Synchro Food Corporation
FY2017 Second Quarter Financial Results

FY2017 Second Quarter Financial Results Briefing Materials

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

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Executive Summary

Robust business performance in FY2017 Q2

Financial Highlights

	Year on Year	Progress Rate
Revenue: 662 million yen	+30.6%	52.1%
Operating Profit: 291 million yen	+32.4%	60.3%

Main Topics

- ✓ Number of real estate agents registered exceeded 2,000 (July)
- ✓ Launch of store location data search & comparison service (August)
- ✓ Launch of recruitment service in the Kyushu Area (September)
- ✓ Number of registered users of “Inshokuten.com” exceeded 120,000 (September)
- ✓ Reassigned to First Section of the Tokyo Stock Exchange (September)

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FY2017 Q2 Summary (YoY vs. Target Figures)

Revenue and profits **steadily increased**, progressing towards target figures

(Million yen)	**FY17 Q1-Q2 Total Actual**	FY16 Q1-Q2 Total Actual	Year on Year	FY17 Full-year Target Figure	Progress Rate
Revenue	**662**	506	+30.6%	1,270	52.1%
Gross Profit	**593**	461	+28.6%	–	–
SG & A	**301**	241	+25.1%	–	–
Operating Profit	**291**	220	+32.4%	483	60.3%
Operating Profit Ratio	**44.0%**	43.4%	+0.6pt	38.1%	–
Recurring Profit	**266**	197	+35.1%	459	58.1%
Net Income	**168**	121	+38.2%	289	58.2%

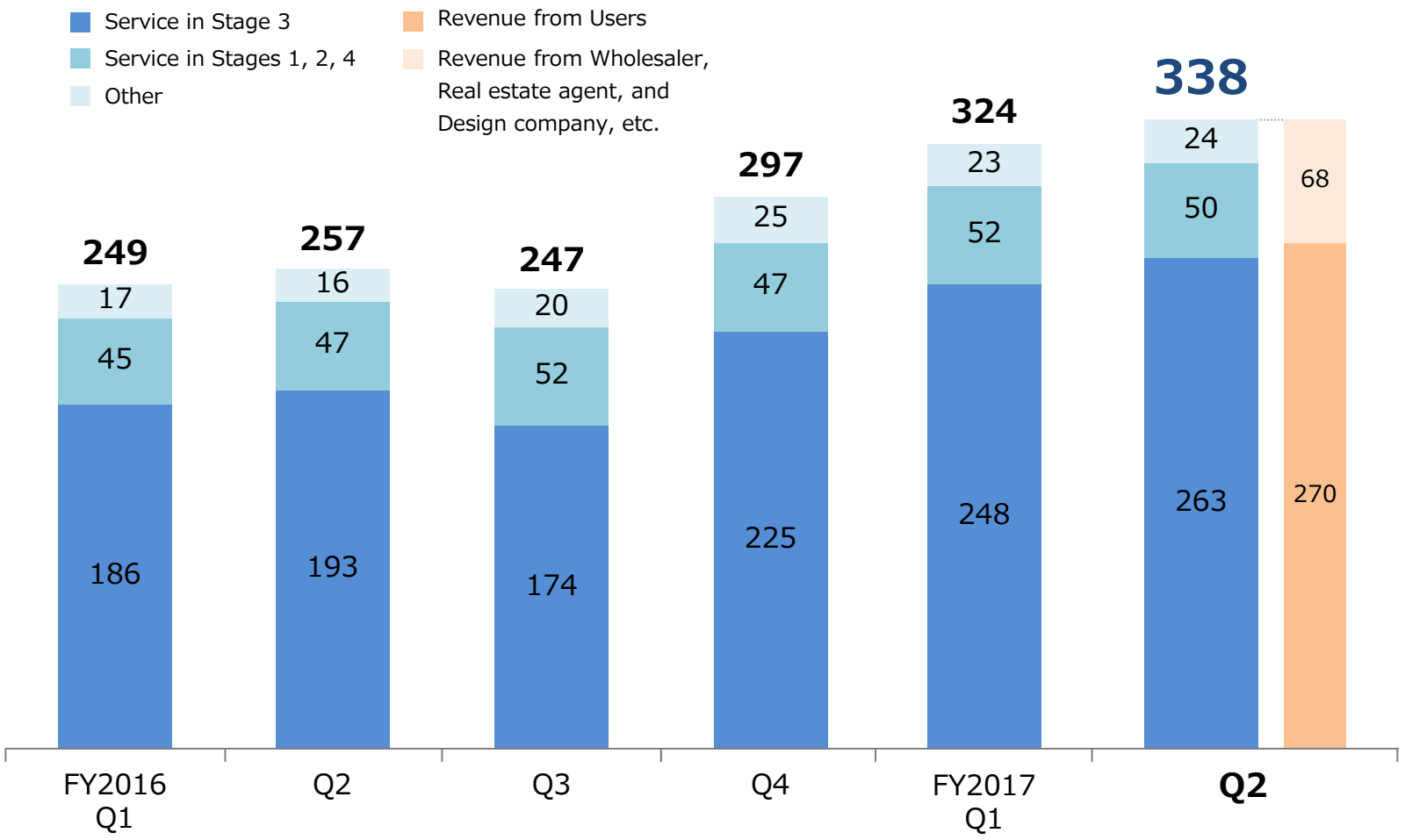
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Trend of the Revenue

Progressing according to plan, revenue **increased** (up 31.3% year on year)

Trend of the revenue in FY2016-FY2017

(Million yen)



* Stage1:Preparation phase Stage2:Opening phase Stage3:Operation phase Stage4:Closing Business phase

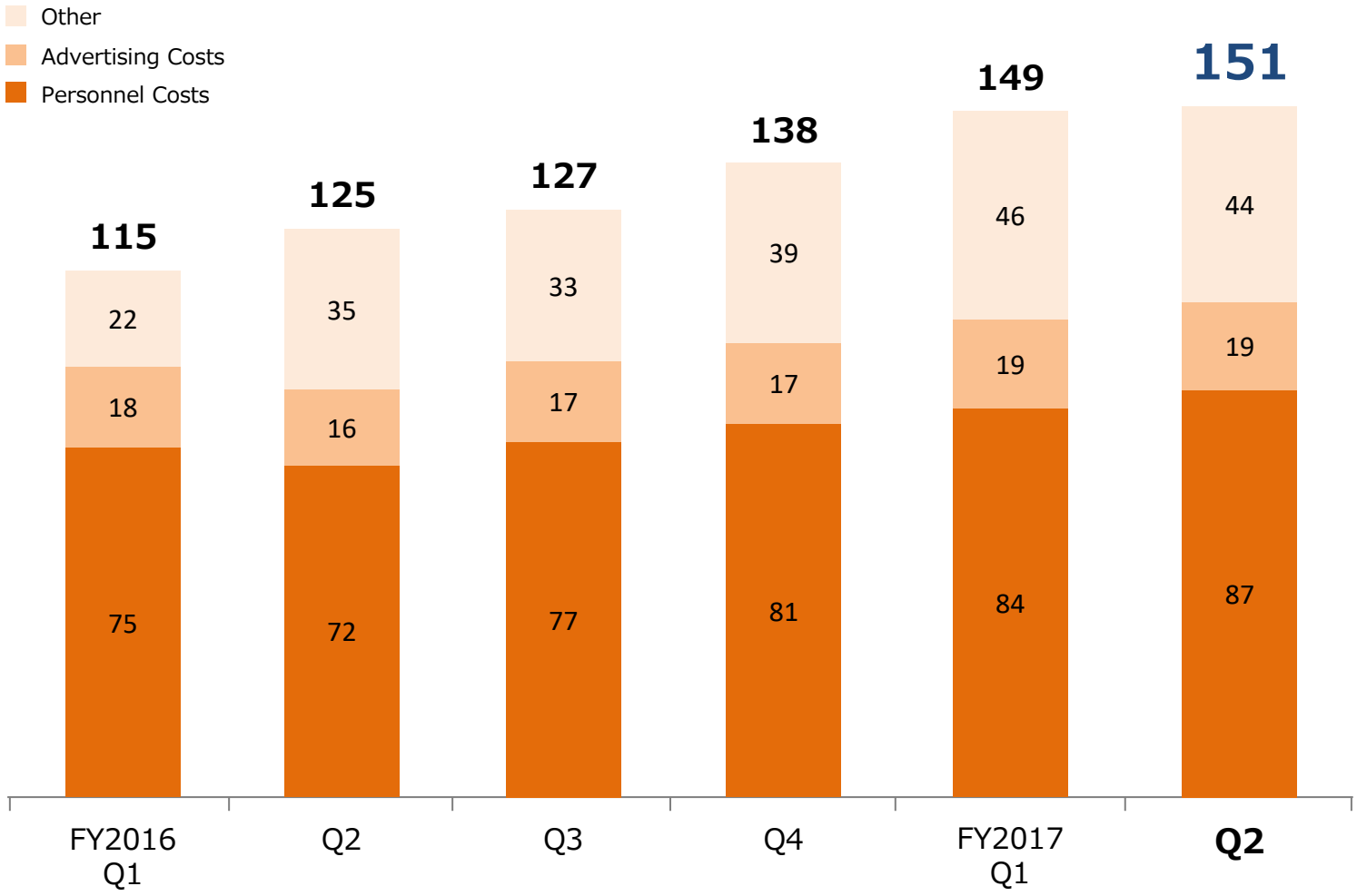
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Trend of SG&A

SG&A increased in line with expansion of scale of personnel and business (up 21.3% year on year)

Trend of SG&A in FY2016-FY2017

(Million yen)

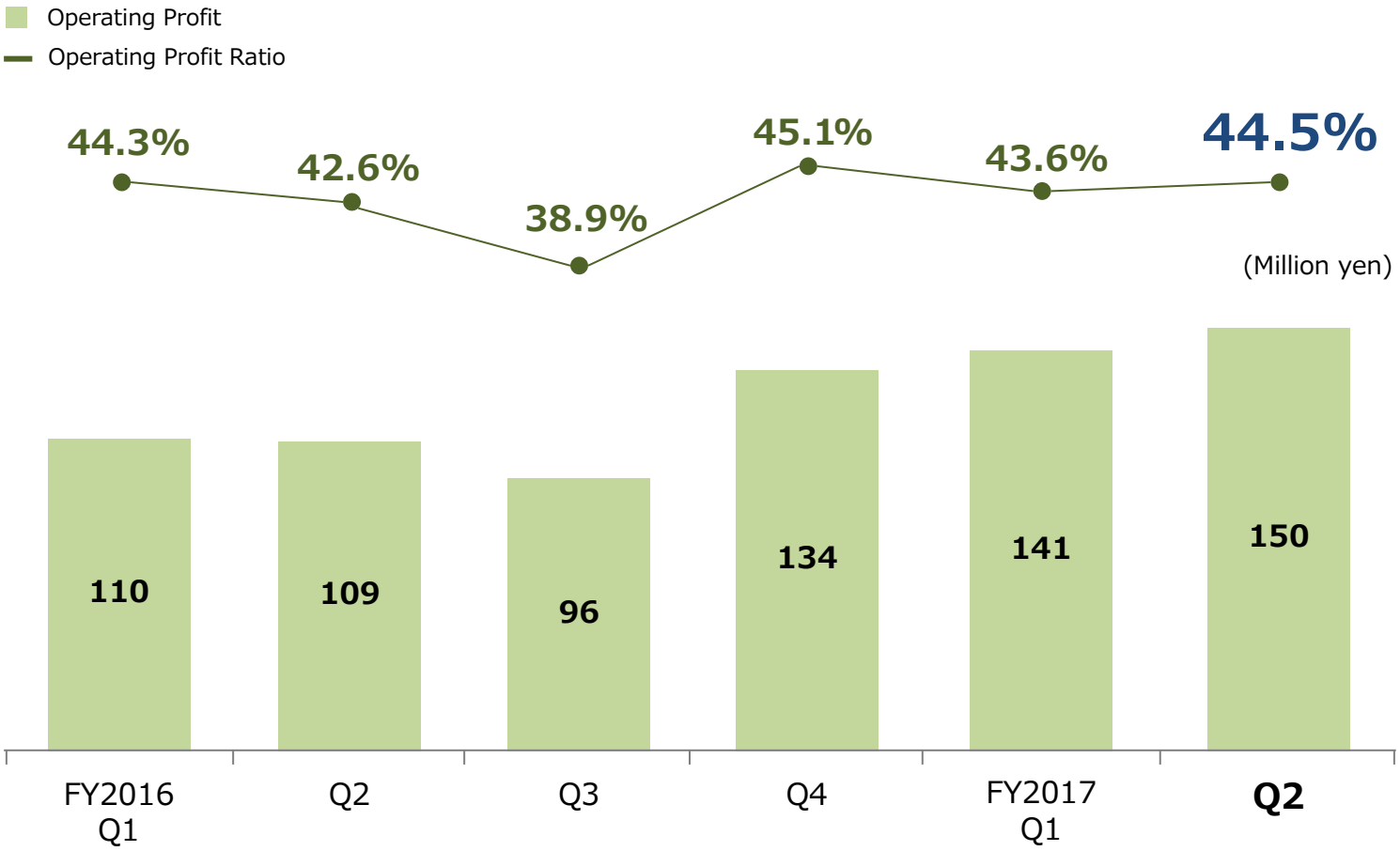


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Trend of the Operating Profit

Operating profit **increased** mainly
due to top-line growth (up 37.0% year on year)

Trend of the operating profit in FY2016-FY2017



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Balance Sheet

Net assets increased by 79 million yen owing to increased retained earnings

(Million yen)	**Sep. 30, 2017**	Year on Year	Jun. 30, 2017
Current Assets Total	**2,173**	+5.2%	2,066
Cash and Bank	**2,095**	+5.3%	1,990
Fixed Assets Total	**84**	+3.7%	81
Assets Total	**2,257**	+5.1%	2,147
Current Liabilities Total	**290**	+11.5%	260
Fixed Liabilities Total	**7**	+0.2%	7
Net Assets Total	**1,959**	+4.3%	1,879

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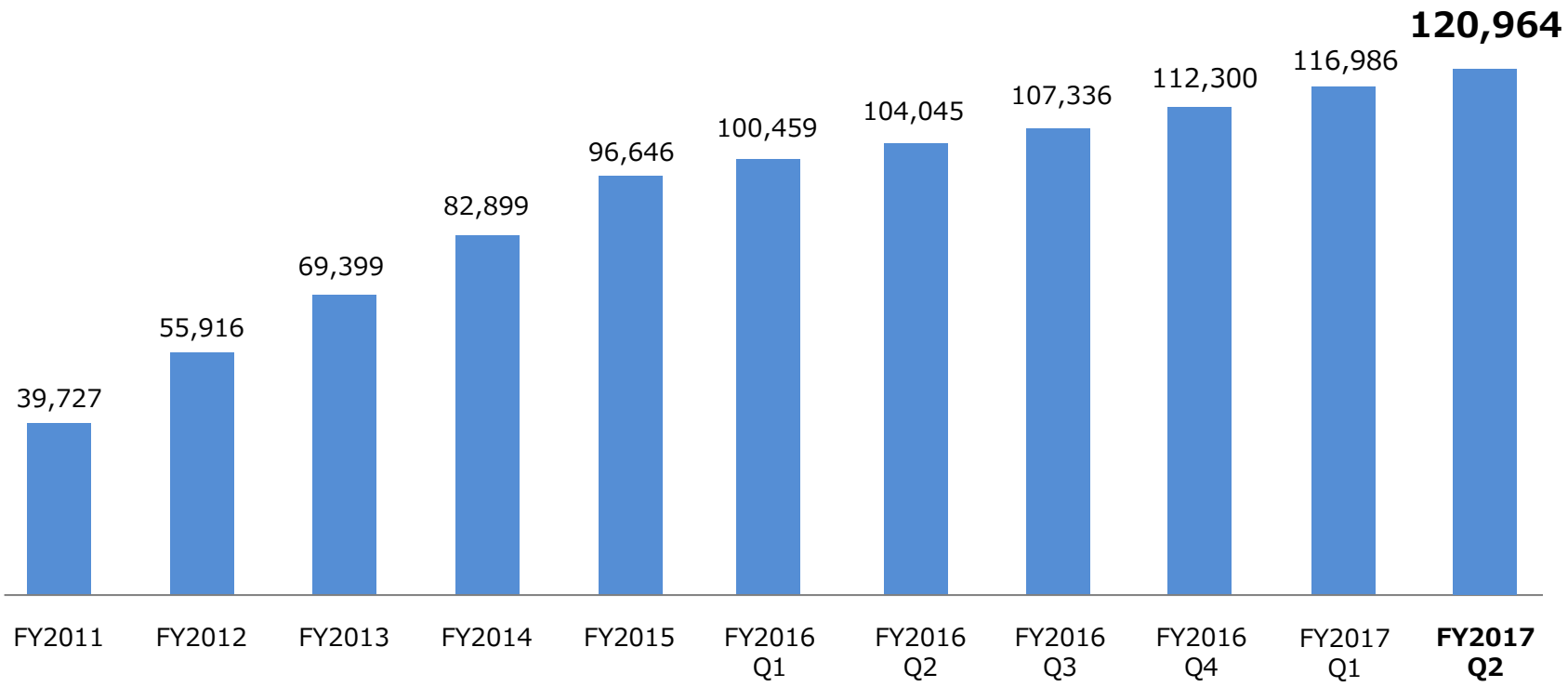
Trend of the Users

Increasing steadily, the number of registered users
exceeded 120 thousand (up 16.3% year on year)

Trend of the Inshokuten.com registered Users

※ End of period

(User accounts)



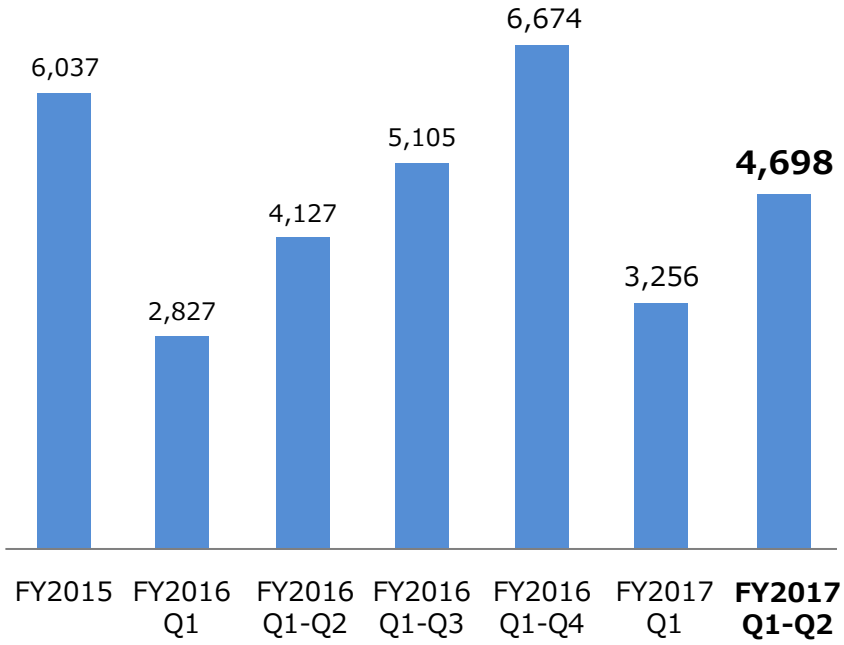
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Trend of the Users

Both the number of paying users (up 13.8% year on year) and unit price per period (up 16.9% year on year) **increased** steadily

Trend of the paying Users

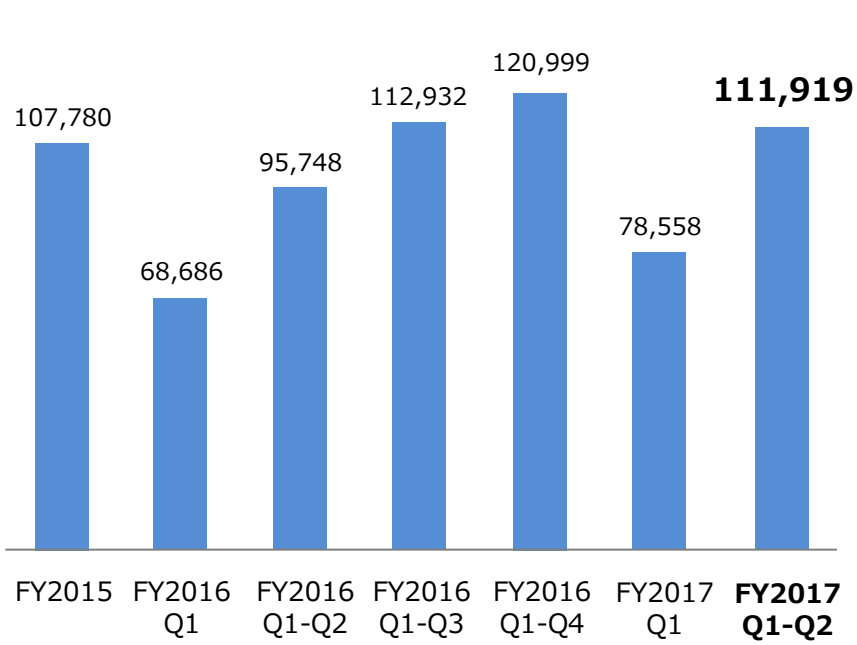
※ Counts during the Period (User accounts)



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

Trend of unit price per period of paying Users

※ Counts during the Period (Yen)



* Total amount spent by paying Users.

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Trend of the Services

All services are growing smoothly, new services are steadily being launched

	Users	Related Business Operators
Service in Stage 3 **263** million yen	• Recruitment	• Suppliers • PlaceOrders
Service in Stages 1, 2, 4 **50** million yen	• Bukken premium • Kitchen goods (EC)	• Real estate properties • Store design • A fully furnished asset transfer • Restaurant M&As
Other **24** million yen		• Advertisement insertion • Newsletters, etc.
	270 million yen	**68** million yen

※ FY2017 Q2

Topics in Q2

- Demand for hiring continues to be strong
- Number of wholesalers registered exceeded 1,000
- Number of real estate agents registered exceeded 2,000
- Launch of “Location Data Search & Comparison Service”
- Buyers and sellers of “Restaurant M&A Service” increasing steadily, awareness campaigns such as seminars conducted
- Launch of “Restaurants Research,” inquiries from major manufacturers increased

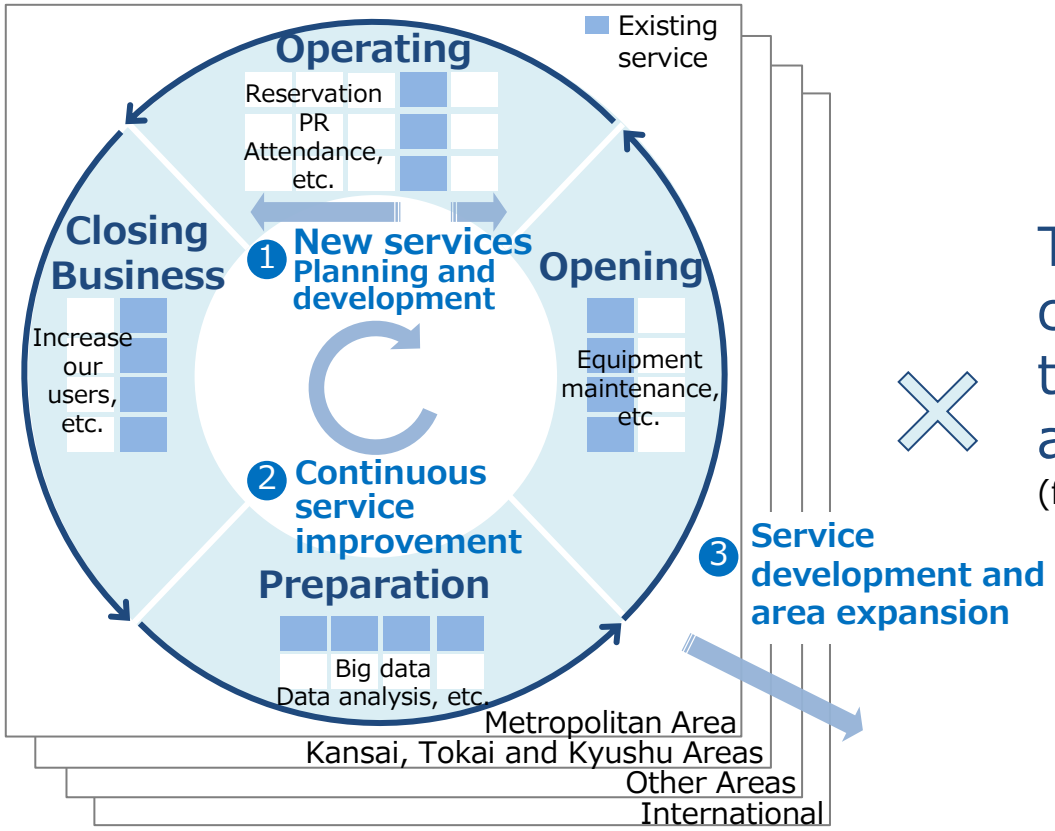
* Stage1 Preparation　Stage2 Opening　Stage3 Operation　Stage4 Closing Business

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Growth Strategy

Promote businesses under the policies below, in line with the growth strategy

- Growth investment
  - ✓ Continue investing in personnel and technology to improve planning and development capabilities ① ②
  - ✓ Continue sourcing in order to conclude strategic M&As and alliances in anticipation of inorganic growth ① ③
- Areas
  - ✓ Conduct prior investigations for service development in Kyushu and Hokkaido, and international development ③



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

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Appendix

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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
Nagoya sales office	Nakamura-ku, Nagoya-shi
No. of employees	57 (as of the end-September 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)

Outside director
Tsuguhiro Nakagawa

Apr.1984 Joined Recruit Co., Ltd.
(currently Recruit Holdings Co., Ltd.)
Oct.1998 President of Tokai Car Sensor Co., Ltd.
(currently Recruit Tokai Car Sensor Co., Ltd.)
Jun.1999 President of Kyushu Car Sensor Co., Ltd.
(currently Recruit Nishinihon Car Sensor Co., Ltd.)
Apr.2003 President of HR Marketing Kansai Co., Ltd.
(currently Recruit Jobs Co., Ltd.)
Apr.2006 Operating Officer of Recruit Co., Ltd.
(currently Recruit Holdings Co., Ltd.)
Managing Executive Officer of Recruit Staffing Co., Ltd.
Oct.2012 Operating Officer of Recruit Marketing Partners Co., Ltd.
Jun.2013 Director of JCM Co., Ltd.
Oct.2014 President of Recruit Car Sensor Co., Ltd.
Apr.2016 Advisor of Recruit Marketing Partners Co., Ltd.
Jun.2017 Director of Synchro Food Co., Ltd.(current office)
Director of Premium Group Co., Ltd.(current office)

Audit & Supervisory Board Member
Noboru Nishioka

Outside Audit & Supervisory Board Member
Yasutomo Inoue

Outside Audit & Supervisory Board Member
Toshihide Nakayama

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History

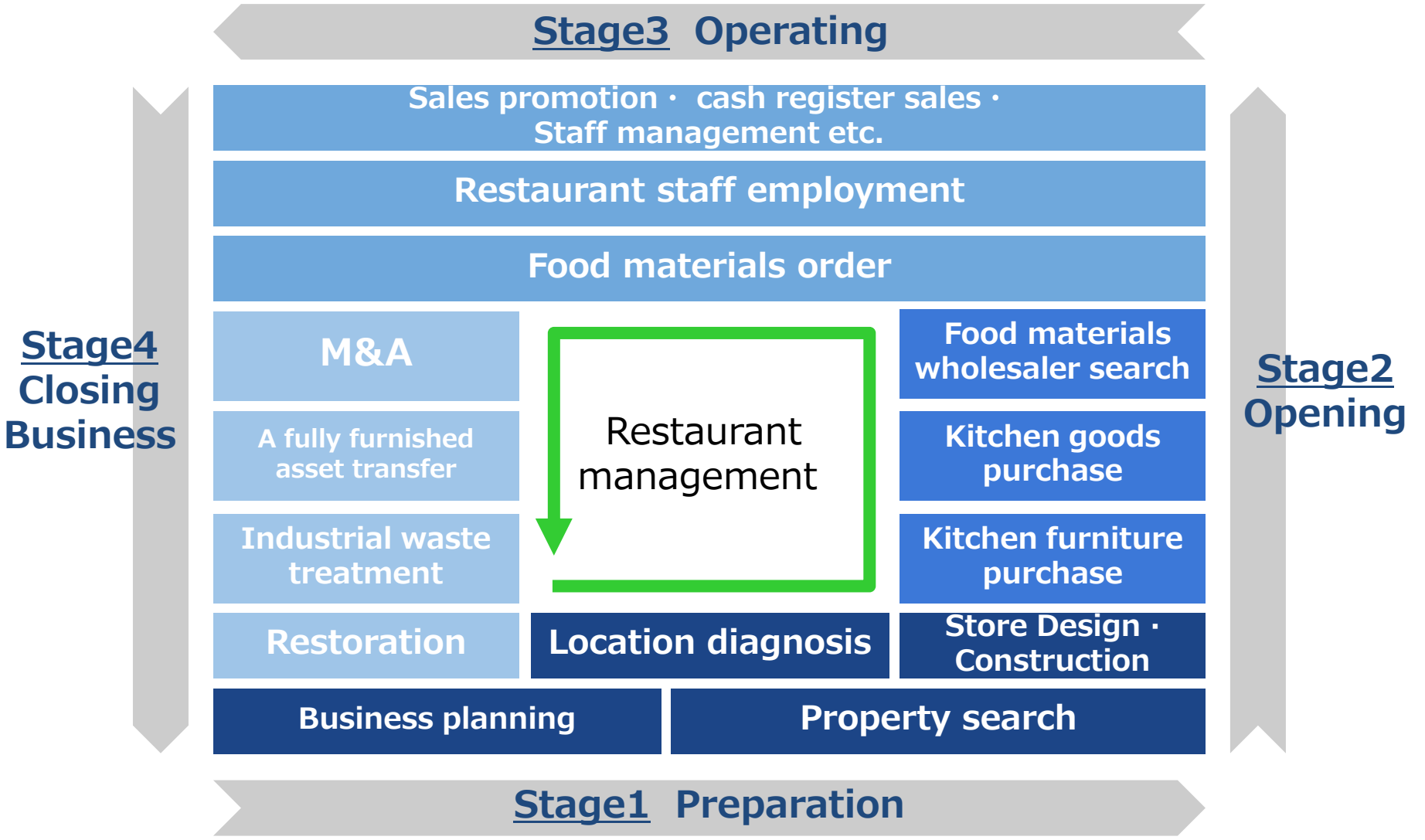
Since our establishment, we have developed multiple media services.

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.com tenpobukensagashi".
Mar	2016	Released food material order system "Place Orders".
Dec	2016	Started the TOKAI version of our recruitment information site "Kyujin@inshokuten.com".
May	2017	Released a questionnaire survey system “Restaurants Research”.
Jun	2017	Launched a property information site specialized in TOKAI area “Inshokuten.com tenpobukensagashi".

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Stage of restaurant management

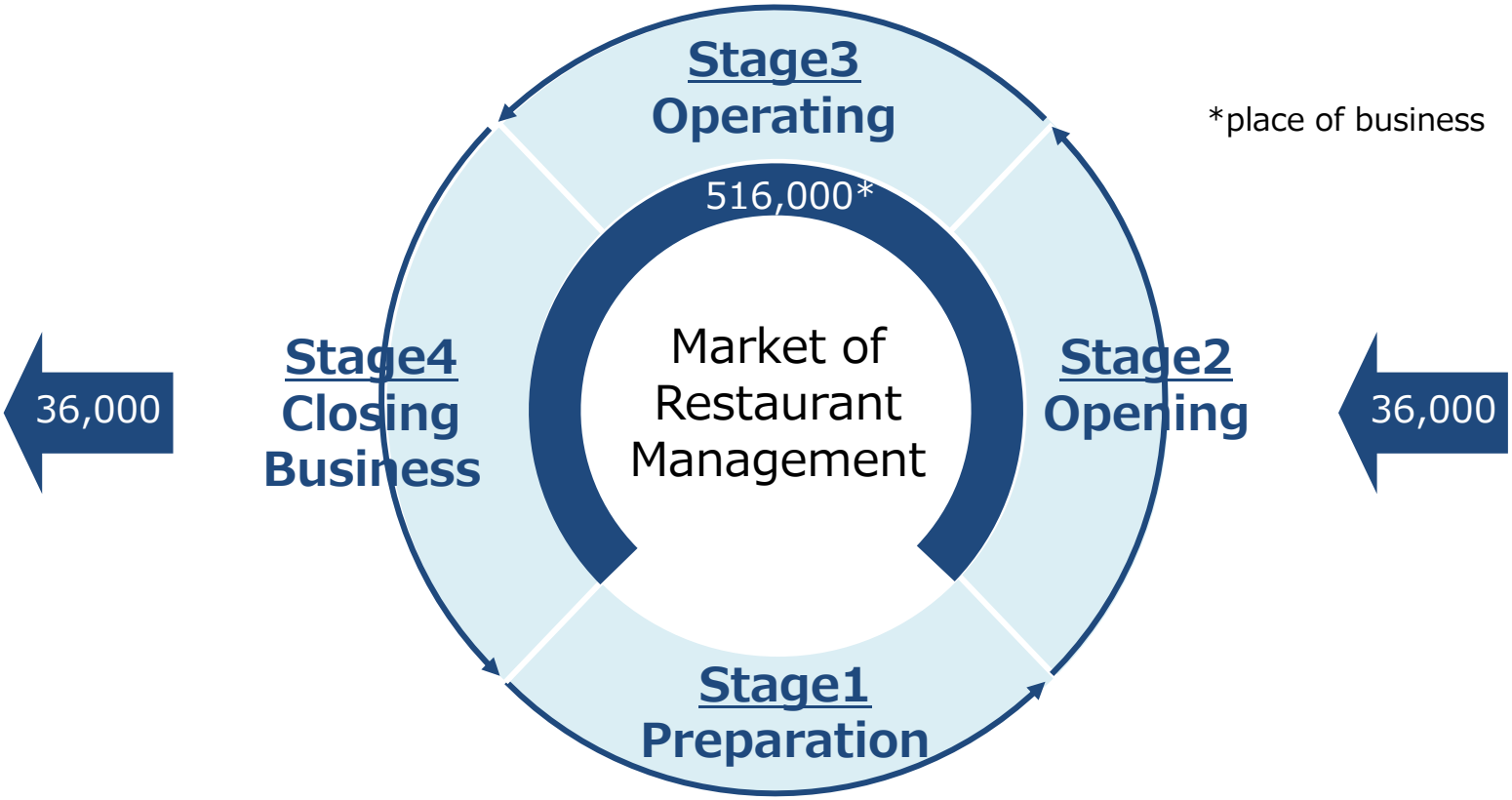
There are 4 Stages of restaurant management.



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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.

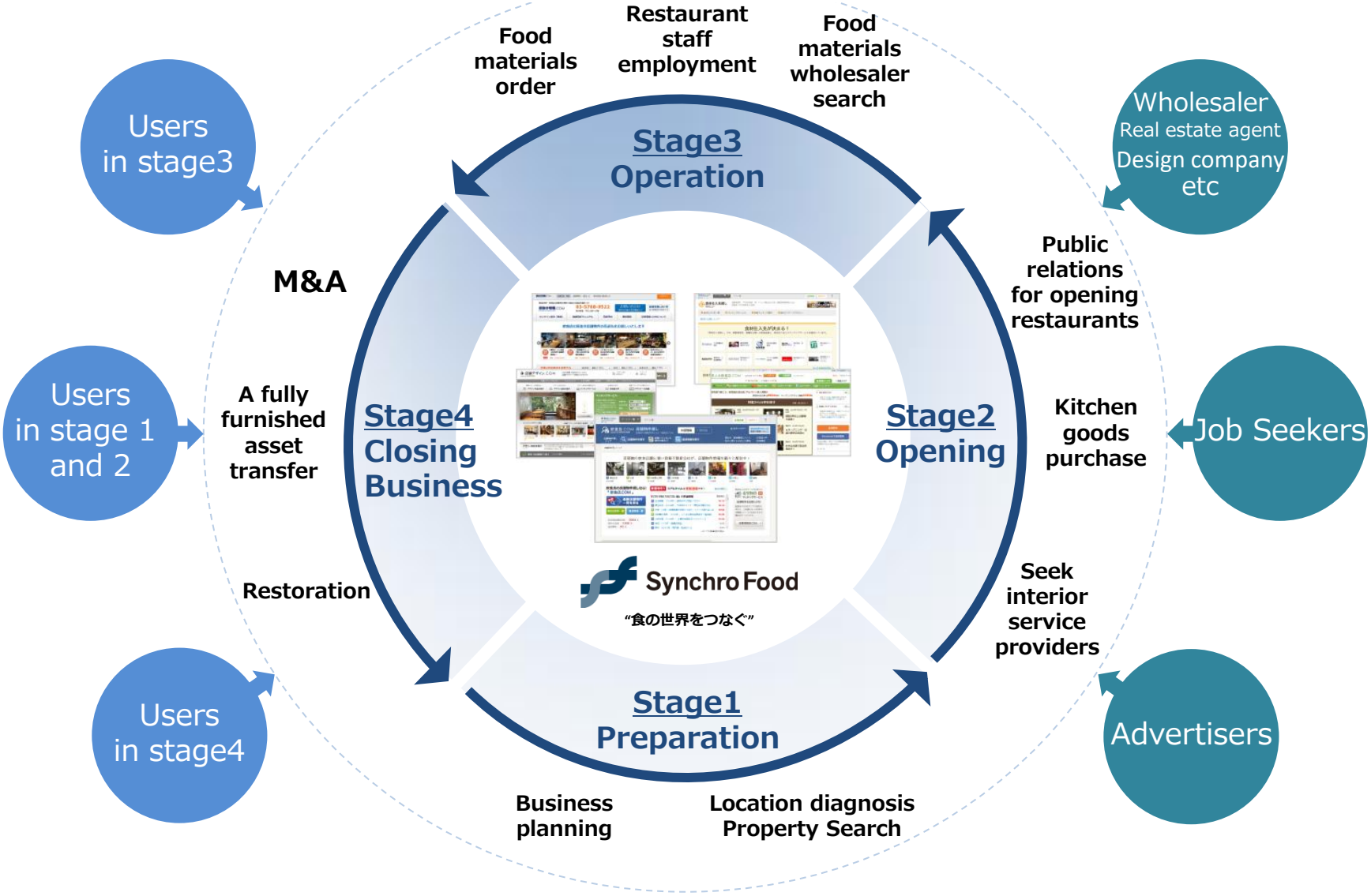


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Business Model

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

B2B Platform for restaurant management



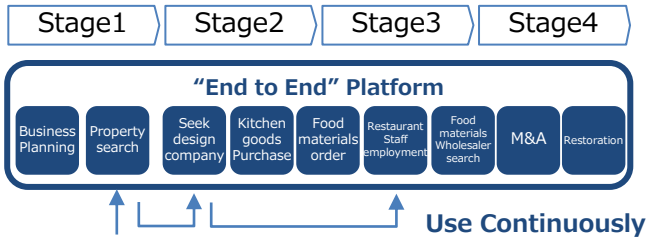
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Our Strengths

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



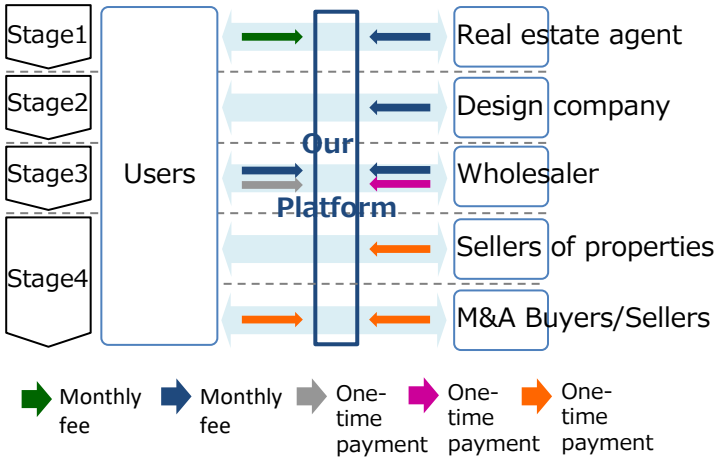
2 Profitability

- 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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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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