for hiring more staff.
- Other cost
  → Increased audit fees and Tokyo Stock Exchange fees.
- Operating profit
  → Operating profit increased mainly due to top-line growth.

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Balance Sheet

Cash and Bank was 1,949 million yen
by financing at the time of listing.
202 million yen increase in cash equivalents
by the over allotment executed on Oct. 28 2016.

(Million yen)	Mar. 31, 2017	Year on Year	Mar. 31, 2016
Current Assets Total	2,022	+180.7%	720
Cash and Bank	1,949	+200.1%	649
Fixed Assets Total	71	+27.3%	56
Assets Total	2,093	+169.7%	776
Current Liabilities Total	295	+35.3%	218
Fixed Liabilities Total	7	+0.9%	7
Net Assets Total	1,790	+225.2%	550

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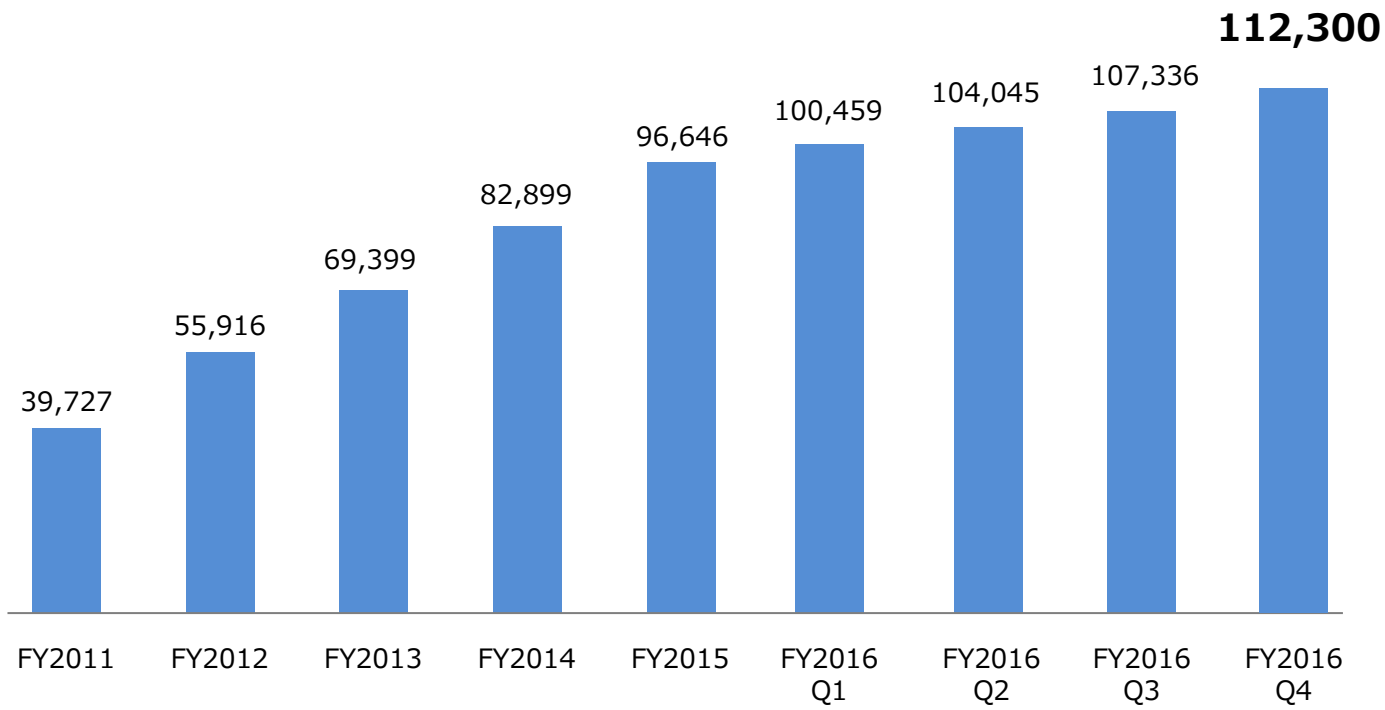
Trend of the Users

The number of registered users was over 110 thousand.

Trend of the Inshokuten.com Registered Users

※End of period

(User accounts)



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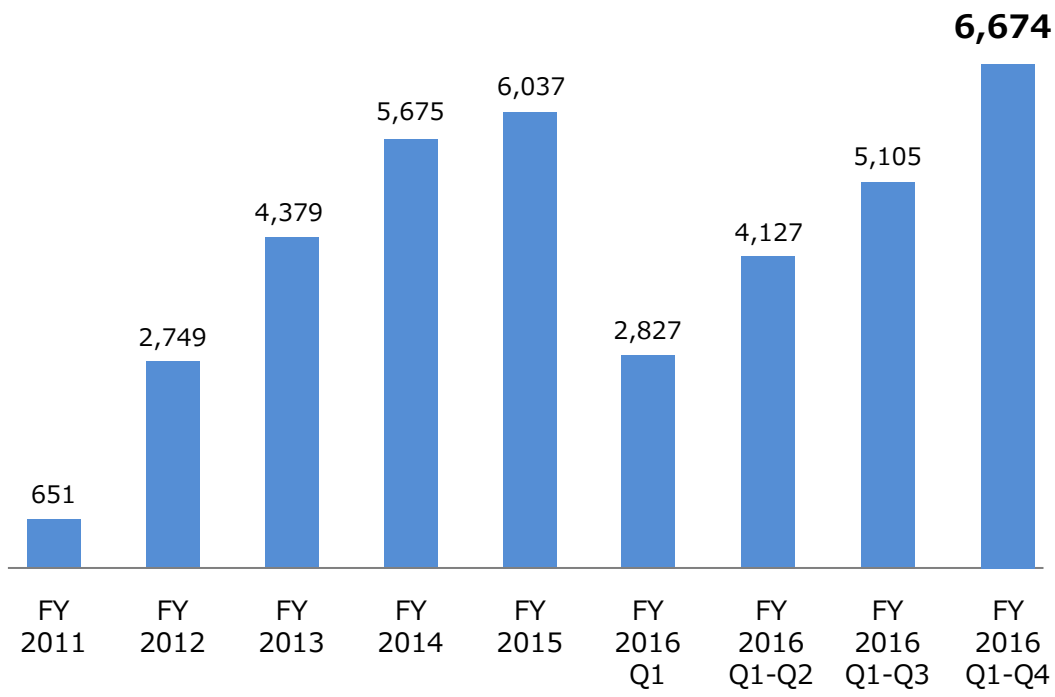
Trend of the Users

Both the number of paying users and unit price per period increased steadily.

Trend of the paying Users

※Counts during the Period

(User accounts)



- Unit Price per period
  - ✓ FY2015 : 107,780 yen
  - ✓ FY2016 : **120,999 yen**

*Kyujin@inshokuten.com Users, Bukken premium Users, and Inshokuten.com Users that purchased kitchen goods.

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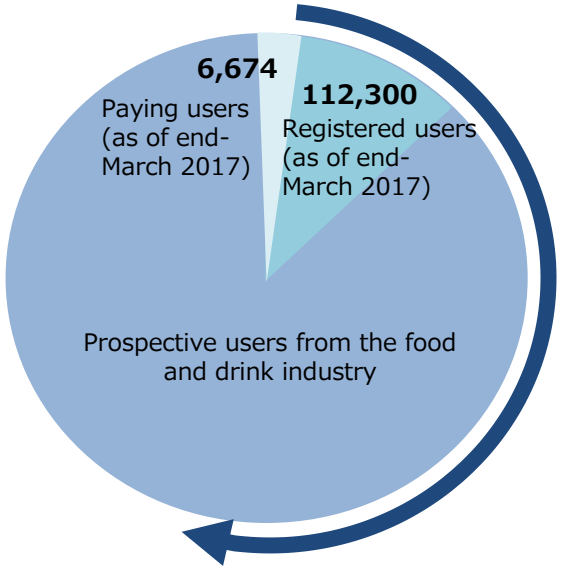
Growth potential (User · Business · Job seekers)

All images show a massive amount of our company's growth potential.

User growth potential



Our paying users represent merely a tiny portion of the food industry as a whole.

Business and Job seekers growth potential

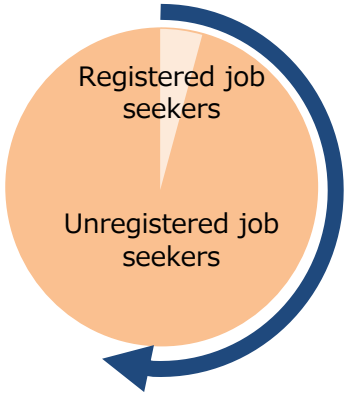
Store properties



Number of shops in need of design services



Registered job seekers



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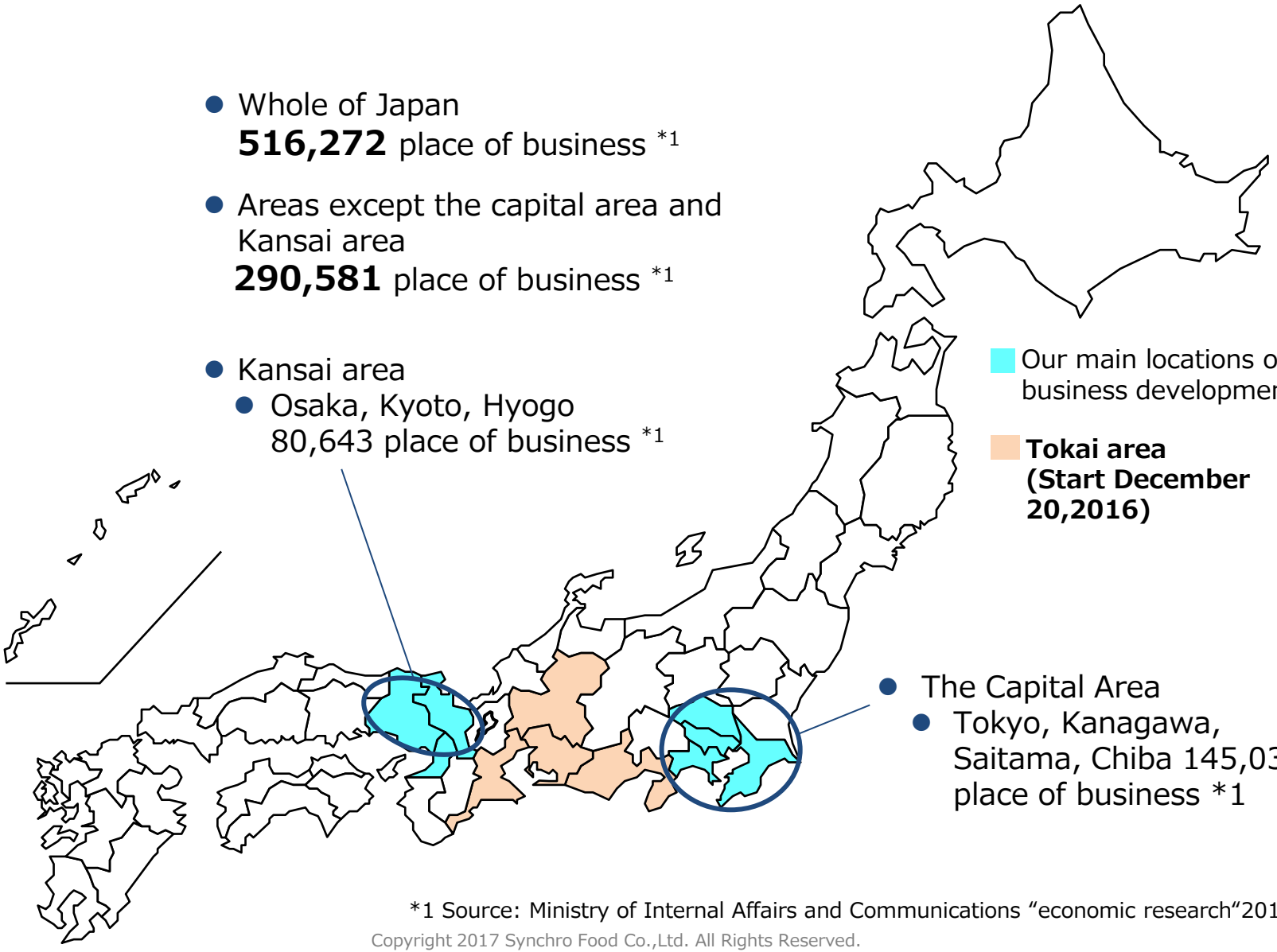
Growth potential (Development of business areas)

Great potential can be found in the rural area.

- Whole of Japan
  516,272 place of business *1
- Areas except the capital area and Kansai area
  290,581 place of business *1
- Kansai area
  - Osaka, Kyoto, Hyogo
    80,643 place of business *1



Our main locations of business development

Tokai area (Start December 20,2016)

- The Capital Area
  - Tokyo, Kanagawa, Saitama, Chiba 145,038 place of business *1

*1 Source: Ministry of Internal Affairs and Communications “economic research”2014.

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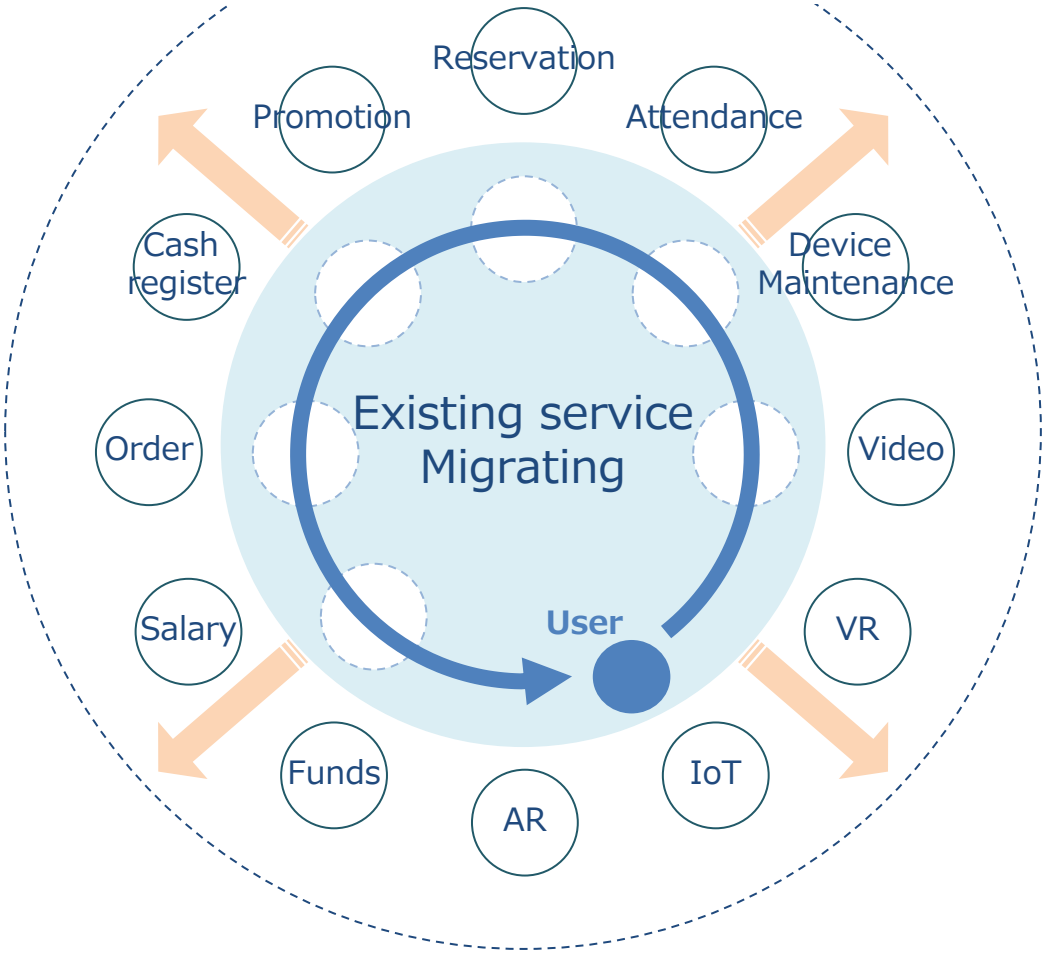
Growth potential (New services)

Adding new services to our platform is a catalyst for revenue growth.

New media and additional deployment services



1. New free service development
2. User-base expansion
3. Conversions from free users to paying users

Our company has 14 years of monetization expertise.

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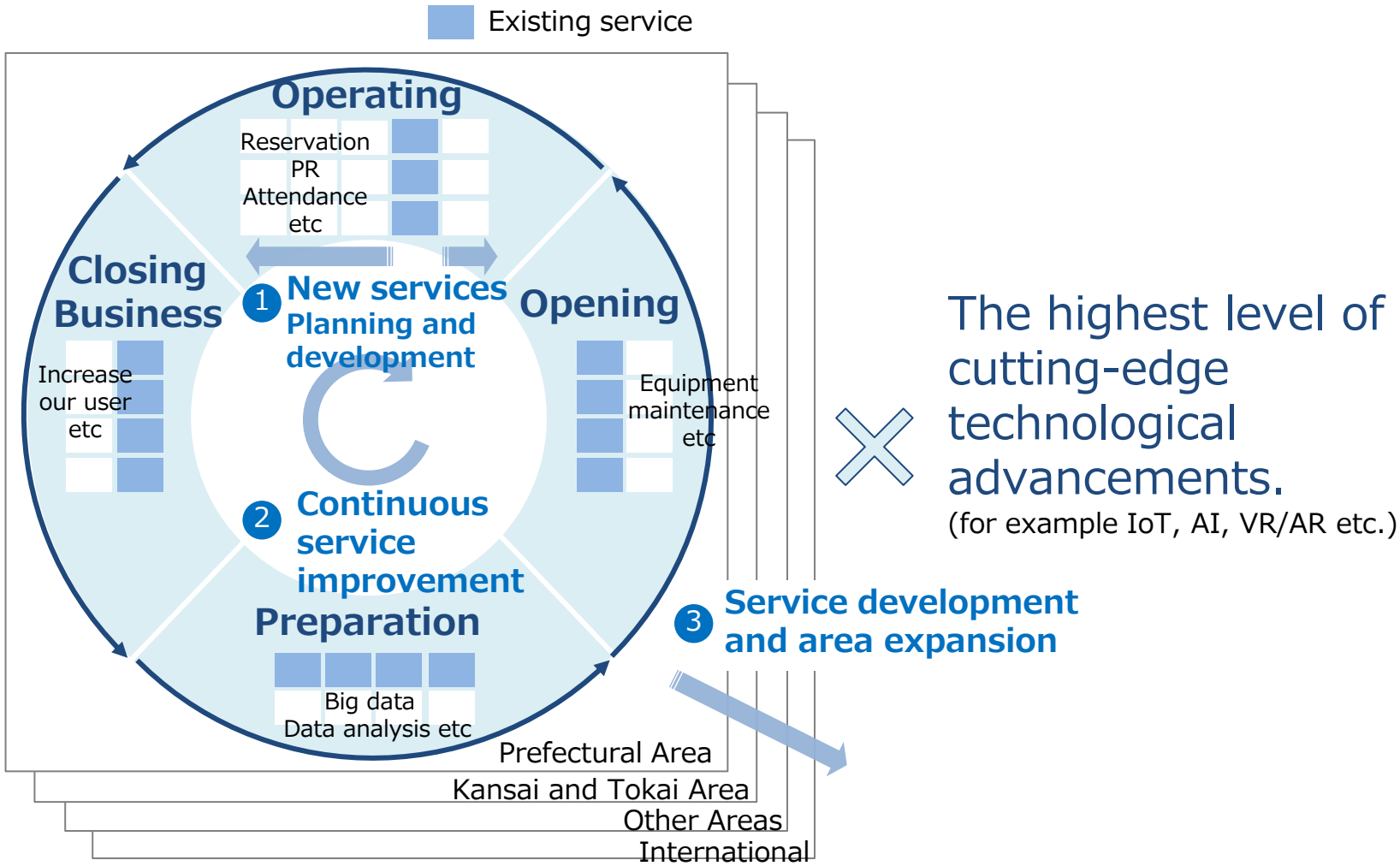
Growth Strategy

We use 100% in-house service creation and development paired with the utilization of cutting edge technological advancements as a base for our 3 point growth strategy.



The highest level of cutting-edge technological advancements.
(for example IoT, AI, VR/AR etc.)

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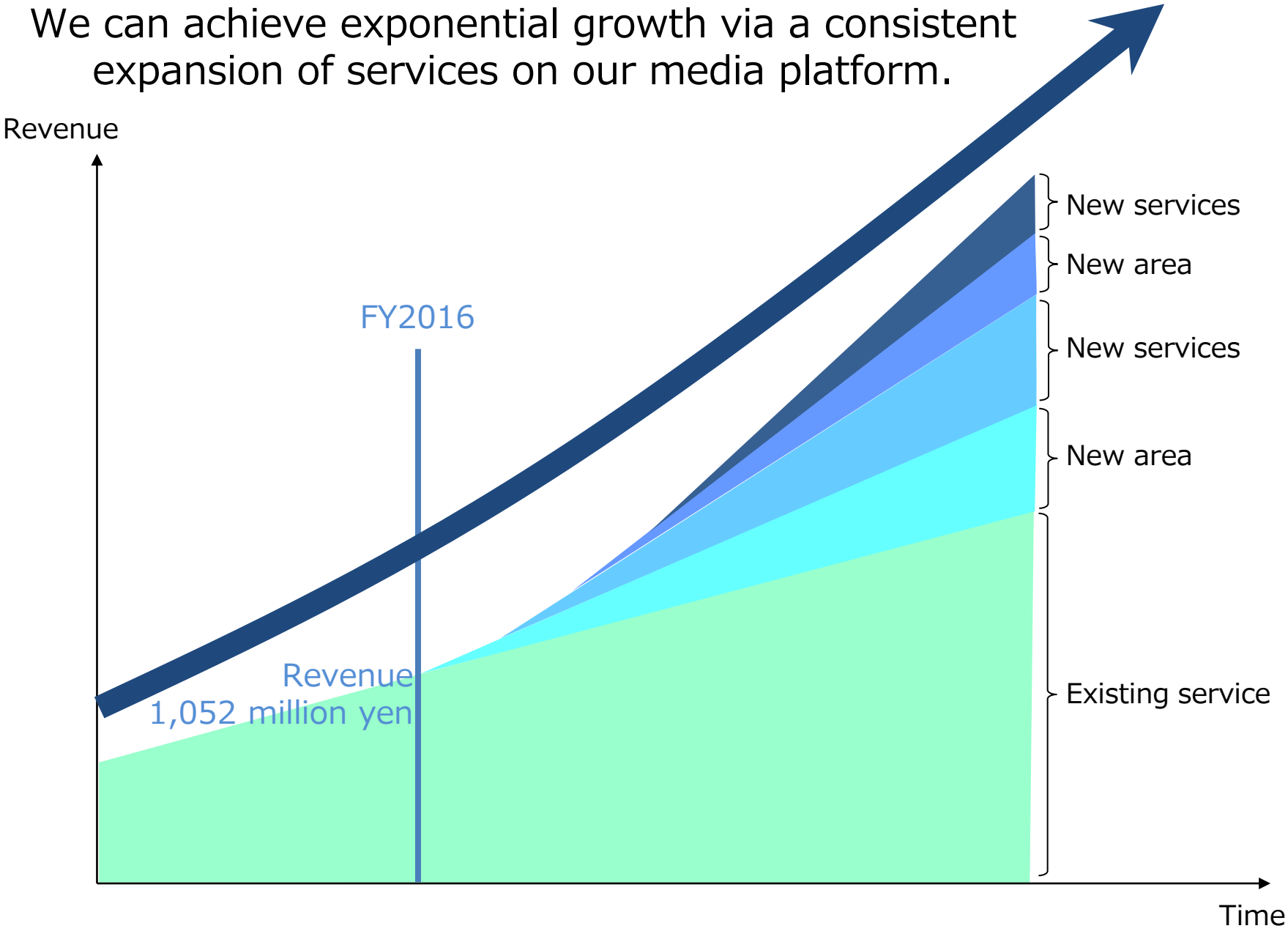
Growth image

We can achieve exponential growth via a consistent expansion of services on our media platform.



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FY2017 Full-year Forecast

Personnel and advertising costs will increase due to accelerated investment for business expansion.
We seek revenue and profit growth for 15 consecutive periods since foundation.

(Million yen)

	FY2016 Actual	**FY2017 Full-year Forecast**	Year on Year
Revenue	1,052	**1,270**	+20.8%
Operating Profit	450	**483**	+7.3%
Recurring Profit	423	**459**	+8.4%
Net Income	264	**289**	+9.3%

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Important notice

The information provided in this document is based on assumptions with current expectations, forecasts ,and risks based on macroeconomic trends, the market environment, and related industry trends of the Company.

Other Internal and external factors may vary.

Therefore, the results may differ from the description of future prospects described in this material.

When there is new information, events etc. in the future we will not update this document.
We are not obliged to update or modify the information provided.

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