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Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]

May 15, 2024

Company name: Synchro Food Co., Ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 3963
URL: https://www.synchro-food.co.jp
Representative: Shinichi Fujishiro, President and CEO and Chief of Operating for the Business Department
Contact: Masaki Morita, Director & Chief of Operating for the Administrative Department
Phone: +81-3-5768-9522
Scheduled date of annual general meeting of shareholders: June 25, 2024
Scheduled date of commencing dividend payments: June 26, 2024
Scheduled date of filing securities report: June 28, 2024
Availability of financial results briefing materials: Available
Schedule of financial results briefing session: Scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	3,602	22.9	1,038	18.5	1,036	18.0	704	12.2
March 31, 2023	2,930	49.6	876	94.5	878	94.0	628	85.0

Note: Comprehensive income: Fiscal year ended March 31, 2024: 706 million yen [12.4%]
Fiscal year ended March 31, 2023: 628 million yen [85.0%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	26.39	26.32	18.0	22.2	28.8
March 31, 2023	23.56	–	19.6	22.9	29.9

Reference: Equity in earnings of affiliated companies: Fiscal year ended March 31, 2024: – million yen
Fiscal year ended March 31, 2023: – million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	5,070	4,292	84.6	160.11
As of March 31, 2023	4,274	3,534	82.7	132.39

Reference: Equity: As of March 31, 2024: 4,291 million yen
As of March 31, 2023: 3,533 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2024	736	(530)	49	4,138
March 31, 2023	850	(4)	–	3,883

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2023	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ended March 31, 2024	–	0.00	–	10.00	10.00	268	37.9	6.8
Fiscal year ending March 31, 2025 (Forecast)	–	–	–	–	–		–	

Note1: Breakdown of the dividends for the fiscal year ended March 31, 2024:
ordinary dividend: 5.00 yen; commemorative dividend: 5.00 yen
2: The dividend forecast for the fiscal year ending March 31, 2025 has not yet been determined.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	4,200	16.6	1,260	21.3	1,260	21.6	882	25.1	32.90

*** Notes:**

(1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: None
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

(3) Total number of issued and outstanding shares (common shares)
1) Total number of issued and outstanding shares at the end of the period (including treasury shares):
March 31, 2024: 27,003,000 shares
March 31, 2023: 26,893,800 shares

2) Total number of treasury shares at the end of the period:
March 31, 2024: 198,733 shares
March 31, 2023: 201,807 shares

3) Average number of shares during the period:
Fiscal year ended March 31, 2024: 26,703,689 shares
Fiscal year ended March 31, 2023: 26,664,131 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	3,448	24.4	1,032	22.9	1,032	22.7	702	16.3
March 31, 2023	2,771	51.3	839	84.7	841	83.8	603	77.0

	Basic earnings per share	Diluted earnings per share
Year ended	Yen	Yen
March 31, 2024	26.30	26.23
March 31, 2023	22.64	–

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	5,008	4,252	84.9	158.62
As of March 31, 2023	4,211	3,497	83.0	130.99

Reference: Equity: As of March 31, 2024: 4,251 million yen
As of March 31, 2023: 3,496 million yen

** These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.*

** Explanation of the proper use of financial results forecast and other notes*

The financial results forecast and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable, and are not intended as the Company's guarantee to achieve them. Actual results may differ significantly due to various factors. For conditions underlying the results forecast and matters of note on the use of the results forecast and other material, please see "1. Overview of Operating Results, etc. (4) Future Outlook" on page 3 of Attachments.

A video of the financial results briefing will be posted on the Company's website on May 16, 2024.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year under review (from April 1, 2023 to March 31, 2024) the Japanese economy saw an improvement in the employment and income environment, a recovery in inbound demand, and other developments indicating further progress in the normalization of economic activities. However, the outlook remains unpredictable as careful attention must be paid to the impact of fluctuations in financial and capital markets, among others, in addition to soaring resource prices and rises in commodity prices.

In such a business environment, Synchro Food Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") embraced its vision of "Spreading happiness generated from various eating and drinking experiences throughout Japan and all over the world," and promoted its businesses under the two management objectives, "Steady implementation in the first year of the new medium-term management plan" and "Promotion of rebranding."

As a result of the above, the Group's financial results for the fiscal year under review were net sales of 3,602,635 thousand yen (up 22.9% year on year), operating profit of 1,038,628 thousand yen (up 18.5% year on year), ordinary profit of 1,036,572 thousand yen (up 18.0% year on year), and profit attributable to owners of parent of 704,948 thousand yen (up 12.2% year on year).

Net sales by service category comprises 2,913,581 thousand yen in Service in Stage 3 (operating) (up 26.3% year on year), 439,836 thousand yen (up 2.6% year on year) in Service in Stages 1, 2, 4 (preparation, opening and closing business), and 249,217 thousand yen (up 27.8% year on year) in Other.

Status by segment is as follows.

[Media Platform business]

The Media Platform business comprises services offered to restaurant operators through Inshokuten.com as well as services offered to related business operators including real estate agents and food suppliers who offer their services via Inshokuten.com.

As of March 31, 2024, the number of registered Inshokuten.com members was 292,301 (up 10.5% year on year), showing steady growth, helped by a recovery trend in store opening, refurbishment, changes in business format, and other activities continuing from the first half of the fiscal year. In the recruitment advertising services, recruitment accelerated in the restaurant industry, and net sales increased mainly due to continuous improvement of websites, activities to drive the development of new customers and the retention of existing customers. The number of paid users (Note 1), a key performance indicator, fell to 12,592 (down 2.3% year on year). The actual number of paid users of recruitment advertising services increased, but the overall picture shows a little bit decrease due to the significant impact of the decrease in kitchen fixture purchase users.

As a result of the above, net sales in the Media Platform business were 3,406,302 thousand yen (up 24.8% year on year), and segment profit was 1,045,110 thousand yen (up 26.9% year on year).

[M&A Services business]

This business comprises M&A-related services such as business transfers and share transfers, and support services to facilitate fully-furnished asset transfers, where the business can be transferred without removing the furnishings of the former restaurant operator.

Although the number of deals concretized remained at a high level in both M&A deals and fully-furnished asset transfers. In M&A services, revenues have stagnated due to delays in closing deals.

As a result of the above, net sales in the M&A Services business were 196,333 thousand yen (down 2.4% year on year), and segment loss was 7,763 thousand yen (segment profit of 51,599 thousand yen in the previous fiscal year).

Notes: 1. The figure represents the number of members using the following paid services as of March 31, 2024:

"Inshokuten.com tenpobukensagashi" (a store properties information site); "Kyujin@inshokuten.com" (a recruitment information site); "Inshokuten.com chubobihinkounyu" (a kitchen equipment information site); and "PlaceOrders."

2. This is the number of operators registered as real estate agents, interior furnishing service providers, and food suppliers as of March 31, 2024. (Excluding the interior furnishing service providers registered with Naisoh-kenchiku.com)

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

Current assets at the end of the fiscal year under review increased by 295,108 thousand yen from the end of the previous fiscal year to 4,411,183 thousand yen. The increase was mainly attributable to a rise in cash and deposits (an increase of 260,729 thousand yen from the end of the previous fiscal year) as a result of an increase in sales. Non-current assets increased by 500,720 thousand yen from the end of the previous fiscal year to 659,534 thousand yen. The increase was mainly due to increases in goodwill (up 239,288 thousand yen year on year) and deferred tax assets (up 109,925 thousand yen year on year). As a result of the above, total assets amounted to 5,070,717 thousand yen (an increase of 795,829 thousand yen from the end of the previous fiscal year).

(Liabilities)

Current liabilities at the end of the fiscal year under review increased by 29,106 thousand yen from the end of the previous fiscal year to 746,629 thousand yen. The main increasing factor was an increase in contract liabilities (an increase of 56,978 thousand yen from the end of the previous fiscal year). Non-current liabilities increased by 9,414 thousand yen from the end of the previous fiscal year to 31,958 thousand yen. As a result of the above, total liabilities amounted to 778,587 thousand yen (an increase of 38,520 thousand yen from the end of the previous fiscal year).

(Net assets)

Net assets at the end of the fiscal year under review increased by 757,308 thousand yen from the end of the previous fiscal year to 4,292,129 thousand yen. The increase was mainly attributable to an increase in retained earnings (an increase of 704,948 thousand yen from the end of the previous fiscal year) as a result of reporting profit attributable to owners of parent.

(3) Overview of Cash Flows for the Fiscal Year under Review

The balance of cash and cash equivalents ("net cash") at the end of the fiscal year under review were 4,138,093 thousand yen, an increase of 254,586 thousand yen from the end of the previous fiscal year. The status of cash flows at the end of the fiscal year under review and their underlying factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 736,055 thousand yen (850,374 thousand yen provided in the previous fiscal year). The decrease was mainly attributable to the reporting of profit before income taxes of 1,036,580 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities was 530,536 thousand yen (4,719 thousand yen used in the previous fiscal year). The decrease was mainly attributable to acquisition of business expenditures of 475,000 thousand yen.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 49,067 thousand yen. Revenue from the issuance of

shares by the exercise of share acquisition rights amounted to 49,067 thousand yen (no net cash provided by or used at the end of the previous fiscal year).

(4) Future Outlook

As for the future outlook, there are no revisions to the forecast announced on May 12, 2023

For the consolidated financial results forecast for the fiscal year ending March 31, 2025, the Company expects net sales of 4,200 million yen, operating profit of 1,260 million yen, ordinary profit of 1,260 million yen, and profit attributable to owners of parent of 882 million yen. In order to achieve sustainable growth, we have set targets of 10,000 million yen in net sales and 3,000 million yen in operating profit for the fiscal year ending March 31, 2030.

2. Basic Policy on Selection of Accounting Standards

The Company intends to adopt Japanese GAAP for the time being, in light of the fact that it operates its businesses in Japan and upon monitoring the trends of peer companies in adopting International Financial Reporting Standards (IFRS).

The Company will appropriately work on the adoption of IFRS, upon considering the circumstances in Japan and overseas.

3. Consolidated Financial Statements and Principal Notes
(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	3,933,568	4,194,297
Accounts receivable - trade	146,895	171,524
Prepaid expenses	38,576	39,842
Income taxes refund receivable	−	1,932
Other	4,232	11,858
Allowance for doubtful accounts	(7,197)	(8,272)
Total current assets	4,116,074	4,411,183
Non-current assets		
Property, plant and equipment		
Buildings, net	41,244	54,832
Tools, furniture and fixtures, net	5,484	13,119
Total property, plant and equipment	46,729	67,951
Intangible assets		
Goodwill	−	239,288
Customer-related intangible assets	−	68,982
Software	103	22,655
Total intangible assets	103	330,926
Investments and other assets		
Investment securities	13,353	15,141
Investments in capital	300	300
Leasehold and guarantee deposits	71,326	106,470
Deferred tax assets	17,280	127,206
Other	9,720	11,538
Total investments and other assets	111,980	260,656
Total non-current assets	158,813	659,534
Total assets	4,274,888	5,070,717

(Thousand yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	43,969	28,324
Accounts payable - other	89,104	82,060
Accrued expenses	38,327	59,578
Income taxes payable	192,638	216,811
Accrued consumption taxes	86,934	32,051
Contract liabilities	252,370	309,349
Deposits received	14,151	18,453
Other	24	−
Total current liabilities	717,522	746,629
Non-current liabilities		
Asset retirement obligations	22,544	31,958
Total non-current liabilities	22,544	31,958
Total liabilities	740,067	778,587
Net assets		
Shareholders' equity		
Share capital	510,517	535,051
Capital surplus	498,517	523,665
Retained earnings	2,634,828	3,339,777
Treasury shares	(109,900)	(108,230)
Total shareholders' equity	3,533,962	4,290,263
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	−	1,379
Total accumulated other comprehensive income	−	1,379
Share acquisition rights	858	486
Total net assets	3,534,820	4,292,129
Total liabilities and net assets	4,274,888	5,070,717

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	2,930,204	3,602,635
Cost of sales	387,119	580,159
Gross profit	2,543,084	3,022,476
Selling, general and administrative expenses	1,666,784	1,983,848
Operating profit	876,299	1,038,628
Non-operating income		
Interest income	33	38
Dividend income	6	6
Subsidy income	1,698	−
Rent income of facilities	200	−
Total non-operating income	1,938	44
Non-operating expenses		
Donations	−	1,000
Settlement payments	−	900
Foreign exchange losses	40	201
Total non-operating expenses	40	2,101
Ordinary profit	878,197	1,036,572
Extraordinary income		
Gain on reversal of share acquisition rights	5	8
Total extraordinary income	5	8
Extraordinary losses		
Loss on valuation of investment securities	4,005	−
Total extraordinary losses	4,005	−
Profit before income taxes	874,196	1,036,580
Income taxes - current	241,070	320,700
Income taxes - deferred	4,767	10,930
Total income taxes	245,838	331,631
Profit	628,358	704,948
Profit attributable to owners of parent	628,358	704,948

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	628,358	704,948
Other comprehensive income		
Valuation difference on available-for-sale securities	–	1,379
Total other comprehensive income	–	1,379
Comprehensive income	628,358	706,328
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	628,358	706,328
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	510,517	498,517	2,020,688	(159,349)	2,870,374
Changes during period					
Issuance of new shares - exercise of share acquisition rights					
Profit attributable to owners of parent			628,358		628,358
Purchase of treasury shares					
Disposal of treasury shares		(14,217)		49,448	35,230
Transfer of loss on disposal of treasury shares		14,217	(14,217)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	614,140	49,448	663,588
Balance at end of period	510,517	498,517	2,634,828	(109,900)	3,533,962

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	–	–	863	2,871,237
Changes during period				
Issuance of new shares - exercise of share acquisition rights				
Profit attributable to owners of parent				628,358
Purchase of treasury shares				
Disposal of treasury shares				35,230
Transfer of loss on disposal of treasury shares				–
Net changes in items other than shareholders' equity			(5)	(5)
Total changes during period	–	–	(5)	663,583
Balance at end of period	–	–	858	3,534,820

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	510,517	498,517	2,634,828	(109,900)	3,533,962
Changes during period					
Issuance of new shares - exercise of share acquisition rights	24,533	24,533			49,067
Profit attributable to owners of parent			704,948		704,948
Purchase of treasury shares				(15)	(15)
Disposal of treasury shares		614		1,685	2,299
Transfer of loss on disposal of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	24,533	25,147	704,948	1,670	756,300
Balance at end of period	535,051	523,665	3,339,777	(108,230)	4,290,263

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	–	–	858	3,534,820
Changes during period				
Issuance of new shares - exercise of share acquisition rights				49,067
Profit attributable to owners of parent				704,948
Purchase of treasury shares				(15)
Disposal of treasury shares				2,299
Transfer of loss on disposal of treasury shares				
Net changes in items other than shareholders' equity	1,379	1,379	(372)	1,007
Total changes during period	1,379	1,379	(372)	757,308
Balance at end of period	1,379	1,379	486	4,292,129

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	874,196	1,036,580
Depreciation	23,440	9,975
Amortization of goodwill	–	34,111
Amortization of Customer-related assets	–	13,796
Loss (gain) on valuation of investment securities	4,005	–
Share-based payment expenses	32,044	10,573
Increase (decrease) in allowance for doubtful accounts	(2,628)	1,074
Interest and dividend income	(39)	(44)
Subsidy income	(1,698)	–
Settlement payments	–	900
Donation	–	1,000
Foreign exchange losses (gains)	40	201
Decrease (increase) in trade receivables	(45,277)	(18,725)
Decrease (increase) in inventories	993	–
Decrease (increase) in prepaid expenses	(2,438)	(7,530)
Decrease (increase) in income taxes receivable	–	(1,932)
Increase (decrease) in trade payables	31,235	(15,644)
Increase (decrease) in contract liabilities	57,903	21,634
Increase (decrease) in accounts payable - other	48,767	(6,480)
Increase (decrease) in accrued expenses	13,329	21,250
Increase (decrease) in accrued consumption taxes	4,300	(54,883)
Other, net	(157)	(9,183)
Subtotal	1,038,017	1,036,672
Interest and dividends received	39	44
Subsidies received	1,698	–
Settlement paid	–	(900)
Payment of contribution	–	(1,000)
Income taxes paid	(189,380)	(298,761)
Net cash provided by (used in) operating activities	850,374	736,055
Cash flows from investing activities		
Payments into time deposits	(50,060)	(50,061)
Proceeds from withdrawal of time deposits	50,061	50,062
Purchase of property, plant and equipment	(18,605)	(20,394)
Payments for asset retirement obligations	(12,000)	–
Purchase of investment securities	(17,399)	–
Payments of leasehold and guarantee deposits	(771)	(35,287)
Proceeds for lease and guarantee deposits	44,057	144
Payments for acquisition of businesses	–	(475,000)
Net cash provided by (used in) investing activities	(4,719)	(530,536)
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	–	49,067
Net cash provided (used in) by financing activities	–	49,067
Net increase (decrease) in cash and cash equivalents	845,655	254,586
Cash and cash equivalents at beginning of period	3,037,851	3,883,507
Cash and cash equivalents at end of period	3,883,507	4,138,093

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes when there are significant changes in amounts of equity)

Not applicable.

(Significant accounting estimates)

- Valuation of goodwill

(1) Amount recorded in the consolidated financial statements for the fiscal year under review

(Thousand yen)

	Previous fiscal year	Current fiscal year
Goodwill	−	239,288

(2) Information on the content of significant accounting estimates for distinct items

The Group determines whether there is any indication of impairment of goodwill by comparing the business plan with actual results at the time of the business transfer. If there is any indication of impairment, the Group determines whether an impairment loss should be recognized by comparing the total undiscounted future cash flows to be derived from the asset group including goodwill with the carrying amount based on the future plans of the business plan on which the goodwill was calculated.

If assumptions or projections of future events change and actual results differ from estimates, it may become necessary to record impairment losses.

(Business combinations, etc.)

(Business acquisition)

1. Summary of business combination

(1) Name of the counterparty and description of the acquired business

Name of the counterparty company SHELFY Co., Ltd.

Business contents Interior furnishing service matching business

(2) Main reason for business combination

In the interior furnishing service matching domain, the Company has operated “TENPODESIGN.COM” since March 2005, but the clients are mainly sole proprietors and small corporations, while “Naisoh-kenchiku.com” mainly serves large corporate clients. In terms of the scale of deals, while most deals on “TENPODESIGN.COM” are for less than 10 million yen, about half of the deals on “Naisoh-kenchiku.com” are for 10 million yen or more. The two platforms have very little overlap in their customer bases, and their deals are in completely different segments. Therefore, the Company expects that by operating both platforms, it will be able to expand sales through mutual customer transfers and greatly increase the efficiency of acquiring projects for the platform as a whole.

(3) Date of business combination

April 20, 2023

(4) Legal form of business combination

Acquisition of business for cash consideration

(5) Name after business combination

No change in name

(6) Main basis for determining the acquiring company

The Company acquired the business from SHELFY Co., Ltd. for cash consideration.

2. Period of financial results of acquired business included in the consolidated statements of income

April 20, 2023 to March 31, 2024

3. Acquisition cost of acquired business and breakdown by type of consideration

Acquisition cost	328,000 thousand yen
Consideration for acquisition	Cash and deposits

4. Description and amount of acquisition-related expenses

Advisory fees and others 3,700 thousand yen

5. Amount of goodwill incurred, reason for incurrence, and amortization method and period

(1) Amount of goodwill incurred

172,570 thousand yen

(2) Cause of incurrence

The future excess earning power expected from future business development.

(3) Amortization method and period

Amortized in equal amounts over six years

6. Amounts of assets and liabilities accepted on the date of business combination and their major components

Current assets	5,904	thousand yen
Non-current assets	184,287	thousand yen
Total assets	190,192	thousand yen
Current liabilities	9,416	thousand yen
Non-current liabilities	25,346	thousand yen
Total liabilities	34,762	thousand yen

(Business acquisition)

1. Summary of business combination

(1) Name of the counterparty and description of the acquired business

Name of the counterparty company: Life Lab, Inc.

Business contents: Human resource matching business specializing in the agriculture, forestry, and fisheries industries

(2) Main reason for business combination

The Company has been growing by providing services in the food domain with a particular focus on the restaurant industry. We aim to provide value in all areas of the value chain related to food, from upstream to downstream, as we seek to realize our vision established in 2022: Spreading happiness generated from various eating and drinking experiences throughout Japan and all over the world. Building on our existing relationship

with restaurants, wholesalers, and manufacturers, we will now strengthen ties with producers (those in the agriculture, forestry, and fisheries industries), thereby further evolving as a food platformer and contributing to the entire food domain.

(3) Date of business combination

January 31, 2024

(4) Legal form of business combination

Acquisition of business for cash consideration

(5) Name after business combination

No change in name

(6) Main basis for determining the acquiring company

The Company acquired the business from Life Lab, Inc. for cash consideration.

2. Period of financial results of acquired business included in the consolidated statements of income

January 31 to March 31, 2024

3. Acquisition cost of acquired business and breakdown by type of consideration

Acquisition cost	135,000 thousand yen
Consideration for acquisition	Cash and deposits

4. Description and amount of acquisition-related expenses

Advisory fees and others 11,000 thousand yen

5. Amount of goodwill incurred, reason for incurrence, and amortization method and period

(1) Amount of goodwill incurred

91,644 thousand yen

Since the allocation of acquisition costs has not been completed, provisional accounting is applied based on reasonable information available at that time.

(2) Cause of incurrence

The future excess earning power expected from future business development

(3) Amortization method and period

Amortized in equal amounts over six years

6. Amounts of assets and liabilities accepted on the date of business combination and their major components

Current assets	2,010	thousand yen
Non-current assets	65,165	thousand yen
Total assets	64,175	thousand yen
Current liabilities	23,819	thousand yen
Total liabilities	23,819	thousand yen

(Revenue recognition)

1. Disaggregation of revenue from contracts with customers

Revenue from reportable segments is disaggregated into “Advertising and related services,” “Marketing services,” “Pay-for-performance services” and “Other.”

Revenue by reportable segment, as well as net sales disaggregated by goods or service and by revenue recognition timing for each reportable segment are as follows.

For the fiscal year ended March 31, 2023

(Thousand yen)

	Reportable segment		Total
	Media platform	M&A services	
Net sales by goods or service			
Advertising and related services (Note 1)	2,198,240	−	2,198,240
Marketing services (Note 2)	70,366	−	70,366
Pay-for-performance services (Note 3)	101,895	201,159	303,055
Other (Note 4)	358,542	−	358,542
Revenue from contracts with customers	2,729,044	201,159	2,930,204
Revenue recognition timing			
Goods or service transferred at a point in time	1,026,222	201,159	1,227,382
Services transferred over time	1,702,822	−	1,702,822
Revenue from contracts with customers	2,729,044	201,159	2,930,204

Notes:
1. Advertising and related services primarily generate revenue from posting of recruitment ads and store property information, and services that enhance the effects of ads posted.
2. Marketing services primarily generate revenue from Internet surveys on restaurants, and the distribution of e-mail newsletters to members of Inshokuten.com.
3. Pay-for-performance services mainly comprise revenue from matching services in Inshokuten.com, revenue from opening fees in the food truck sharing and matching business and M&A Services business in subsidiaries.
4. Other mainly comprises revenue from e-mail newsletter delivery services to job seekers, and monthly subscription services.

For the fiscal year ended March 31, 2024

(Thousand yen)

	Reportable segment		Total
	Media platform	M&A services	
Net sales by goods or service			
Advertising and related services (Note 1)	2,622,388	−	2,622,388
Marketing services (Note 2)	74,021	−	74,021
Pay-for-performance services (Note 3)	211,661	172,166	383,827
Other (Note 4)	498,230	24,166	522,397
Revenue from contracts with customers	3,406,302	196,333	3,602,635
Revenue recognition timing			
Goods or service transferred at a point in time	1,425,978	177,730	1,603,709
Services transferred over time	1,980,323	18,602	1,998,926
Revenue from contracts with customers	3,406,302	196,333	3,602,635

Notes:
1. Advertising and related services primarily generate revenue from posting of recruitment ads and store property information, and services that enhance the effects of ads posted.
2. Marketing services primarily generate revenue from Internet surveys on restaurants, and the distribution of e-mail newsletters to members of Inshokuten.com.
3. Pay-for-performance services mainly comprise revenue from matching services in Inshokuten.com, revenue from opening fees in the food truck sharing and matching business and M&A Services business in subsidiaries.
4. Other mainly comprises revenue from e-mail newsletter delivery services to job seekers, and monthly subscription services.

(Segment information, etc.)
[Segment information]
1. Overview of reportable segments
   (1) Method for determining reportable segments
   The Group's reportable segments are components of the Group for which discrete financial information is available and are subject to regular review by the Board of Directors to determine allocation of management resources and assess its performance.
   The Group has consolidated its businesses into two segments that operate in similar markets, have similar types of customers, and services, namely, the Media Platform business and M&A Services business segments.

   (2) Types of products and services belonging to each reportable segment
   The Media Platform business focuses on such services as posting of recruitment ads and store property information, provision of Internet surveys and matching for business outsourcing.
   The M&A Services business focuses on M&A-related services such as business transfers and share transfers, and support services to facilitate fully-furnished asset transfers, where the business can be transferred without removing the furnishings of the former restaurant operator.

2. Calculation of net sales and profit or loss by reportable segment
   Accounting methods used for reportable segments are the same as the accounting policies that are adopted for the preparation of consolidated financial statements.
   Segment profit (loss) is based on operating profit (loss). Inter-segment sales or transfers are based on arm's length transaction prices.

I For the fiscal year ended March 31, 2023

3. Information on net sales and profit by reportable segment

(Thousand yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in the consolidated statements of income (Note 2)
	Media platform	M&A services	Total		
Net sales					
Net sales to external customers	2,729,044	201,159	2,930,204	−	2,930,204
Inter-segment sales or transfers	−	−	−	−	−
Total	2,729,044	201,159	2,930,204	−	2,930,204
Segment profit	823,860	51,599	875,459	840	876,299
Other items					
Depreciation (Note 3)	23,079	360	23,440	−	23,440

Notes: 1. Adjustment for segment profit refers to the elimination of inter-segment transactions.
2. The total amount of segment profit is adjusted with operating profit in the consolidated statements of income.
3. Assets are not specifically allocated to reportable segments, but depreciation is allocated.

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3. Information on net sales and profit or loss by reportable segment

(Thousand yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in the consolidated statements of income (Note 2)
	Media platform	M&A services	Total		
Net sales					
Net sales to external customers	3,406,302	196,333	3,602,635	−	3,602,635
Inter-segment sales or transfers	−	−	−	−	−
Total	3,406,302	196,333	3,602,635	−	3,602,635
Segment profit (loss)	1,045,110	(7,763)	1,037,347	1,280	1,038,628
Other items					
Depreciation (Note 3)	23,714	57	23,771	−	23,771
Amortization of goodwill (Note 3)	32,580	1,530	34,111	−	34,111

Notes: 1. Adjustment for segment profit or loss refers to the elimination of inter-segment transactions.
2. The total amount of segment profit or loss is adjusted with operating profit in the consolidated statements of income.
3. Assets are not specifically allocated to reportable segments, but depreciation (including depreciation of intangible assets besides goodwill) and amortization of goodwill are allocated.

[Related information]

For the fiscal year ended March 31, 2023

1. Information by product and service
Information is omitted, as the same information is presented in “Segment information.”

2. Information by region
(1) Net sales
There is no applicable information, as there are no net sales to external customers outside Japan.

(2) Property, plant and equipment
There is no applicable information, as there are no property, plant and equipment located outside Japan.

3. Information by major customer
Information is not presented, as no external customer accounts for 10% or more of net sales in the consolidated statements of income.

For the fiscal year ended March 31, 2024

1. Information by product and service
Information is omitted, as the same information is presented in “Segment information.”

2. Information by region
(1) Net sales
There is no applicable information, as there are no net sales to external customers outside Japan.

(2) Property, plant and equipment
There is no applicable information, as there are no property, plant and equipment located outside Japan.

3. Information by major customer
Information is not presented, as no external customer accounts for 10% or more of net sales in the consolidated statements of income.

[Information on impairment losses on non-current assets by reportable segment]

For the fiscal year ended March 31, 2023

Not applicable.

For the fiscal year ended March 31, 2024

Not applicable.

[Information on amortization and unamortized balance of goodwill by reportable segment]

For the fiscal year ended March 31, 2023

Not applicable.

For the fiscal year ended March 31, 2024

(Thousand yen)

	Reportable segment			Adjustment	Total
	Media platform	M&A services	Total		
Amount amortized during period	32,580	1,530	34,111	–	34,111
Balance at end of period	231,634	7,654	239,288	–	239,288

(Significant change in amount of goodwill)

Goodwill increased in the "Media Platform business" segment due to the acquisition of business from SHELFY Co., Ltd. and Life Lab, Inc. Amount of goodwill incurred from the acquisition of business in the fiscal year under review is 264,214 thousand yen.

Since the allocation of acquisition costs has not been completed in the case of the acquisition of business from Life Lab, Inc., provisional accounting is applied based on reasonable information available at that time.

[Information on gain on bargain purchase by reportable segment]

For the fiscal year ended March 31, 2023

Not applicable.

For the fiscal year ended March 31, 2024

Not Applicable.

(Per share information)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net assets per share	¥132.39	¥160.11
Basic earnings per share	¥23.56	¥26.39
Diluted earnings per share	–	¥26.32

Notes: 1. Diluted earnings per share for the fiscal year ended March 31, 2023 are not stated because there are no potential shares.

2. The basis of calculation for basic earnings per share is as follows.

Item	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Basic earnings per share		
Profit attributable to owners of parent (Thousand yen)	628,358	704,948
Amount not attributable to common shareholders (Thousand yen)	–	–

Profit attributable to owners of parent relating to common shareholders (Thousand yen)	628,358	704,948
Average number of common shares during the period (Shares)	26,664,131	26,703,689
Diluted earnings per share		
Adjusted profit attributable to owners of parent (Thousand yen)	628,358	704,948
Increase in common shares (Shares)	−	71,265
(Of which share acquisition rights [Shares])	(−)	(71,265)
Summary of potential shares not included in the calculation of diluted earnings per share due to the absence of dilutive effects	−	−