Synchro Food Corporation
FY2017 Financial Results

FY2017 Financial Results Briefing Materials

May 2018 Synchro Food Co., Ltd. <3963>

Content

1 FY2017 Financial Results

2 FY2018 Full-year Forecast

3 Medium-term Management Plan

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Executive Summary

Achieved **revenue and profit growth** for
15 consecutive periods since foundation

Financial Highlights

			Year on Year
Non-consolidated	**Revenue (non-consolidated):**	**1,377** million yen	+30.9%
	Operating Profit (non-consolidated):	**599** million yen	+33.0%
Consolidated※	**Revenue (consolidated):**	**1,377** million yen	–
	Operating Profit (consolidated):	**595** million yen	–

Main Topics (Second half)

- ✓ Took 43rd place in “2017 Japan Technology Fast50” (October)
- ✓ Launch of recruitment service in the Hokkaido and Tohoku Areas (December)
- ✓ Acquired shares of Wit Ltd. and made it into a subsidiary (March)
- ✓ Announced a 3-for-1 stock split with a record date of March 31, 2018 (March)
- ✓ Launch of "Self plan" function of “Restaurant M&A Service” (March)

※ We adopted consolidated accounting from FY2017. Financial results of the companies acquired during the current consolidated fiscal year are not included as the deemed acquisition date of the consolidated subsidiaries and the timing to include subsidiaries in the scope of consolidation are the last day of the consolidated fiscal year.

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FY2017 Summary (YoY)

Both revenue and profits **increased, posting new record highs**

(Million yen)	**FY17 (Non-consolidated)**	FY16 (Non-consolidated)	Year on Year	**FY17 (Consolidated)**
Revenue	**1,377**	1,052	+30.9%	**1,377**
Gross Profit	**1,234**	957	+28.8%	**1,234**
SG & A	**634**	507	+25.2%	**638**
Operating Profit	**599**	450	+33.0%	**595**
Operating Profit Ratio	**43.5%**	42.8%	+0.7pt	**43.2%**
Recurring Profit	**574**	423	+35.6%	**570**
Net Income	**367**	264	+39.0%	**364**

※ We adopted consolidated accounting from FY2017. Year on year change vs. FY2016 on a consolidated basis is not presented.

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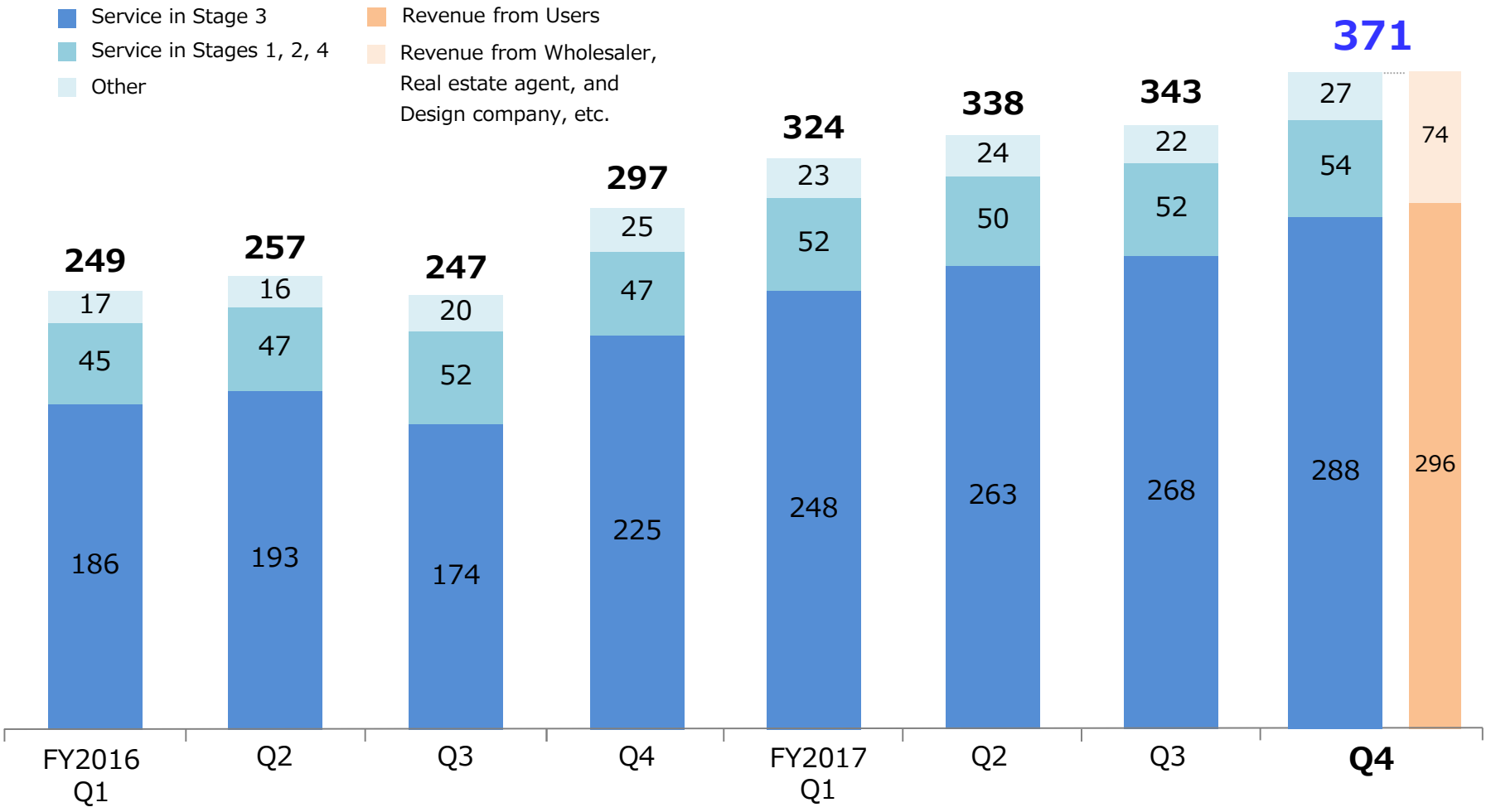
Trend of the Revenue (non-consolidated)

Progressing according to plan, revenue **increased** (up 24.8% year on year)

Trend of the revenue in FY2016-FY2017



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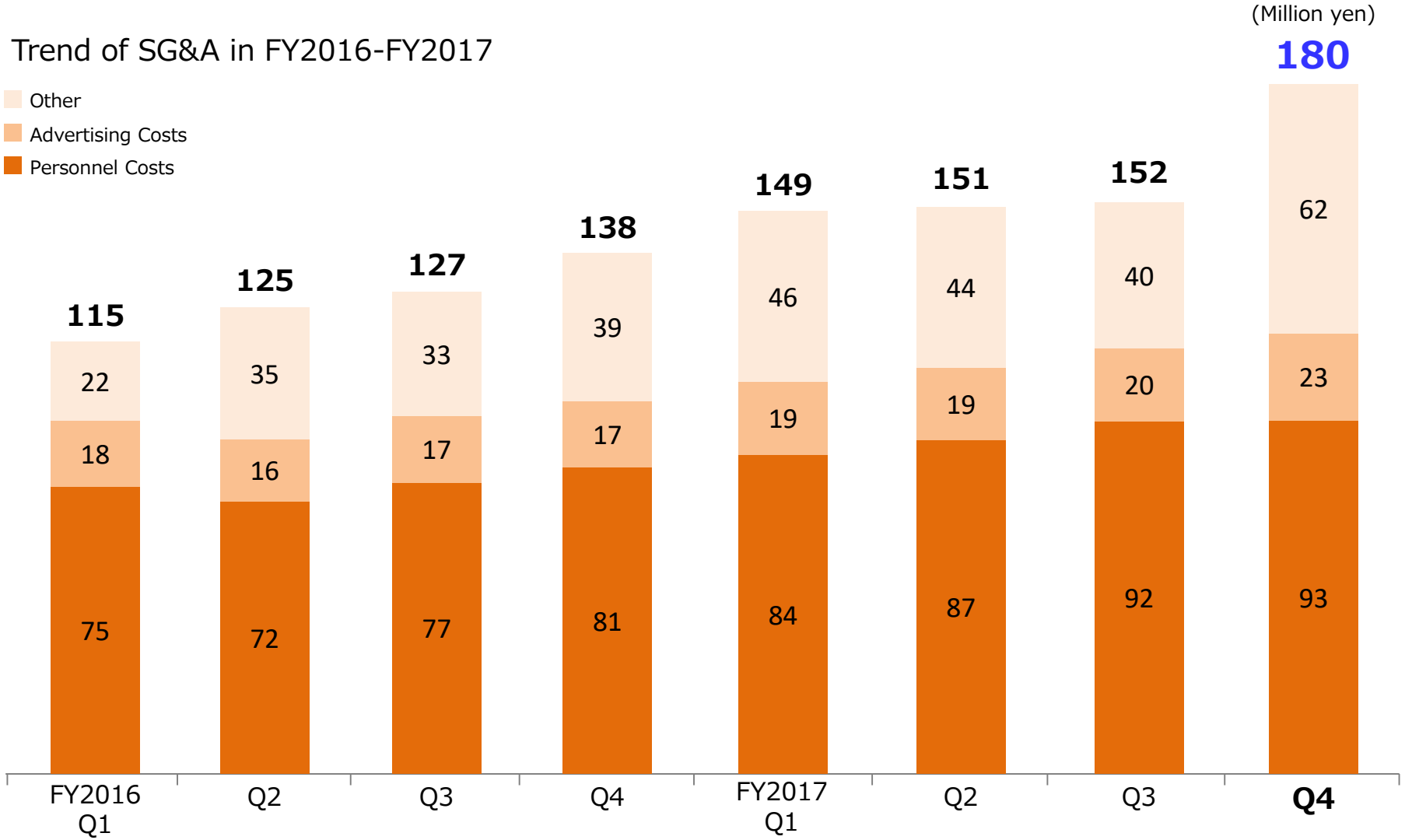
Trend of SG&A (non-consolidated)

SG&A increased in line with expansion of scale of personnel and business (up 30.3% year on year)

※ The effect of an increase in audit fees for consolidated accounting is 6 million yen

Trend of SG&A in FY2016-FY2017



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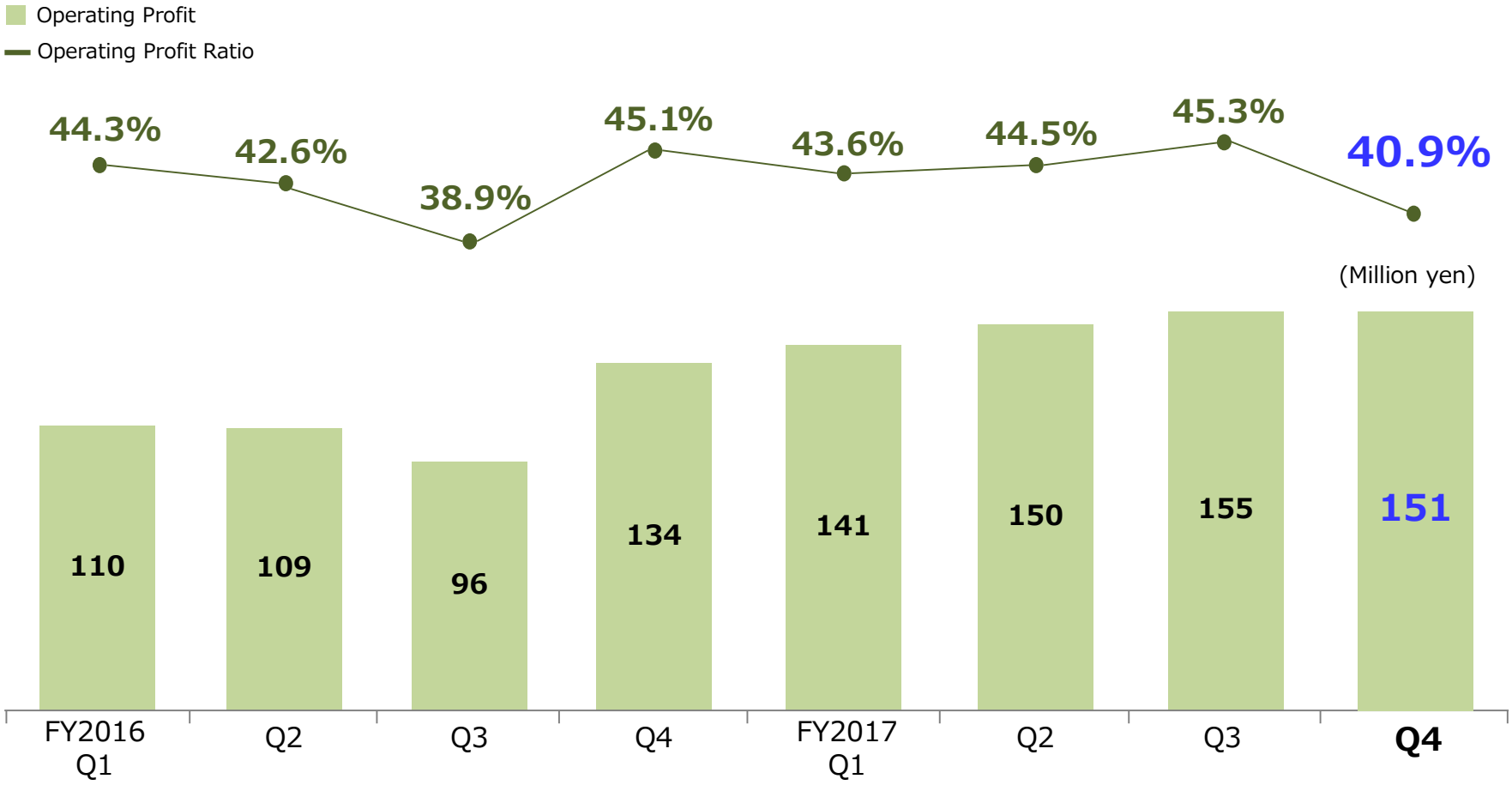
Trend of the Operating Profit (non-consolidated)

Operating profit **increased** mainly
due to top-line growth (up 13.2% year on year)

※Operating profit ratio for 4Q is 42.5% excluding the effect of an increase in audit fees for consolidated accounting

Trend of the operating profit in FY2016-FY2017



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Balance Sheet (non-consolidated and consolidated)

Net assets increased by 375 million yen owing to increased retained earnings (non-consolidated)

(Million yen)	**Mar. 31, 2018 (Non-consolidated)**	Year on Year	Mar. 31, 2017 (Non-consolidated)	**Mar. 31, 2018 (Consolidated)**
Current Assets Total	**2,289**	+13.2%	2,022	**2,321**
Cash and Bank	**2,197**	+12.7%	1,949	**2,223**
Fixed Assets Total	**252**	+253.1%	71	**240**
Assets Total	**2,541**	+21.4%	2,093	**2,561**
Current Liabilities Total	**366**	+24.1%	295	**387**
Fixed Liabilities Total	**8**	+12.5%	7	**11**
Net Assets Total	**2,166**	+21.0%	1,790	**2,162**

※ As we adopted consolidated accounting from FY2017, year on year change vs. FY2016-end (Mar. 31, 2017) on a consolidated basis is not presented.

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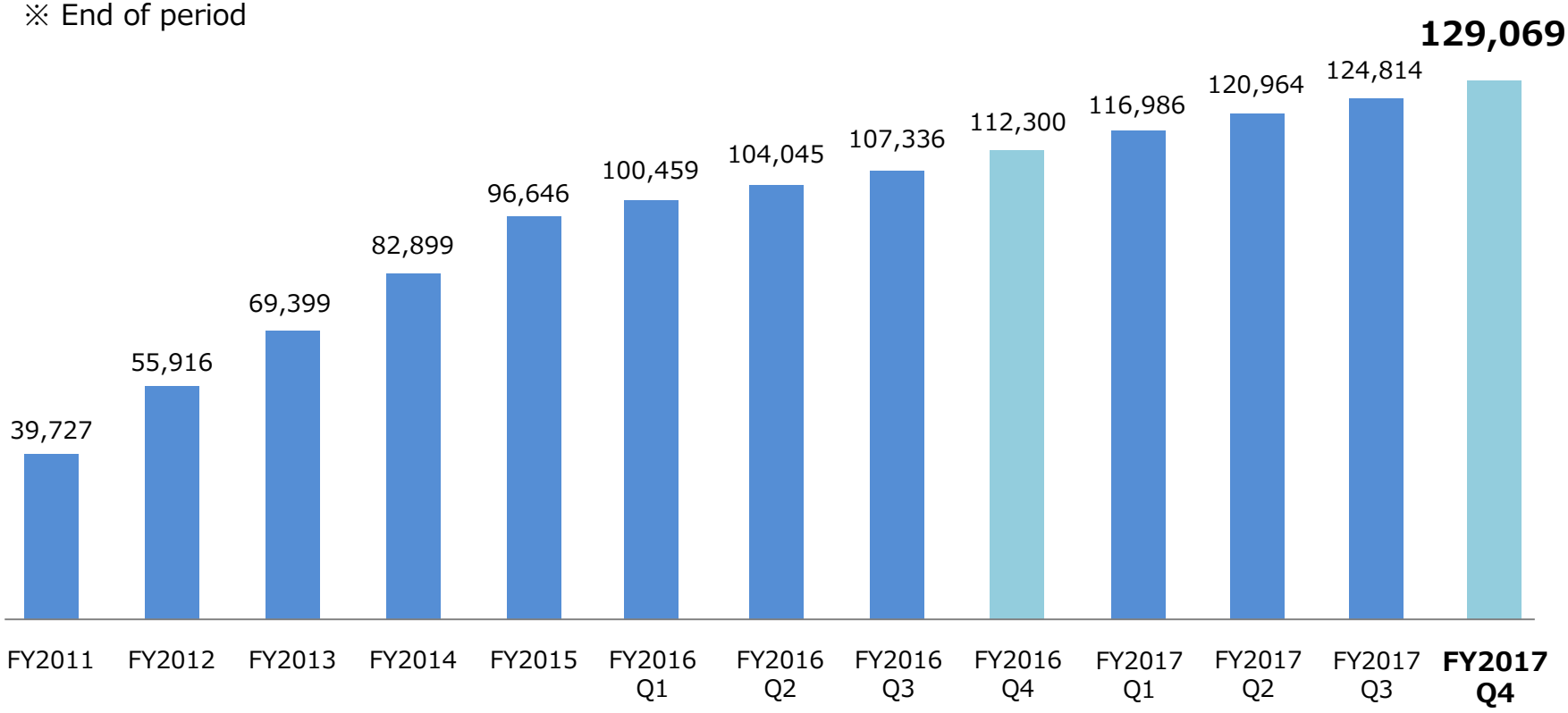
Trend of the Users

The number of registered users is **increasing** steadily
(up 14.9% year on year)

Trend of the Inshokuten.com registered Users

(User accounts)

※ End of period



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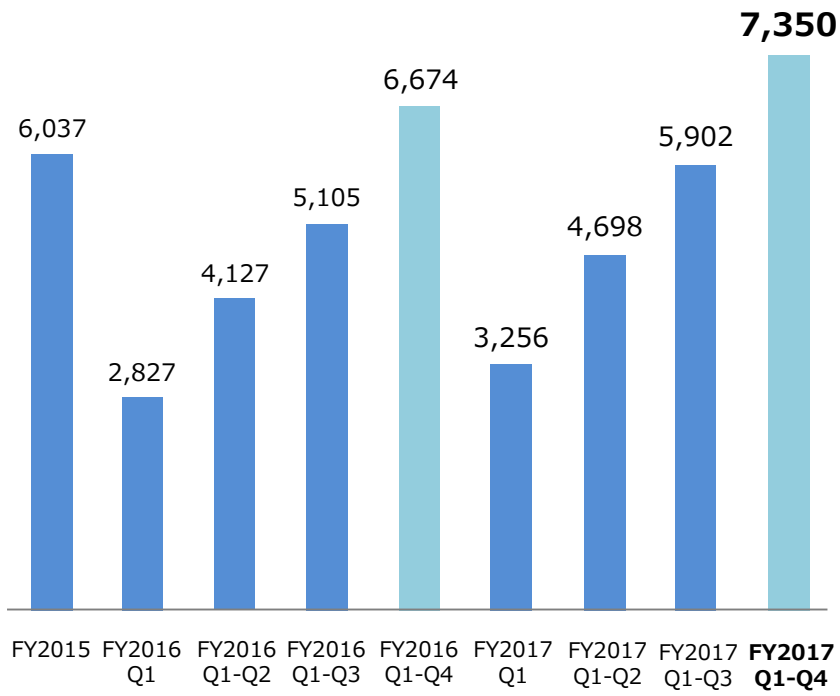
Trend of the Paying Users

Both the number of paying users (up 10.1% year on year) and unit price per period (up 23.6% year on year) **increased** steadily

※Only annual cumulative counts will be announced from FY2018

Trend of the paying Users

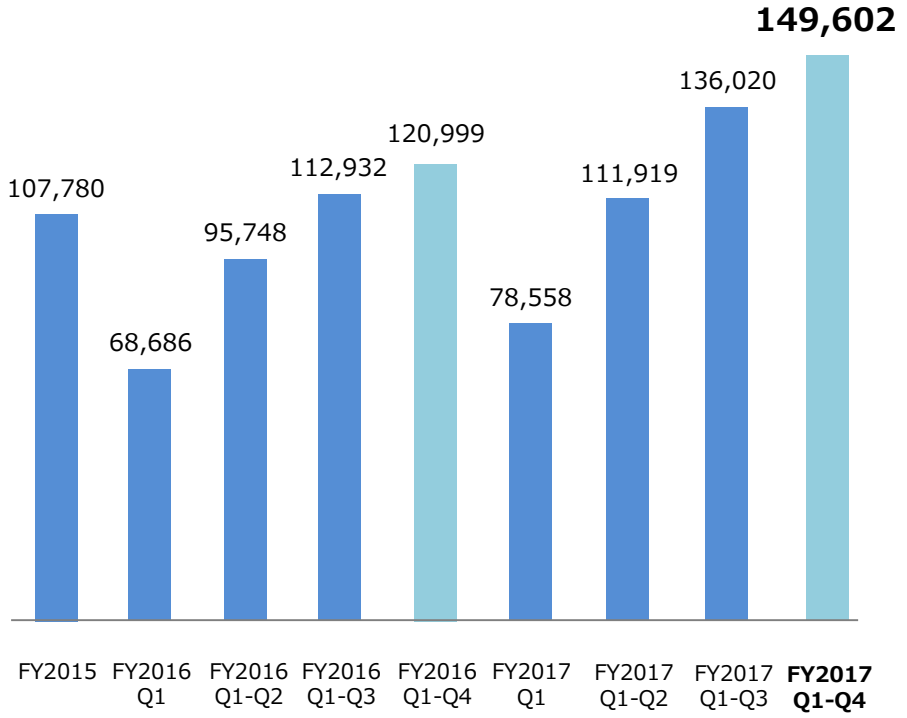
※ Counts during the Period (User accounts)



* 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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FY2018 Full-year Forecast (Consolidated)

Personnel and advertising costs will increase even more to strengthen operation of the subsidiary's media and promote business alliances

(Million yen)	FY2017 Actual (Consolidated)※	**FY2018 Full-year Forecast (Consolidated)**
Revenue	1,377	**1,846**
Operating Profit	595	**661**
Recurring Profit	570	**661**
Net Income	364	**444**

※ We adopted consolidated accounting from FY2017. Financial results of the companies acquired during the current consolidated fiscal year are not included as the deemed acquisition date of the consolidated subsidiaries and the timing to include subsidiaries in the scope of consolidation are the last day of the consolidated fiscal year.

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Mission and Vision

Redefine Mission and Vision
Become an innovative platform in the World of Food

Mission

Connecting the World of Food and Creating the Future of Food

- In ”Connecting the World of Food,” we have made a certain contribution to the creation of a new framework since our establishment. Taking this move a step further and with the mindset of ”Creating Future for the World of Food,” we are determined to promote businesses.

Vision

Becoming an Innovative "Food Platform"

- Constantly incorporating new technologies and ideas, we aim to become an indispensable platform for the food and drink industry and in the world of food by continuing to provide innovative services and functions that improve the productivity of the industry as a whole.

Our 3 Core Values to achieve Mission and Vision

Integrity and Fairness　　Value Creation　　Grit

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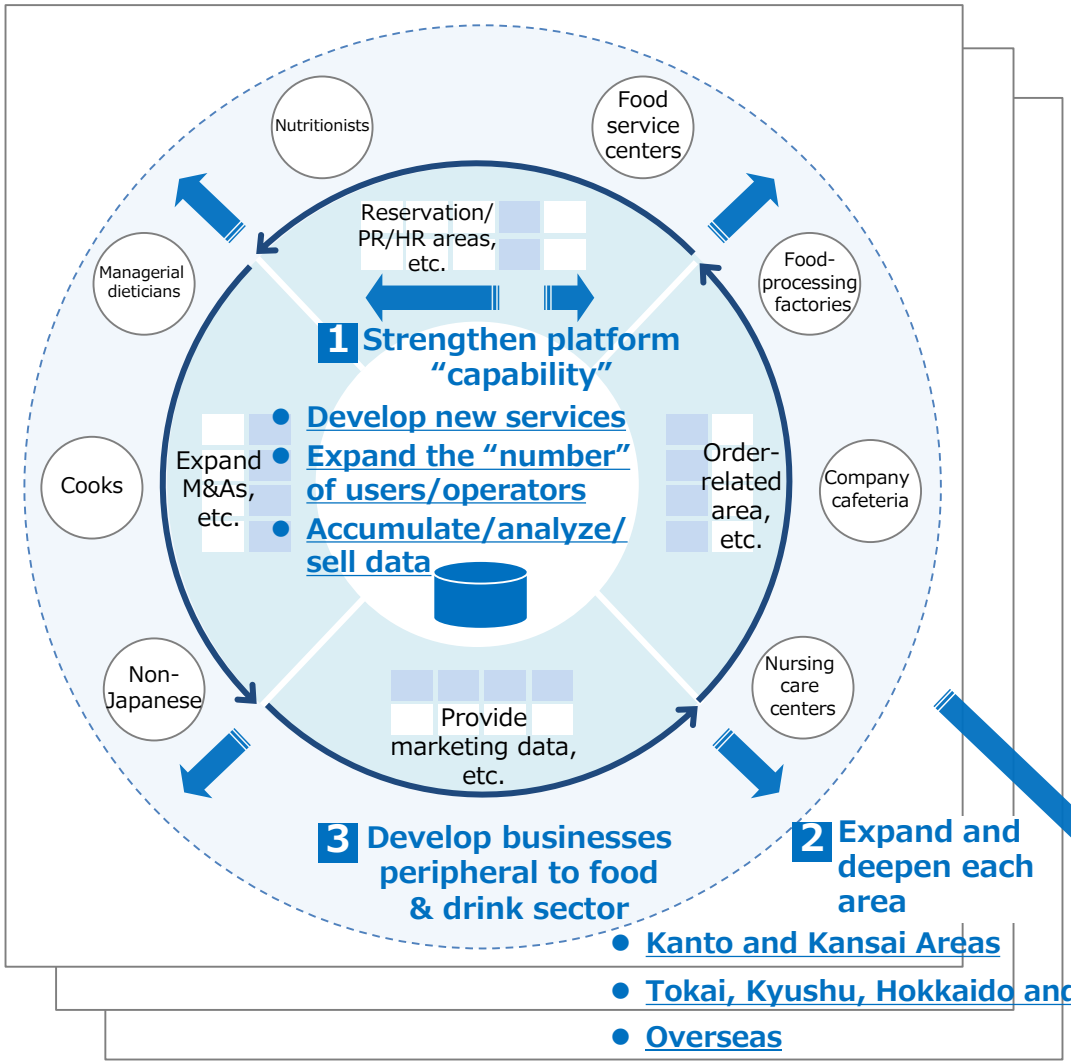
Growth Strategy

Update the growth strategy and promote the media platform business in 3 directions



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The highest level of cutting-edge technological advancements

- Incorporate new technologies into our services
- Active investment in human resources and R&D

Promote M&As and alliances

- Continue sourcing

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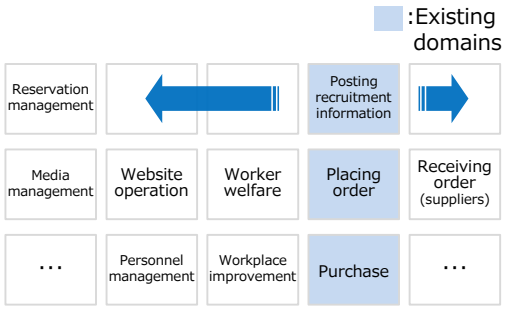
Growth Strategy (1) Strengthen Platform “Capability”

Synchro Food

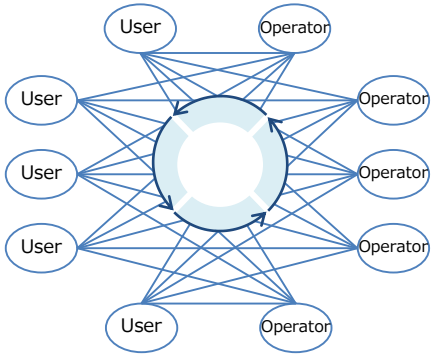
Further strengthen “capability” as a platform,
aiming to hold a irreplaceable position to users and business operators

Develop new services



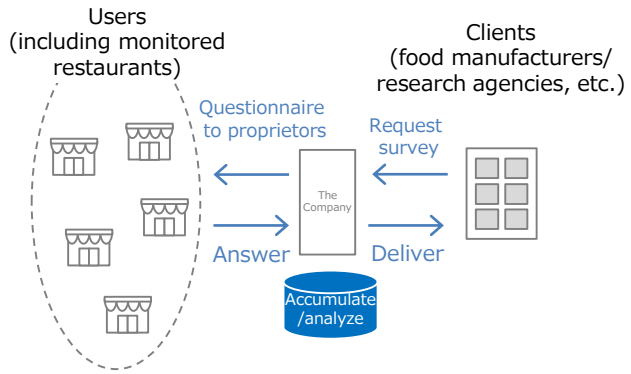
- Plan and develop new services across entire business functions
  - ✓ Priority issues for restaurant management (domains related to recruitment, training and attracting customers)
  - ✓ Domain of order management for raising operational efficiency, etc.
- Promote M&As and alliances as a measure to complement our services

Expand the “number” of users/operators



- Promote initiatives to increase both users and operators to maximize the networking effect
  - ✓ Strengthen sales systems targeted at operators
  - ✓ Inject advertising costs, enhance the contents of owned media, and continue initiatives to pull in new users

Accumulate/analyze/ sell data



- Data analysis and provision to operators (restaurants research, etc.)
  - ✓ Market research
  - ✓ Test marketing
- Combining internally accumulated properties/ recruitment data with statistics purchased from external sources, offer analysis results to users (search and comparison of candidate sites for new store opening, etc.)

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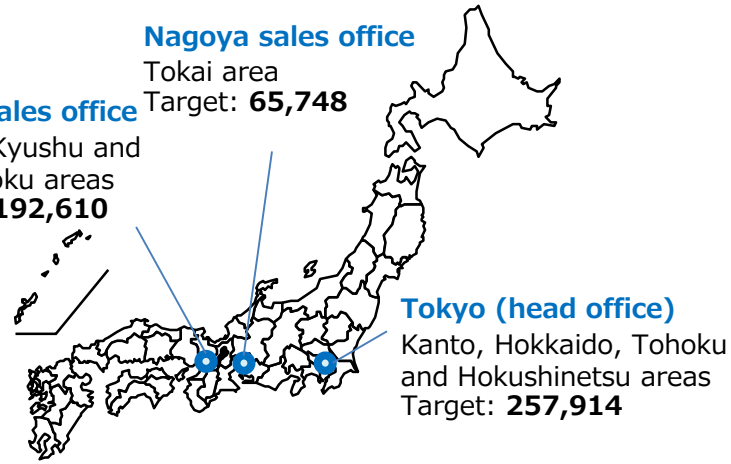
Growth Strategy (2) Expand and Deepen Each Area

Further deepen the newly-developed areas, in addition to the existing areas
Overseas, initiate market research and develop services with an eye on localization

Japan

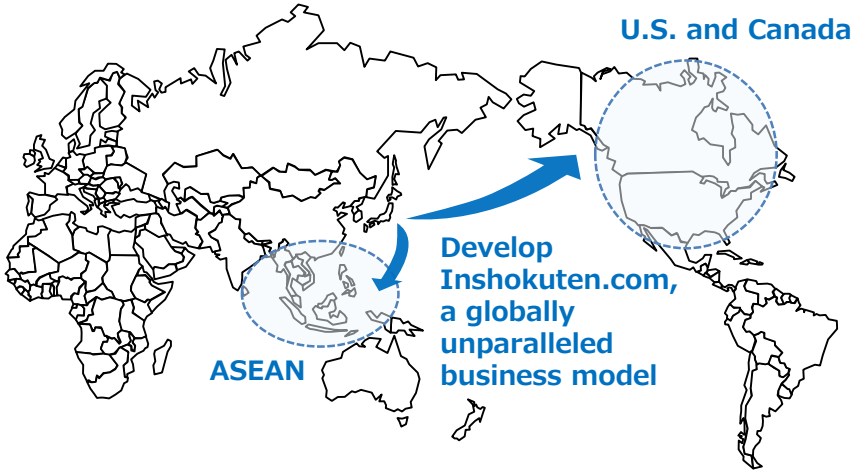
Restaurants (nationwide):
516,272 offices*



- Cover the whole country with 3 business bases (Tokyo head office, Osaka sales office and Nagoya sales office)
  - ✓ Enhancing sales efficiency, gradually strengthen sales structure both for users and operators, while raising the market share in each area
- Consider M&As and alliances with other companies as necessary, as a means of improving sales efficiency and coverage rate

*Source: Ministry of Internal Affairs and Communications "economic research"2014. (excluding night restaurants and entertainment restaurants)

Overseas



- Careful market research and restaurants investigation service
- Partially localize and deliver the services of Inshokuten.com in Asia and North America
  - ✓ Collaboration with partner companies and local enterprises
  - ✓ Management support service to help Japanese users expand overseas and operate Japanese restaurants

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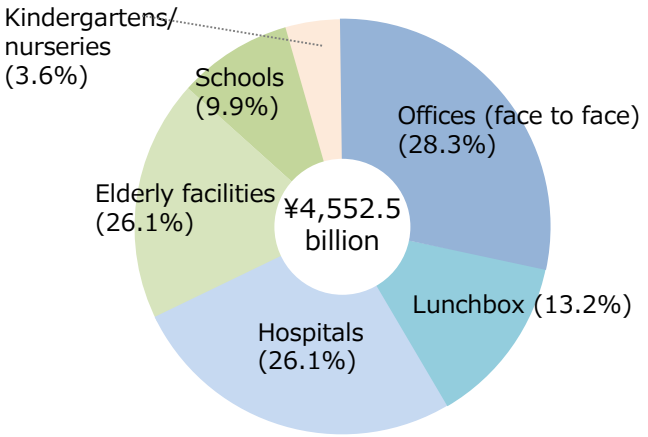
Growth Strategy (3) Develop Businesses Peripheral to Food & Drink Sector

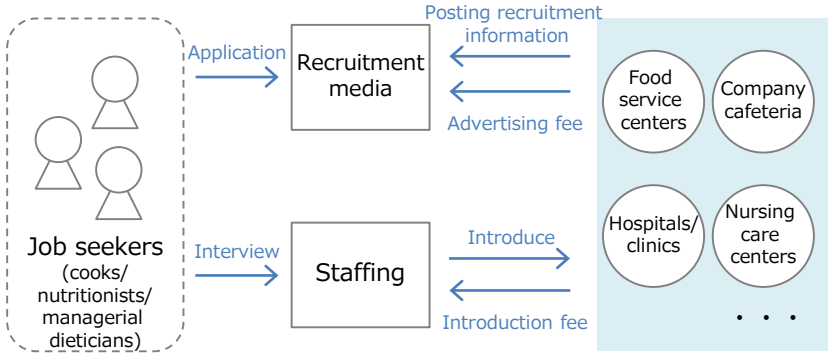
Move into peripheral businesses of food & drink sector
Effectively promote businesses leveraging the Inshokuten.com platform

Scale of food service market in Japan*1



- Food service market in Japan is gradually expanding, grown to the scale of ¥4.5 trillion*1 in FY2015
  - ✓ Given the aging society, food service for elderly facilities and food delivery service are strong, while food services for offices (face to face) and schools show a slight increase
- Number of nutritionists and managerial dieticians required at offices is 1.2 million*2 (based on the number of licenses issued)

Offer personnel service (by Wit Ltd.)



- Demand for human resources is strong at food service offices/facilities, where cooks, nutritionists and managerial dieticians are needed
  - ✓ Merge database of job seekers at Inshokuten.com and that of registered users in the media for nutritionists/managerial dieticians to enhance effective matching
  - ✓ Strengthen sales system for food service offices/facilities to increase the number of registered offices

*1 Source: Yano Research Institute “Outlook and strategies for food service market 2016”
*2 Source: THE JAPANESE SOCIETY OF NUTRITION AND DIETETICS
“Social trends surrounding managerial dieticians and nutritionists”

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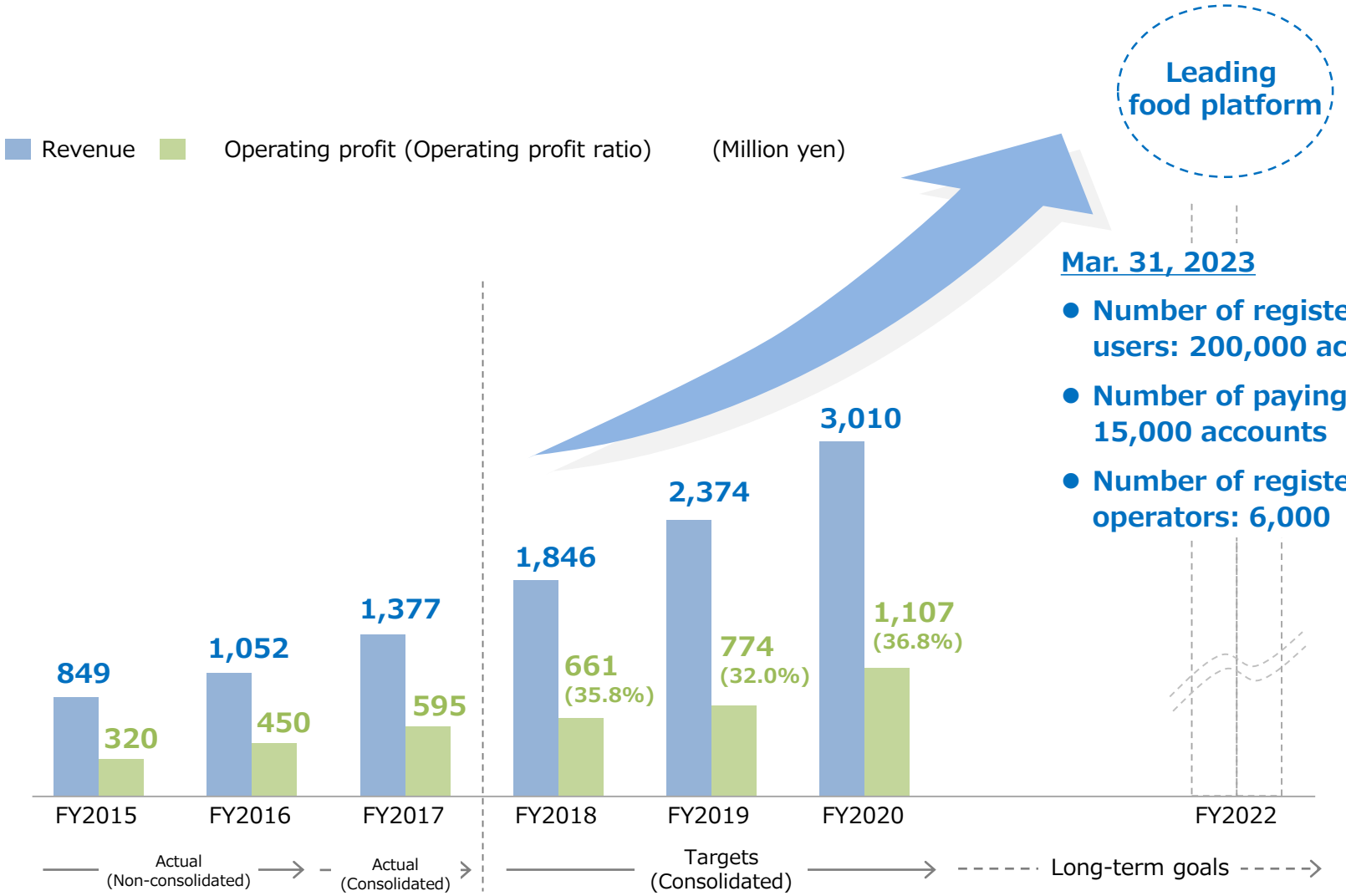
Mid-to Long-term Directions

We seek ¥3.0 billion in revenue and ¥1.1 billion in operating profit in FY2020
Build a strong position as a food platform in FY2022



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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	62 (as of the end-March 2018)
Business	Producing and running a media platform for restaurant owners and related businesses

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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	Launched a restaurant M&A support service “Inshoku M&A”.
		Launched a recruitment information site specialized in TOKAI area "Kyujin@inshokuten.com”.
May	2017	Launched a questionnaire survey system “Restaurants Research”.
Jun	2017	Launched a property information site specialized in TOKAI area “Inshokuten.com tenpobukensagashi".
Sept	2017	Launched a recruitment information site specialized in KYUSHU area "Kyujin@inshokuten.com”.
Dec	2017	Launched a recruitment information site specialized in HOKKAIDO and TOHOKU area "Kyujin@inshokuten.com”.
Apr	2018	Launched a recruitment information site for foreigners specialized food and drink industry “Food Job Japan”.

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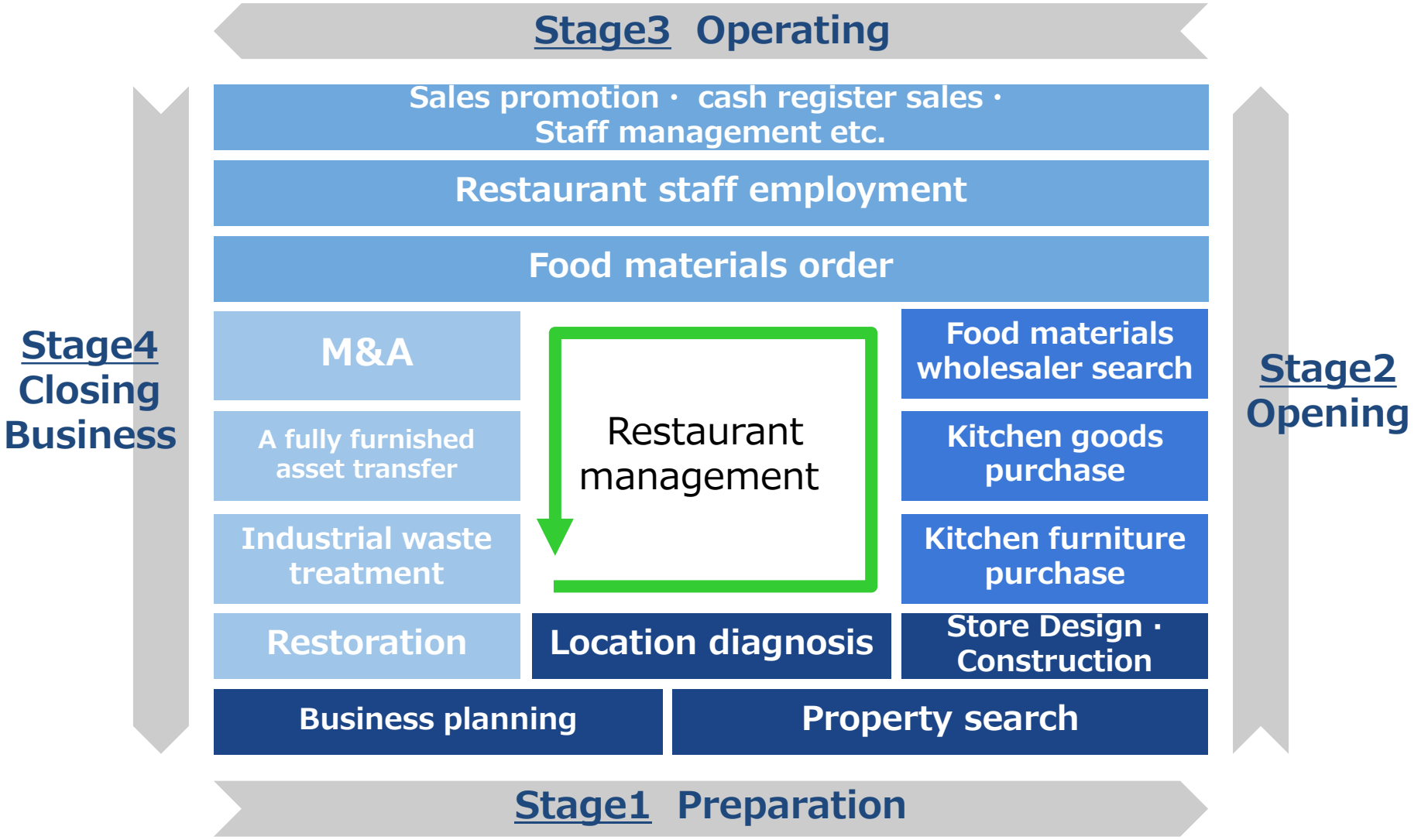
Stage of restaurant management

There are 4 Stages of restaurant management.



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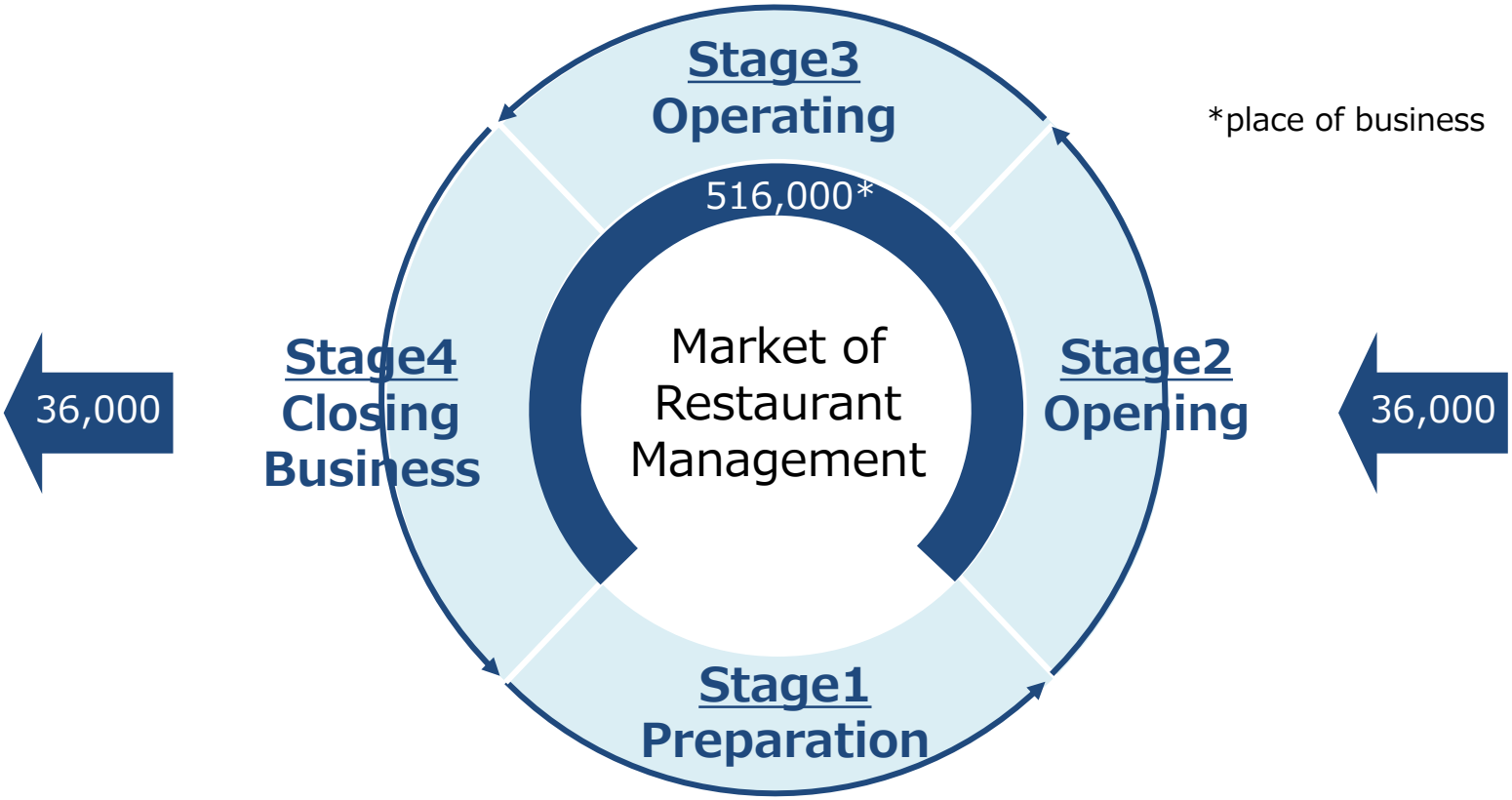
Market Recognition

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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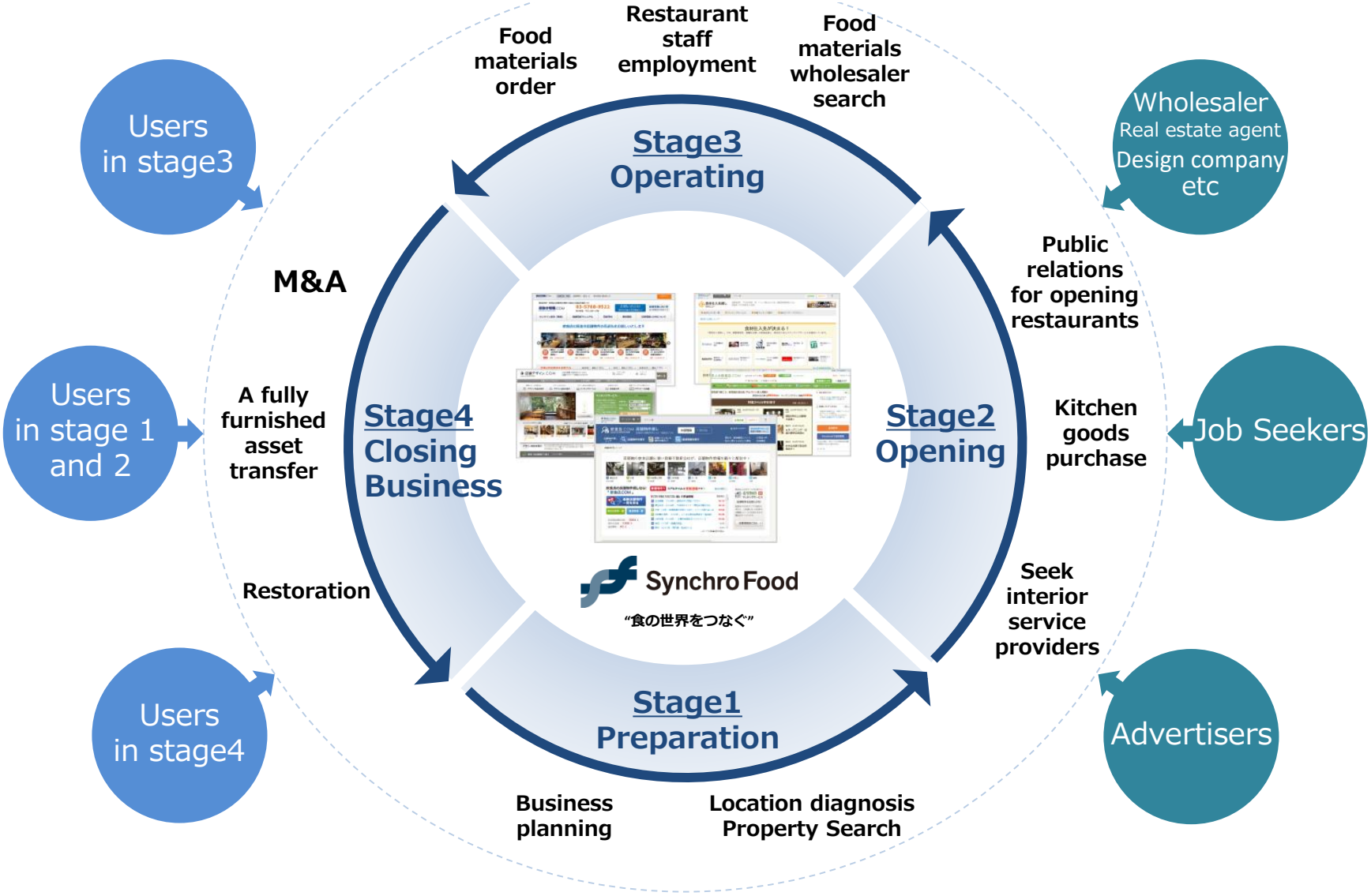
Business Model

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

B2B Platform for restaurant management



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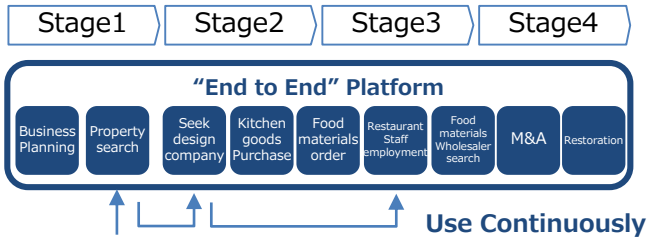
Our Strengths

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



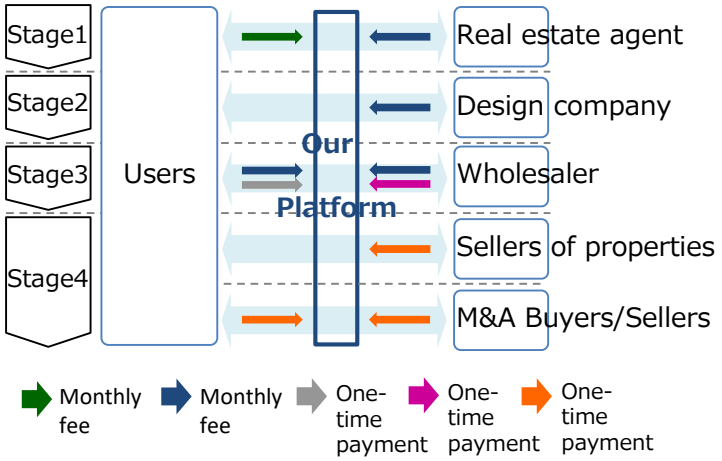
2 Profitability

- 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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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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