FY2024 3rd Quarter Financial Results Briefing Materials

Feb. 14, 2024

Synchro Food Co., Ltd. <3963>

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Company Data

Company Name:	Synchro Food Co., Ltd.
Representative:	Shinichi Fujishiro
Founded:	April 2003
Locations:	Head Office:EBIS SOUTH1, 1-7-8, Ebisu Minami, Shibuya-ku, Tokyo Osaka Branch Office:8F, MAINICHI SHINBUN BUILDING, 3-4-5, Umeda, Kita-ku, Osaka-shi, Osaka Nagoya Branch Office:3F, CHIKUBU BUILDING, 3-12-12, Meieki, Nakamura-ku, Nagoya-shi, Aichi Fukuoka Branch Office (opened in April, 2022):TENJIN BUILDING PLUS, 4-8-2, Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka Sapporo Branch Office (opened in July, 2022):2F, Sunshine Building, Higashi 2-1, Ninami 2-jo, Chuo-ku, Sapporo-shi, Hokkaido HR Services Unit Office(opened in November, 2023):13F, Ebisu Garden Place Tower, Ebisu, 4-20-3, Shibuya-ku, Tokyo ※Yokohama Sales Office was integrated into HR Service Unit Office
Capital:	882 million yen
Number of Employees:	202 (Consolidated basis/permanent employees/as of Dec 31, 2024)
Business:	Management of a media platform for food and drink businesses
Subsidiaries:	Wit Co., Ltd. (M&A service business specializing in food and drink businesses)

Vision・Mission・Value

Vision (the world we are aiming at)

Spread happiness derived from various eating and drinking experience all over Japan and the world.

Mission (mission we fulfill for customers)

Establish a platform which enables those who take on a challenge to food and drink businesses to embody their thought.

Mission (promise to members)

Create an environment where they can devote themselves in work in which we support their challenge and opportunities in which they can grow as they want.

Value (platform of Synchro Food's value)

Create new value and provide it simply and speedily.

Create innovative services that solve issues based on accumulated data.

Provide various options that help take on challenges in the food and drink industry.

Executive Summary

Consolidated Financial Results (Q3 cumulative)

- **Revenue: 2,922 million yen (+10.1% year on year); operating profit: 840 million yen (+10.4% year on year); operating profit ratio: 28.8% (+0.1pt year on year)**
- **Q3 revenue was almost the same as Q1 and Q2 revenue if the impact of a large M&A deal closed in Q1 is excluded, remaining the usual seasonal trend in revenue with a larger revenue in Q4.**
  - ✓ **Media Platform Business**
    - — **Outperforming revenue was maintained despite slow down in recruitment advertising services, showing signs of stagnation across recruitment market.**
    - — **Services for design companies remained stable.**
  - ✓ **M&A Service Business**
    - — **The business grew significantly as multiple small- and medium-sized M&A deals were closed.**
- **In Q3, we continued efficient cost management mainly in advertising costs while continuing to conduct investments in human capital, starting with increasing base-pay at the beginning of the period.**
  - ✓ **The ratio of personnel costs to revenue (Q3) increased 3.7pt year on year (30.7%->34.4%).**
  - ✓ **The ratio of advertising costs to revenue (Q3) declined 0.4pt year on year (5.4%->5.0%).**

Main Topics

- **Mobility service: The number of vehicles registered for subscription service started in July 2024 steadily increased even considering a certain number of cancellations.** (→ Page 21)
- **Property information service: Information on diverse properties for retail shops other than restaurants such as hair salons, apparel shops, clinics, etc. is posted on Inshokuten.com "tenpobukensagashi" starting December 2024.** (→ Page 22)
- **Funding: Procuring about 620 million yen for (1) growth investment for existing business expansion and (2) AI research and development investment aiming for mid-to long-term business expansion.** (→ Page 23)
- **Dividends: 15.00 yen per share year-end dividend for the fiscal year ending March 31, 2025 was determined (additional 5.00 yen from the previous fiscal year).** (→ Page 24)
- **Acquisition of treasury shares: Based on the financial policy, the decision was made to acquire up to 1.3 million shares (up to 500 million yen) of treasury shares considering the most recent stock price level.** (→ Page 24)

FY2024 Q3 Summary(vs. Target Figures)

Revenue remained in line with the seasonal trend of a larger revenue in Q4.
Slightly slower progress against the full-year forecasts

(Million yen)	**FY2024 Q3 Total Actual (Consolidated)**	FY2023 Q3 Total Actual (Consolidated)	Year on Year	FY2024 Earnings Forecast(Consolidated)		Progress	
					Growth rate	**FY2024 Q3** (vs. full-year forecasts)	FY2023 Q3 (vs. previous full-year Actual)
Revenue	**2,922**	2,654	+10.1%	4,200	+16.6%	**69.6%**	73.7%
Gross profit	**2,432**	2,222	+9.5%	-	-	**-**	-
SG & A	**1,592**	1,460	+9.0%	-	-	**-**	-
Operating profit	**840**	761	+10.4%	1,260	+21.4%	**66.7%**	73.3%
Operating profit ratio	**28.8%**	28.7%	+0.1pt	30.0%	-	**-**	-
Recurring profit	**828**	760	+8.9%	1,260	+21.6%	**65.7%**	73.4%
Net Income Attributable to Owners of Parent	**555**	518	+7.1%	882	+25.3%	**63.0%**	73.7%

*1 In the second quarter of the fiscal year ending March 31 2025, tentative accounting related to business combination was finalized. Figures for the fiscal year ended March 31, 2024 reflect the contents of the finalization of tentative accounting.

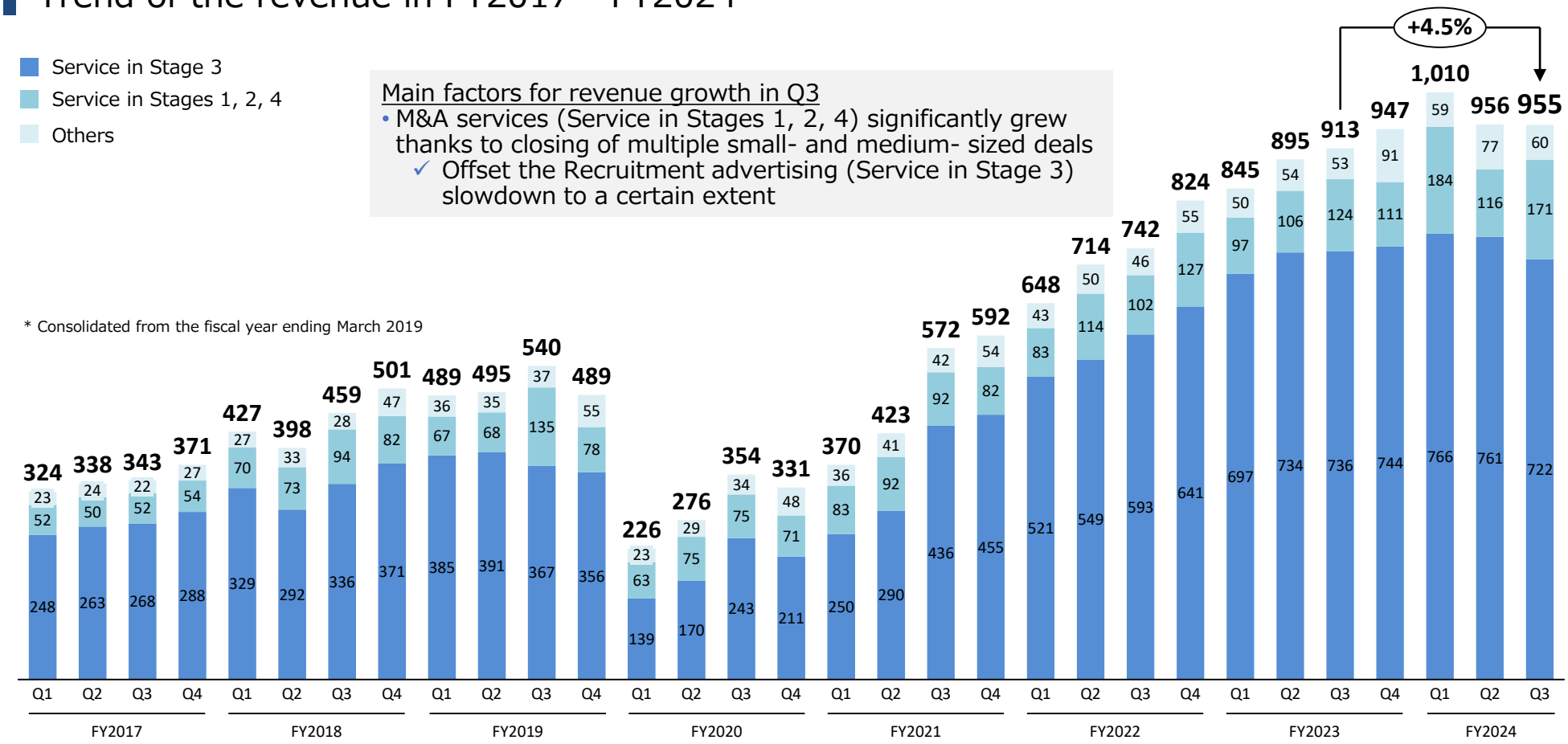
*2 In the third quarter of the fiscal year ending March 31, 2025, a stock issuance cost (non-operating expense) of approximately 10 million yen was recorded in connection with the public offering.

Trend of the Revenue

Revenue in Q3 was almost the same as revenue in Q1 and Q2 if the impact of the large M&A deal closed in Q1 is excluded (up 4.5% year on year)

Trend of the revenue in FY2017 - FY2024

(Million yen)



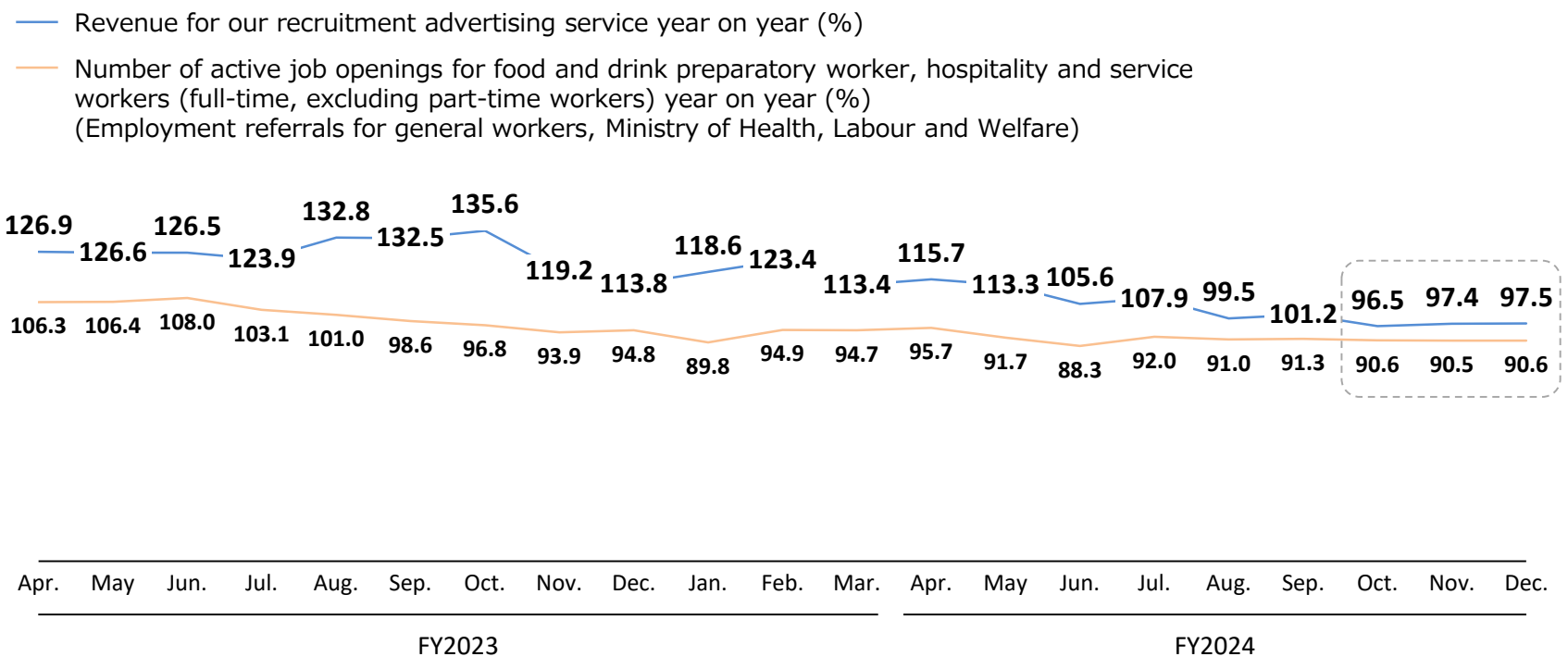
Main factors for revenue growth in Q3

- M&A services (Service in Stages 1, 2, 4) significantly grew thanks to closing of multiple small- and medium- sized deals
  - ✓ Offset the Recruitment advertising (Service in Stage 3) slowdown to a certain extent

Supplementary Note: Recruitment market and our recruitment advertising service

While currently, the number of active job openings in the food and beverage business remained at around 90% year on year, our recruitment advertising service maintained a certain level of revenue.

Trend of revenue for the recruitment advertising service and the number of active job openings year on year



Supplementary Note: Seasonal Trend in Revenue

While revenue tends to be larger in Q4 every year, revenue used to be flat from Q1 through Q3 before the COVID-19 pandemic.
FY2024 is expected to go back to this trend.

Ratios of quarterly revenue to annual revenue

	Q1	Q2	Q3	Q4
FY2017	23.5%	24.5%	24.9%	27.2%
FY2018	23.9%	22.3%	25.7%	28.0%
FY2021	18.9%	21.6%	29.2%	30.2%
FY2022	22.1%	24.4%	25.3%	28.1%
FY2023	23.5%	24.9%	25.4%	26.3%

Revenue was flat from Q1 through Q3

* Excludes FY2019, in which we first began to be affected by the COVID-19 pandemic, and FY2020, in which we were significantly impacted by it.

Supplementary Note: Revenue Classification

Revenue from each service is recorded based on the following classification

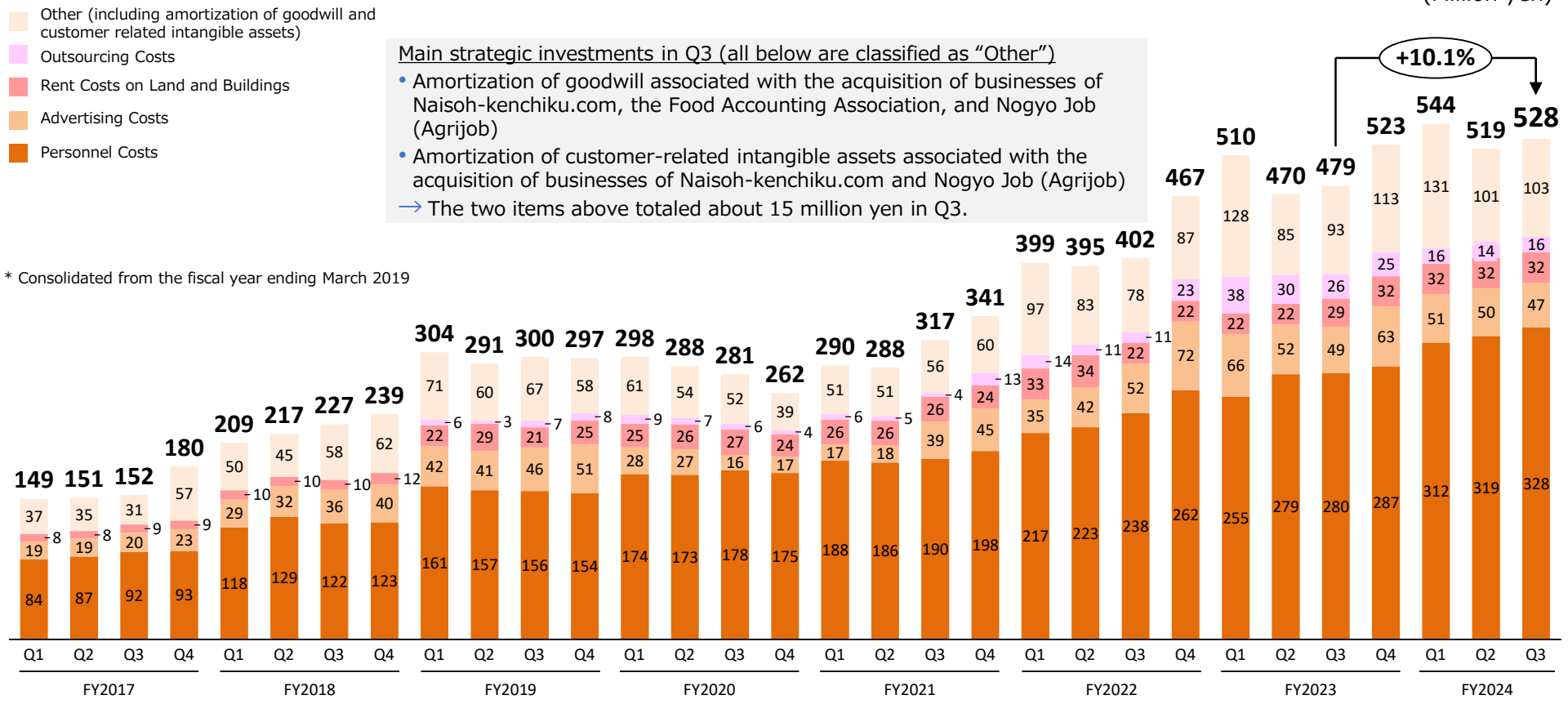
Revenue Classification		Users	Related Business Operators	Reporting segment
Service in Stage 3	Synchro Food	• Recruitment ads • PlaceOrders • Food truck sharing and matching (Mobimaru) • gourmet_baito_chan	• Searching for suppliers	Media platform business
Service in Stages 1, 2, 4	Synchro Food	• Inshokuten Premium (monthly subscription service) • Kitchen goods (EC)	• Store design • Interior furnishing • Real estate properties • A fully furnished asset transfer	
	Wit	• M&As		M&A service business
Other	Synchro Food		• Restaurants research • Advertisement insertion and newsletters • Interior job seeking • Comparison service (POS/FC) • Nogyo Job(Agrijob)	
	Wit		• Food Accounting Association	

Trend of SG&A

We continued efficient management of costs in Q3, primarily of advertising
(up 10.1% year on year)

Trend of SG&A in FY2017 - FY2024

(Million yen)



Main strategic investments in Q3 (all below are classified as "Other")

- Amortization of goodwill associated with the acquisition of businesses of Naisoh-kenchiku.com, the Food Accounting Association, and Nogyo Job (Agrijob)
- Amortization of customer-related intangible assets associated with the acquisition of businesses of Naisoh-kenchiku.com and Nogyo Job (Agrijob)

→ The two items above totaled about 15 million yen in Q3.

* Consolidated from the fiscal year ending March 2019

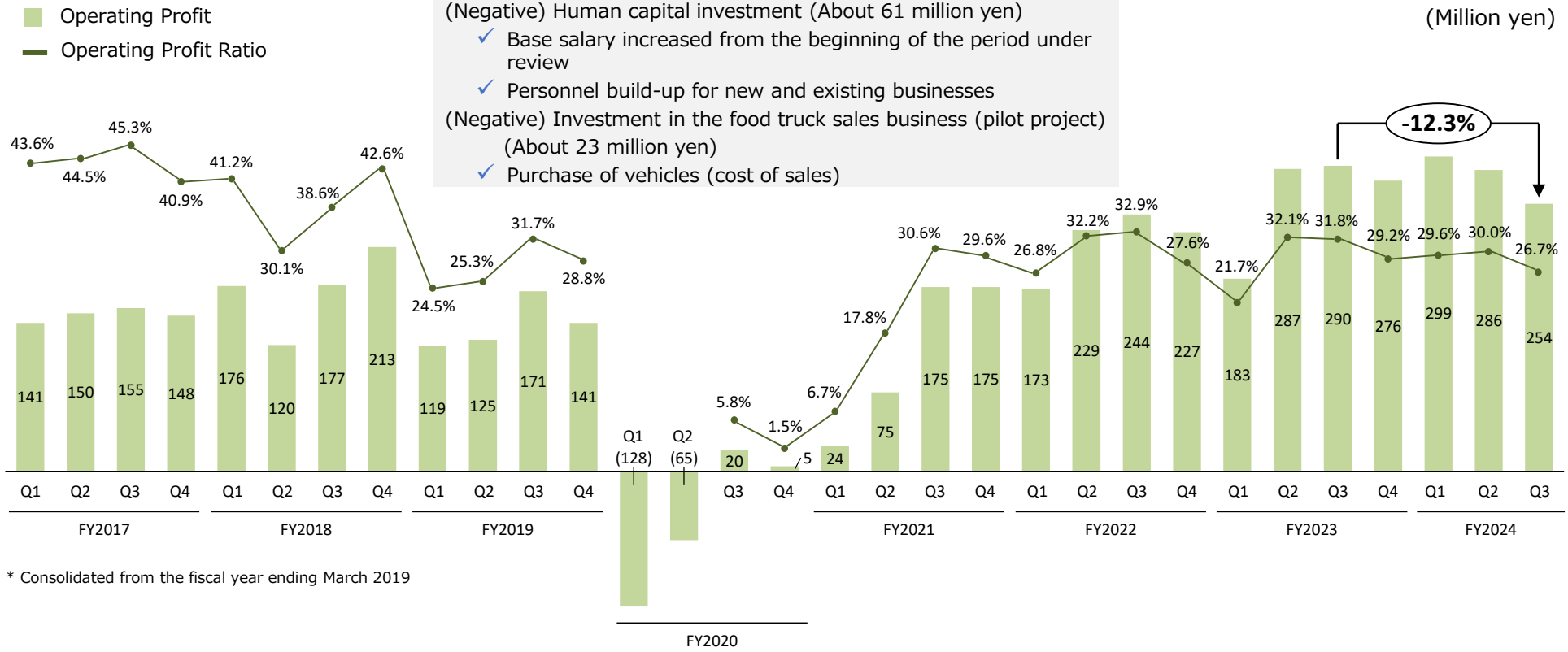
Trend of the Operating profit

Operating profit in Q3 resulted in a certain level while investing in human capital and new business
(down 12.3% year on year)

Trend of the operating profit in FY2017 - FY2024

Main increasing/decreasing factors for operating profit year on year
(Positive) Increase in revenue (About 41 million yen)
(Negative) Human capital investment (About 61 million yen)
- ✓ Base salary increased from the beginning of the period under review
- ✓ Personnel build-up for new and existing businesses

(Negative) Investment in the food truck sales business (pilot project) (About 23 million yen)
- ✓ Purchase of vehicles (cost of sales)



* Consolidated from the fiscal year ending March 2019

Consolidated Balance Sheet

Net assets increased by 802 million yen due to capital increase through public offering of shares, and an increase in retained earnings, among other factors
(compared to Sep. 30, 2024)

(Million yen)	**Dec. 31, 2024**	Q on Q Top: Amount Bottom: Increase/decrease rate	Sep. 30, 2024
Current Assets Total	**5,458**	+774 +16.5%	4,684
Cash and Bank	**5,142**	+722 +16.3%	4,419
Fixed Assets Total	**573**	(28) (4.7%)	602
Assets Total	**6,032**	+746 +14.1%	5,286
Current Liabilities Total	**709**	(56) (7.4%)	765
Fixed Liabilities Total	**31**	+0.007 +0.0%	31
Net Assets Total	**5,291**	+802 +17.9%	4,488

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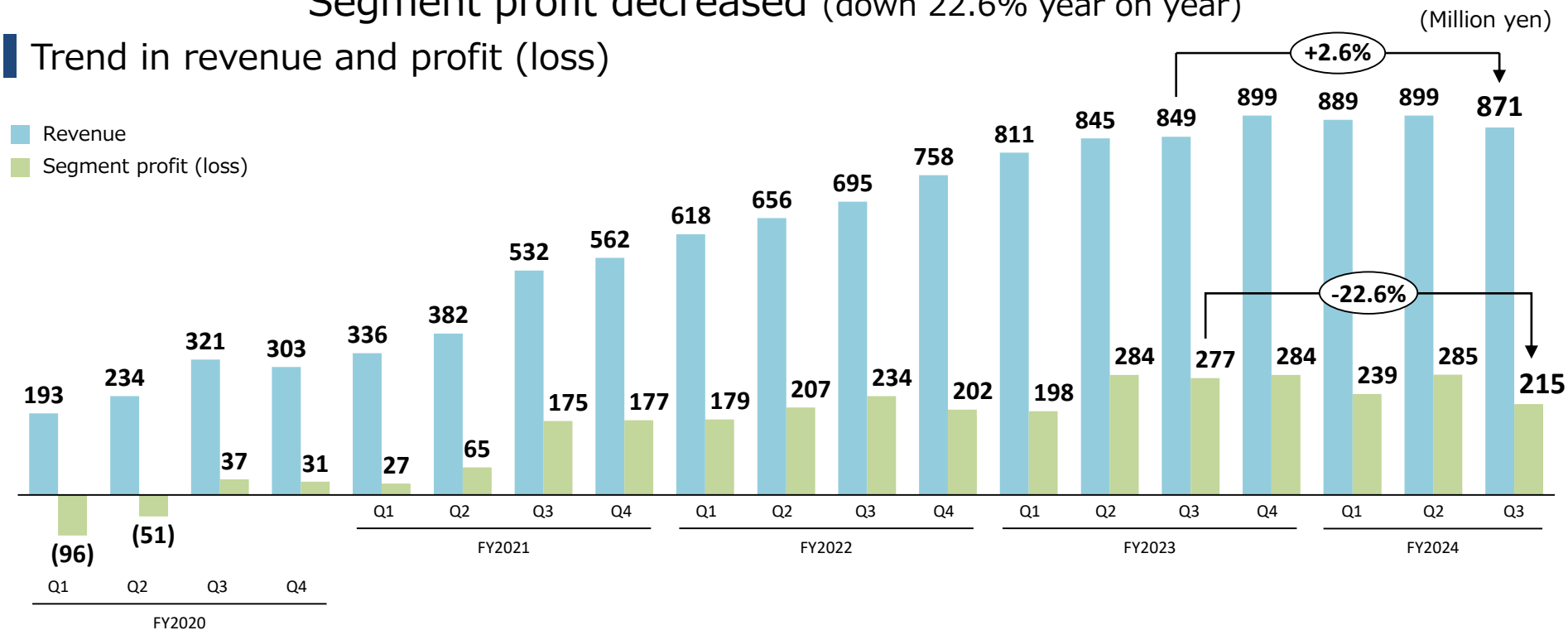
Media Platform Business

The recruitment advertising services maintain a certain level of revenue despite a decrease in active job openings (up 2.6% year on year) Segment profit decreased (down 22.6% year on year)

Trend in revenue and profit (loss)



Recruitment ads services

- ✓ Amidst a decrease in active job openings, a certain level of revenue was maintained in both direct sales and agencies revenue year on year. (-2.5% and -5.5%, respectively)

Services for design companies

- ✓ Services for design companies performed steadily. (+2.1% year on year)
  *excluding Naisoh-kenchiku.com

Various indices

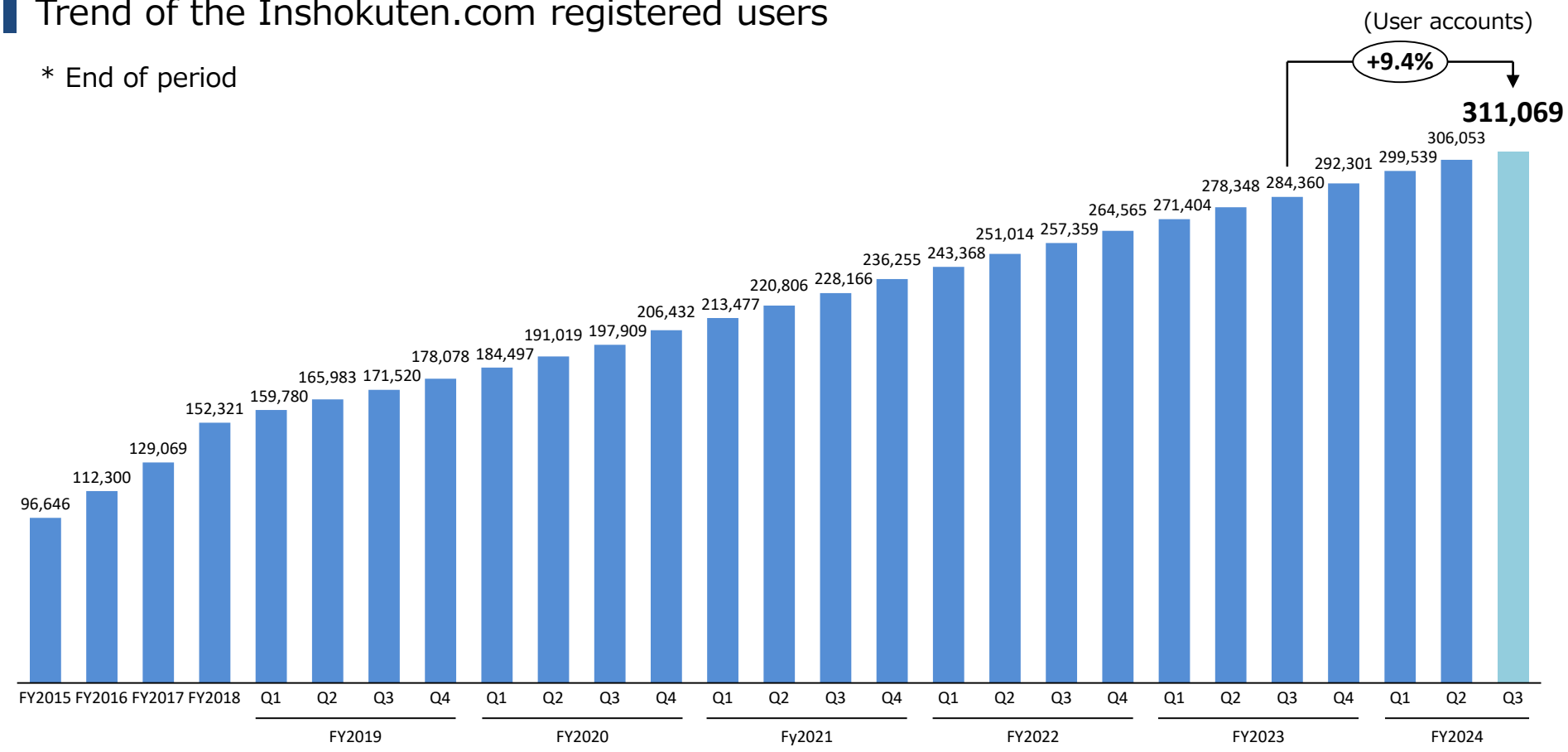
- ✓ The number of registered users, operators, and job seekers also increased steadily.

Media Platform Business - Trend of the Users

The number of users is increasing steadily (up 9.4% year on year)

Trend of the Inshokuten.com registered users

* End of period



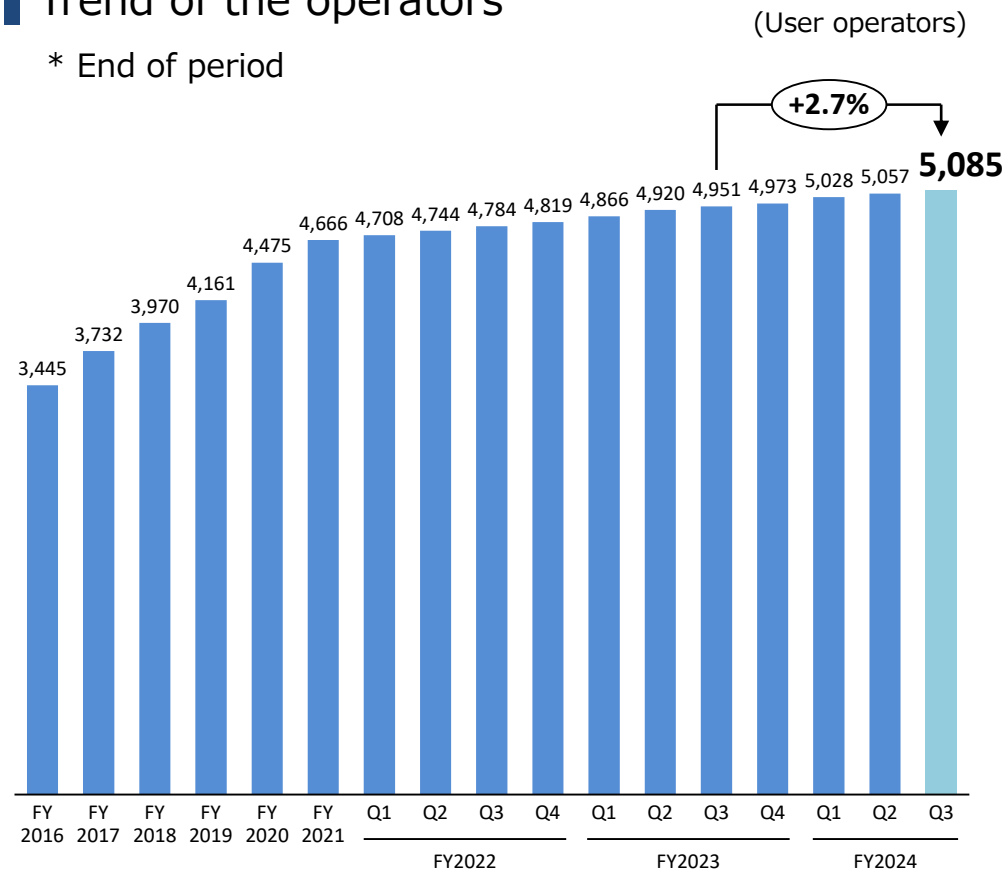
Synchro Food

Media Platform Business - Trend of the Operators and Job Seekers

The number of operators and job seekers increased steadily
(Operators: up 2.7% year on year; Job seekers: up 17.9% year on year)

Trend of the operators

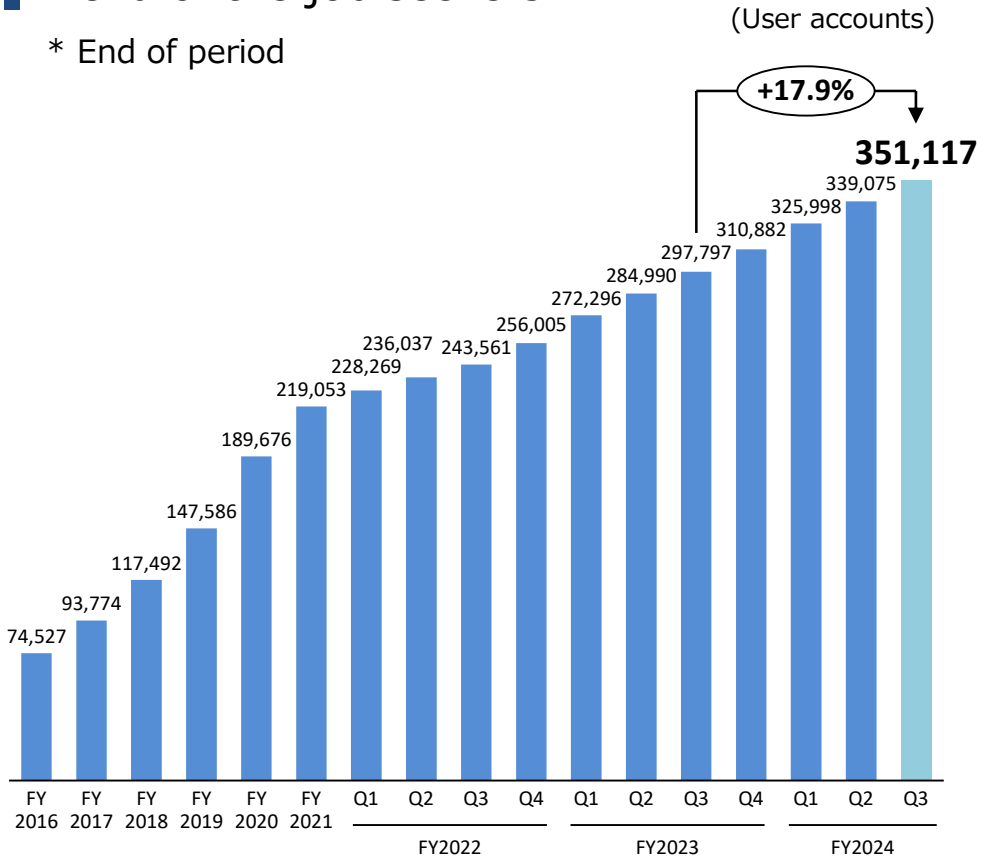
* End of period



*Total of real estate companies, design companies and foodstuff purchasing companies registered as of the end of month

Trend of the job seekers

* End of period



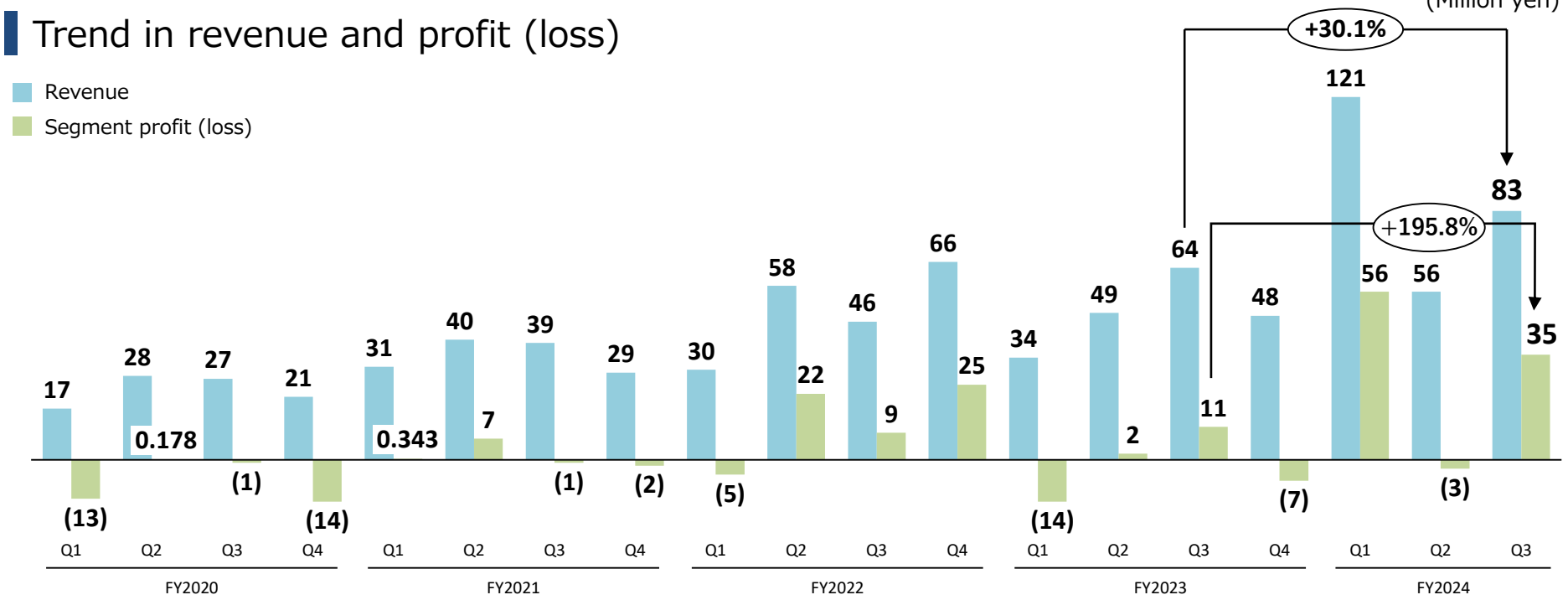
*Number of users registered with Kyujin@inshokuten as job seekers (excluding temporary member registration and withdrawal)

M&A Service Business

Revenue in Q3 significantly grew due to the closing of multiple small- and medium-sized M&A deals (up 30.1% year on year) Segment profit also significantly increased (up 195.8% year on year)

Trend in revenue and profit (loss)

(Million yen)



M&A services

- ✓ Revenue significantly grew due to the closing of smaller-sized M&A lite deals and medium-sized M&A deals. (+30.5% year on year)

Services to facilitate fully-furnished asset transfers

- ✓ The number of inquiries on assets sale and the number of deals remained at a high level. Revenue grew steadily.(+34.0% year on year)

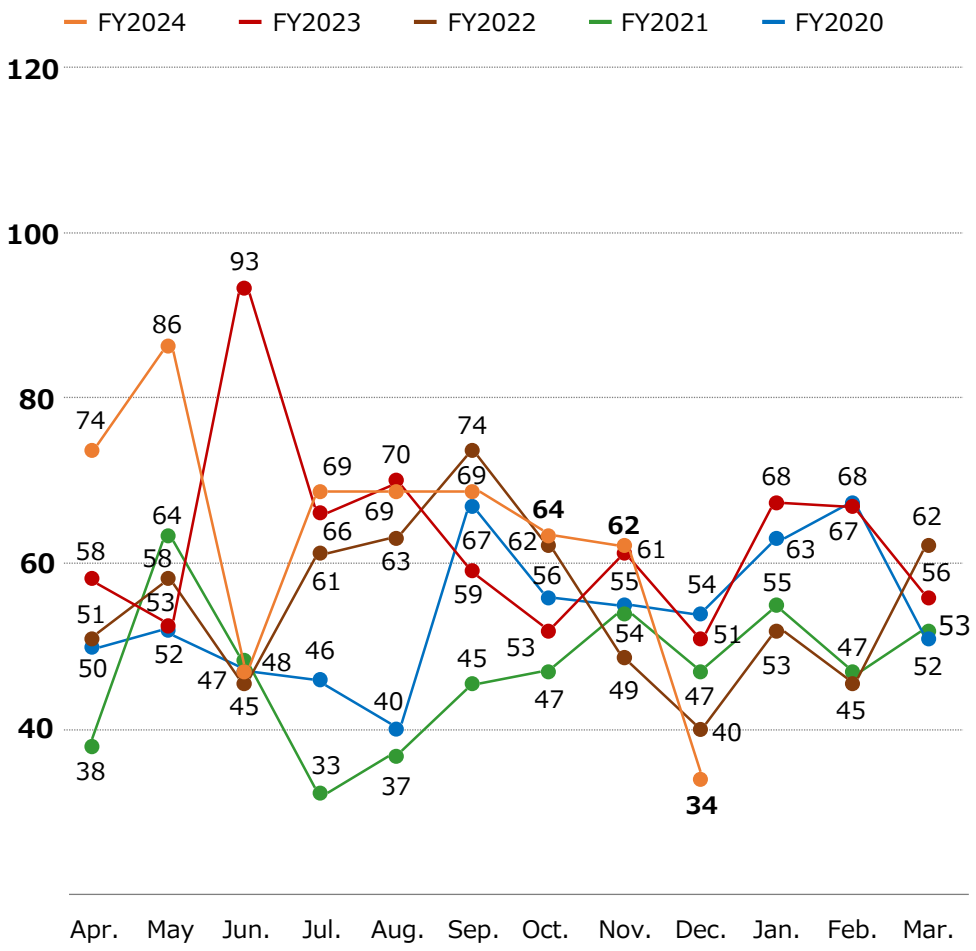
Others

- ✓ Declaration of compliance and other procedures according to the M&A guideline for SMEs (3rd edition) of the Small and Medium Enterprise Agency were completed.
- ✓ The minimum amount of compensation for M&A was increased.

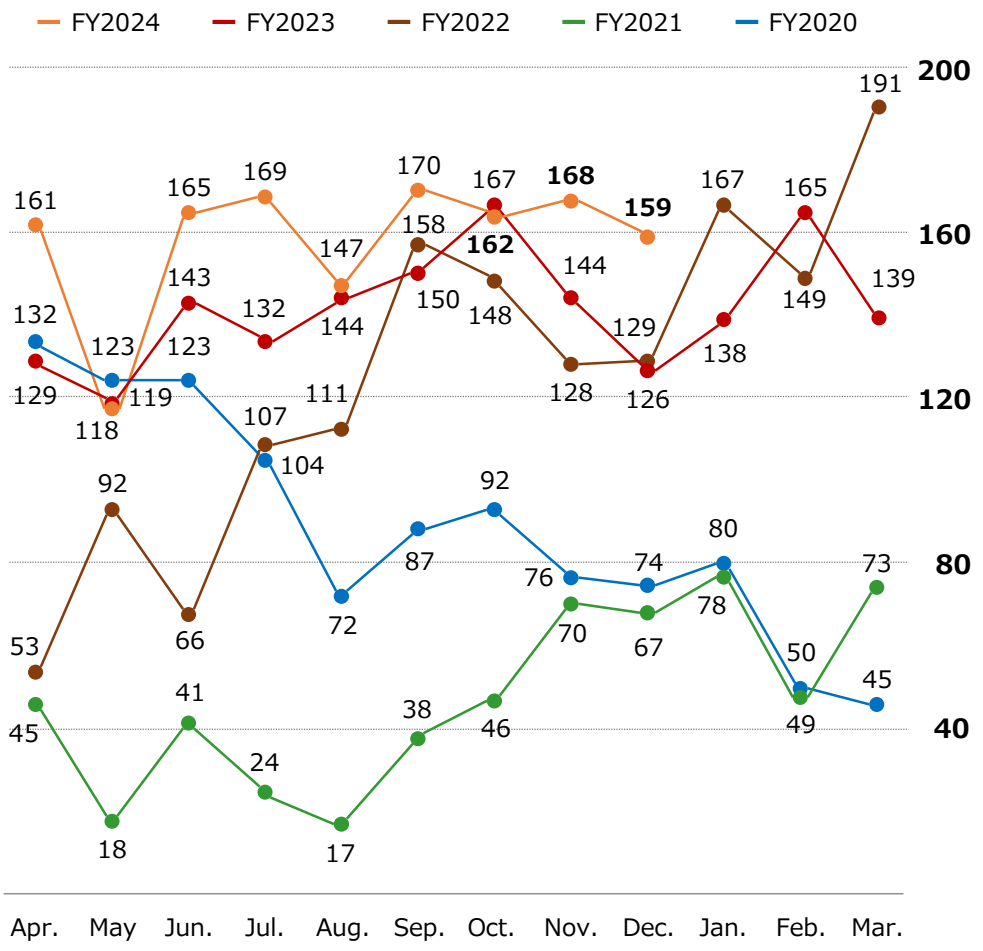
M&A Service Business – Trend of Inquiries on Assets Sale

The number of inquiries for M&A that turned to deals from the outset significantly increased with a drop in December, those for fully-furnished asset transfers remained at a high level

Trend of the inquiries on assets sale (M&A)



Trend of the inquiries on assets sale (fully-furnished asset transfers)



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Current Progress on FY2024 Objectives

Despite the slowdown in recruitment advertising services, steadily proceeded in other areas

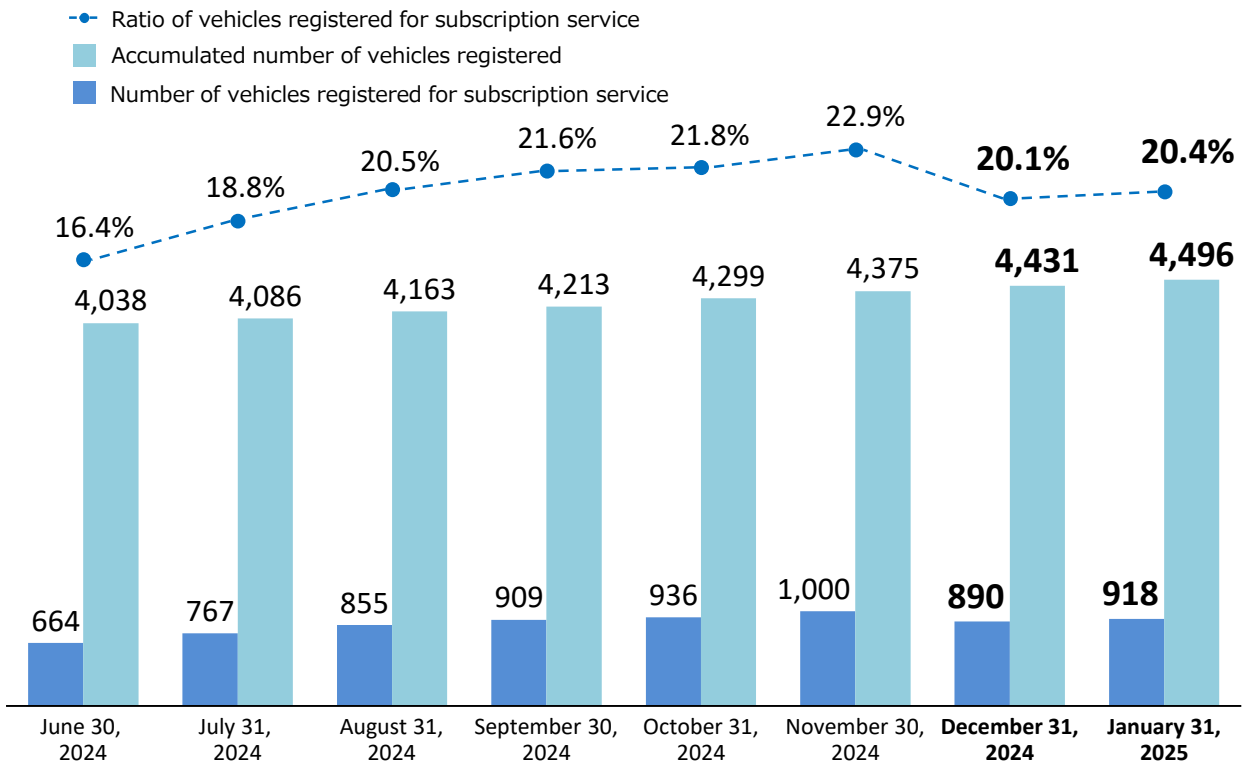
FY2024 Objectives*			Evaluation	Progress at the end of Q3
1 Fulfill the new medium-term management plan	Promotion of 5 Business Strategies	Offering the recruitment advertising service nationwide	△	✓ Direct sales: Maintained a certain level of revenue, while the market slowed down nationwide, showing signs of stagnation ✓ Agencies: The number of sales personnel (unique) who have received orders increased to 330 (+14 since September 30), and the number of contracted agencies is 40 (+1 since September 30)
		Expanding the platform service	○	✓ Services for design companies (TENPODESIGN and KYUJIN@Interior) remained stable. ✓ M&A service business grew significantly as multiple small- and medium-sized M&A deals were closed.
		Promoting and expanding the mobility service	○	✓ Steadily increased with a total of 13,979 vehicles in operation at permanent locations, 6,190 vehicles in operation at event venues (both Q3 total), and 4,431 vehicles registered (excluding temporary registrations). ✓ The number of vehicles registered for subscription service was 890 (as of Dec. 31, 2024, -19 since September 30)
		Offering the data service using the membership platform	○	✓ The number of applications for “Insurance to Protect Your Business” (an insurance service specialized for restaurants, launched in October 2024) remains stable.
		Expand revenue in the areas of customer attraction and job offering with the use of SNS short videos	○	✓ Number of recruitment postings is stably increasing. (479 stores, +66 since September 30) ✓ A total of 143 part time job videos were created and posted in Q3. ✓ Started conducting a customer satisfaction survey, 74% of stores that ended paid-posting service during Q3 considering using the service again.
	Strike a balance between strategic investments and efficient advertising operations		○	✓ Labor cost to revenue ratio in Q3 increased by 3.7pt, while advertising cost to revenue ratio decreased by 0.4pt (year on year), continuing to cover strategic investments.
2 Continuation of efforts toward discontinuous growth	Promote M&A strategy Formulate the next medium-term management plan		○	✓ Continuing sourcing activities in line with M&A strategy, regardless of listed companies or private equity. ✓ Finalizing the next medium-term management plan by identifying areas for investment based on funding
	Continuous promotion of generative AI projects		○	✓ A feature of automatic job advertisement creation using GPT has been developed and is in operation for specific services. ✓ Generative AI is used for enhanced accuracy and maintainability of a member profile identification feature.

* Source: FY2023 Financial Results Briefing Materials (announced May 15, 2024)

Topics: Stable increasing trend continues in the number of vehicles registered for subscription service for mobility Service

Despite a certain number of cancellations recorded, currently the number of vehicles registered for subscription service increased steadily.
Striving for expansion through implementing dropout prevention measures and initiatives

Trend of the accumulated number of vehicles registered and the number of vehicles registered for subscription service



- ✓ 890 vehicles on December 31, 2024 due to a certain number of cancelled applications recorded in June 2024, the 1st round.
- ✓ However, the most recent results as of January 31, 2025 recovered to 918 vehicles with new applications coming in every month.
- ✓ The target of 850 vehicles for the fiscal year-end is clearly expected to be achieved.

* The subscription contract is for six months and renews automatically.

Topics: Property information site “Tenpobukensagashi,” updated to serve customers searching for properties for all kinds of shops

Started posting variety of store property information in December 2024 to maximize matching success rate for those who search for store properties besides properties for food and beverage business

Inshokuten.com “tenpobukensagashi”

- ✓ Allied with **more than 3,000 real estate companies** strong in store properties
- ✓ **Posting more than 8,000** store properties for rent
- ✓ **About a half** of the posted properties are **fully furnished assets** popular with those planning to open a restaurant

*As of January 2025



Renewal Details

- ✓ **Started posting information on properties in addition to those for food and beverage business, steadily expanding**
  - Hair salon
  - Esthetic/nail salon
  - Clinic, dental clinic
  - Drug store
  - Convenience store
  - Apparel, merchandise sale
  - Gym, Yoga studio, etc.
- ✓ **Added new search function**
  - Function to search by accepted business type
  - Function to search for fully furnished assets available other than for food and beverage business

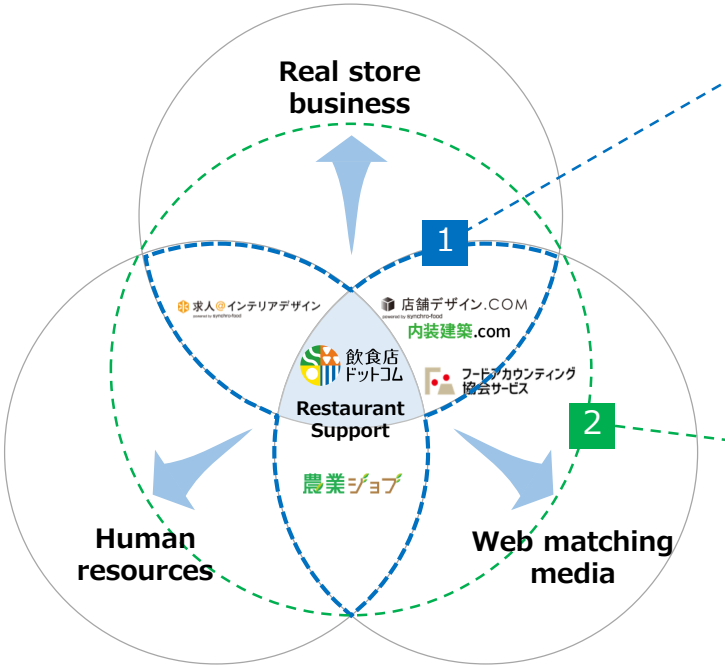


Topics: Procuring growth funding through public offering

About 620 million yen was procured to conduct growth investment aiming for 10 billion yen in consolidated revenue and 3 billion yen in operating profit in the fiscal year ending March 2030

* Reference: “Notice Concerning Issuance of New Shares and Secondary Distribution of Shares, and Change of Major Shareholder and Largest Shareholder among Major Shareholders” released on December 11, 2024

Direction of Business Expansion



Use of procured funding

1 Investment for further growth of existing business and expansion of new business

- ✓ Enhancing human resources for improved service and new business development
- ✓ Advertising services to create greater recognition and to win users, operators, job seekers in food and beverage business

2 Investment for research and development for AI-based new services and its commercialization

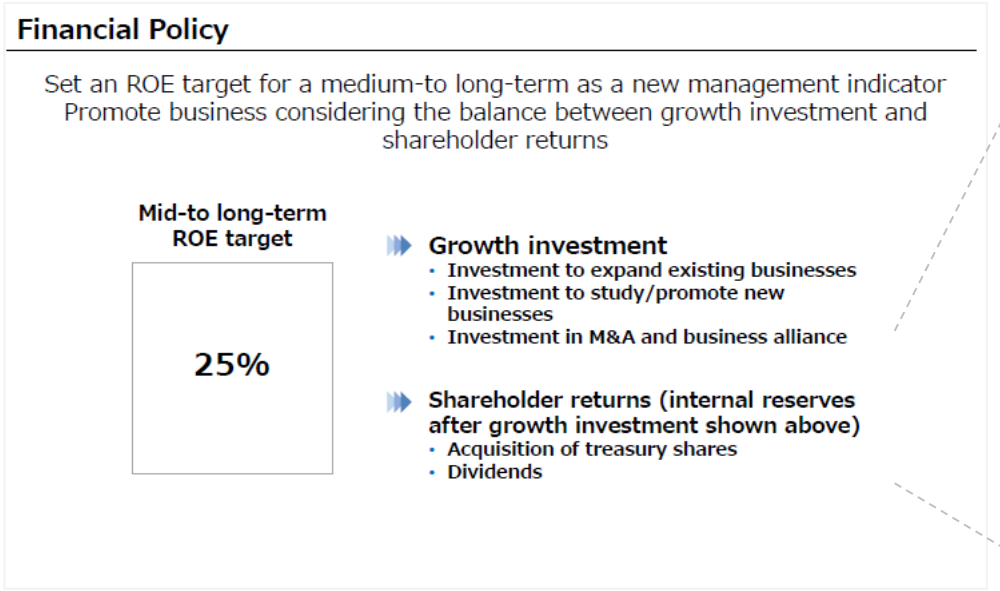
- ✓ Enhancing human resources for research and development of AI applications across all the fields of real store business, human resources, and web matching media.

- ✓ Set the stage for business growth aiming to achieve the mid-to-long-term business target
- ✓ More proactively develop business activities including future M&A, business alliance, etc.

Topics: Shareholder returns

Based on financial policy, payment of dividends and acquisition of treasury shares will be conducted aiming to enhance shareholder returns and improve capital efficiency.

* Reference: “Notice Concerning Revisions to Dividend Forecasts for the Fiscal Year Ending March 31, 2025” released on January 8, 2025 and “Notice Concerning Decision on Matters Related to Acquisition of Treasury Shares” released on February 14, 2025



* Source: FY2022 Financial Results Briefing Materials (announced on May 12, 2023)

- **Dividend for the fiscal year ending March 31, 2025**
  - ✓ Dividend per share: **15.00 yen** determined (additional 5.00 yen from the previous fiscal year)
  - ✓ Dividend payout ratio: **49.2%**
  - ✓ Total amount: **About 430 million yen**

* Dividend payout ratio and the total amount are calculated based on the number of issued shares and treasury shares as of December 31, 2024, and profit attributable to owners of parent in the full-year forecast for the fiscal year ending March 31, 2025.

- **Acquisition of treasury shares**
  - ✓ Total number of shares to be acquired (Maximum): **1.3 million shares**
  - ✓ Total amount of share acquisition costs (Maximum): **500 million yen**
  - ✓ Acquisition period: **From February 25, 2025 to April 30, 2025**

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Directors & Auditors

President and CEO and Chief of Operating for the Business Department

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 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)

Director & Chief of the Development Department

Shun Ohkubo

Apr.2005 Joined Mizkan Holdings Co., Ltd.
Apr.2008 Joined Synchro Food Co., Ltd.
Apr.2015 Chief of the Development Department of Synchro Food Co., Ltd.
Jun.2018 Director of Synchro Food Co., Ltd. (current office)

Outside Audit (Full time) & Supervisory Board Member

Ryuichi Makino

Outside Audit & Supervisory Board Member

Yasutomo Inoue

Outside Audit & Supervisory Board Member

Toshihide Nakayama

Director

Tsuguhiro Nakagawa

Apr.1984 Joined Recruit Co., Ltd. (currently Recruit Holdings Co., Ltd.)
Oct.1998 President of Tokai Car Sensor Co., Ltd.
Jun.1999 President of Kyushu Car Sensor Co., Ltd.
Apr.2003 President of Recruit HR Marketing Kansai 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 Outside Director of Synchro Food Co., Ltd.
Director of Premium Group Co., Ltd. (current office)
Jun.2019 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)
Sep.2019 Director of User Local, Inc. (current office)

Outside director

Mihoko Nagai

Apr.1988 Joined Shiseido Company, Limited
Oct.1988 Shiseido Institute of Beauty Sciences
Apr.2015 General Manager of the Corporate Communications Department of Shiseido Company, Limited
Jul.2019 Director and Secretary General of General Incorporated Association Japan Humanitude Association (current office)
Dec.2019 Director of Mammy Mart Corporation (current office)
Jun.2022 Director of Synchro Food Co., Ltd. (current office)
Mar.2024 Outside Audit & Supervisory Board Member of Broadleaf Co., Ltd. (current office)

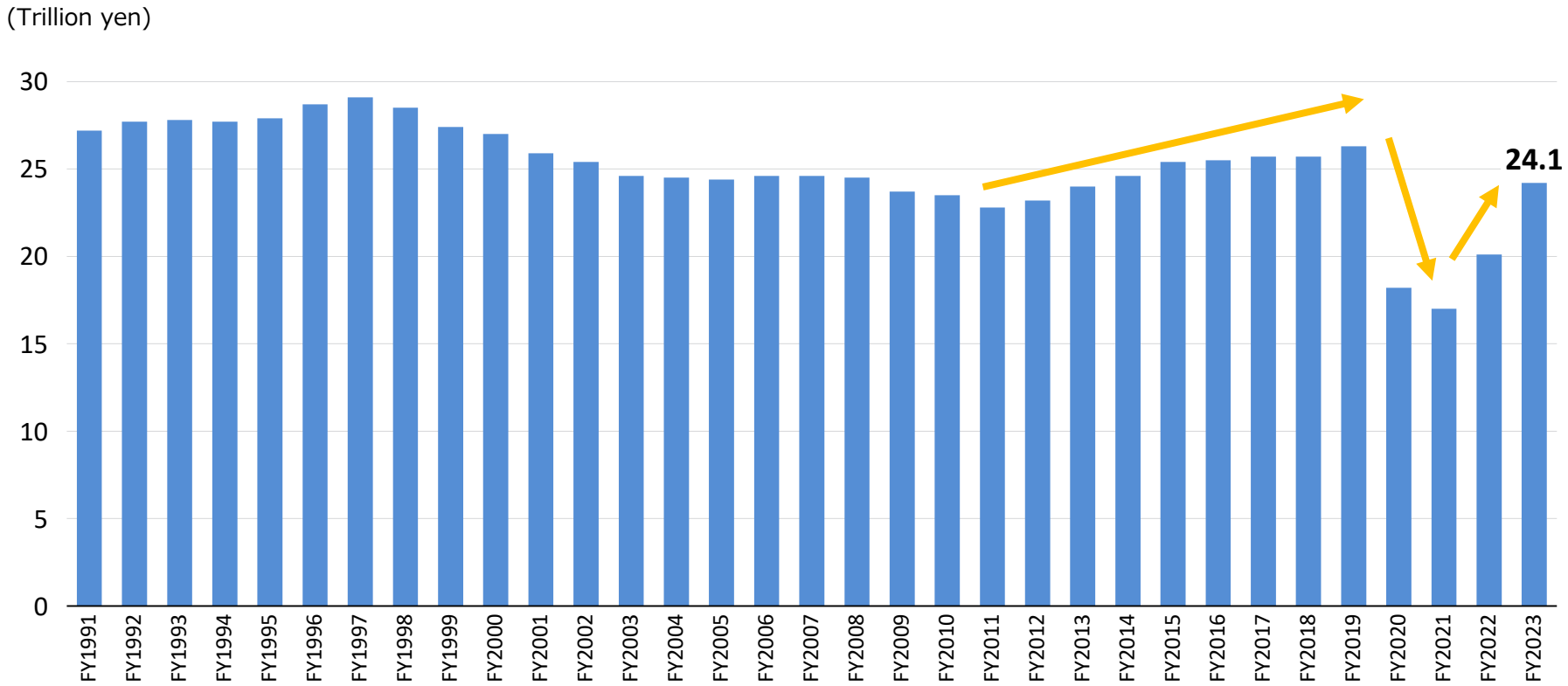
History

2003	Apr	Established Synchro Food Co., Ltd.
	Sept	Started running a restaurant operations support site "Inshokuten.com"
2005	Mar	Created a recruiting site for interior decoration companies "Tenpodesign.com"
	Nov	Developed a recruitment information site for interior industry "Kyujin@interiordesing"
2006	Oct	Launched a recruitment information site for food and drink industry "Kyujin@inshokuten.com"
2007	Sept	Launched a commercial real estate purchase price assessment site "Inukijyouhou.com"
2011	May	Launched a recruitment information site specialized in KANSAI area "Kyujin@inshokuten.com"
2013	Sept	Added an ingredients supplier locator section to Inshokuten.com site "Shokuzaishiiresakisagashi"
2015	May	Launched WEB magazine "Foodist Media"
	Oct	Launched a property information site specialized in KANSAI area "Inshokuten.com tenpobukensagashi"
2016	Mar	Released food material order system "PlaceOrders"
	Dec	Launched a restaurant M&A support service "Inshoku M&A"
		Launched a recruitment information site specialized in TOKAI area "Kyujin@inshokuten.com"
2017	May	Launched a questionnaire survey system "Restaurants Research"
	Jun	Launched a property information site specialized in TOKAI area "Inshokuten.com tenpobukensagashi"
	Sept	Launched a recruitment information site specialized in KYUSHU area "Kyujin@inshokuten.com"
	Dec	Launched a recruitment information site specialized in HOKKAIDO and TOHOKU area "Kyujin@inshokuten.com"
2018	Apr	Launched a recruitment information site for foreigners specialized food and drink industry "Food Job Japan"
	Jun	Launch of facial recognition attendance management "Restaurant Staff Time Cards" smartphone app
	Sept	Launched a property information site specialized in KYUSHU area "Inshokuten.com tenpobukensagashi"
2019	Jan	Released renewal version of food material order system "PlaceOrders" and started charging
2020	Mar	Released an order management system for ingredients "ReceiveOrders"
	May	Launched a monthly subscription service "Inshokuten.com Premium"
	Aug	Launched food truck sharing and matching website "Mobimaru"
		Launched side-job matching website "Nicoshigoto"
2021	Oct	Launched franchise comparison website "Inshoku FC Comparison"
2022	Oct	Released renewal version of scout service of recruitment information site "Kyujin@inshokuten.com".
2023	Mar	Completed renewal of main service brands (each service name above at the time of release)
	May	Launched an SNS short video part-time job service "gourmet_baito_chan"
	Sept	Released a web edition of the SNS short video part-time job service "gourmet_baito_chan"
	Oct	Released a matching service for restaurants and accounting firms "Inshokuten.com Find Your Tax Consultant"
	Dec	Launched the "Inshokuten.com certification mark" service, in which food and beverage experts taste and evaluate products
2024	Jul.	Launched a subscription service for Mobility Service
	Oct	Launched "Insurance to Protect Your Business," which covers various risks for restaurants
		Launched a recruitment information site specialized in HOKURIKU and KOSHINETSU area "Kyujin@inshokuten.com"
	Dec	Completed renewal of area "Inshokuten.com tenpobukensagashi"

Size of the Food Service Industry

Although the restaurant industry shrank between 2020 and 2021 due to covid-19 impact, it has been recovering to 24 trillion yen by 2023 with the lifting of behavioral restrictions and the transition to category 5.

Trend of estimation of the food service industry market size

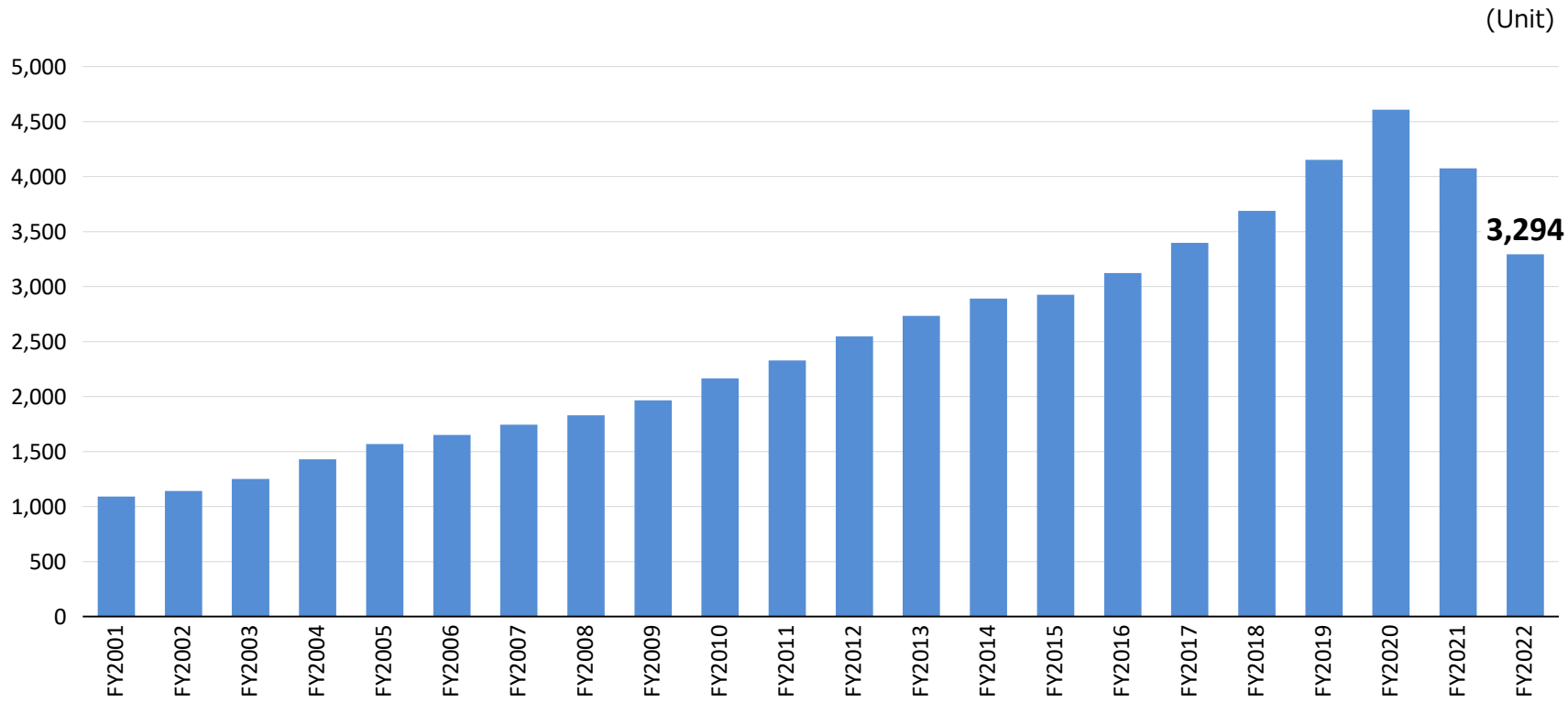


Source: “Trend of estimation of the food service industry market size” by Japan Foodservice Association

The Number of Business Permits for Mobile Shop Truck

Sales operations with mobile shop trucks increased over the years, but decreased after FY2021 due to COVID-19

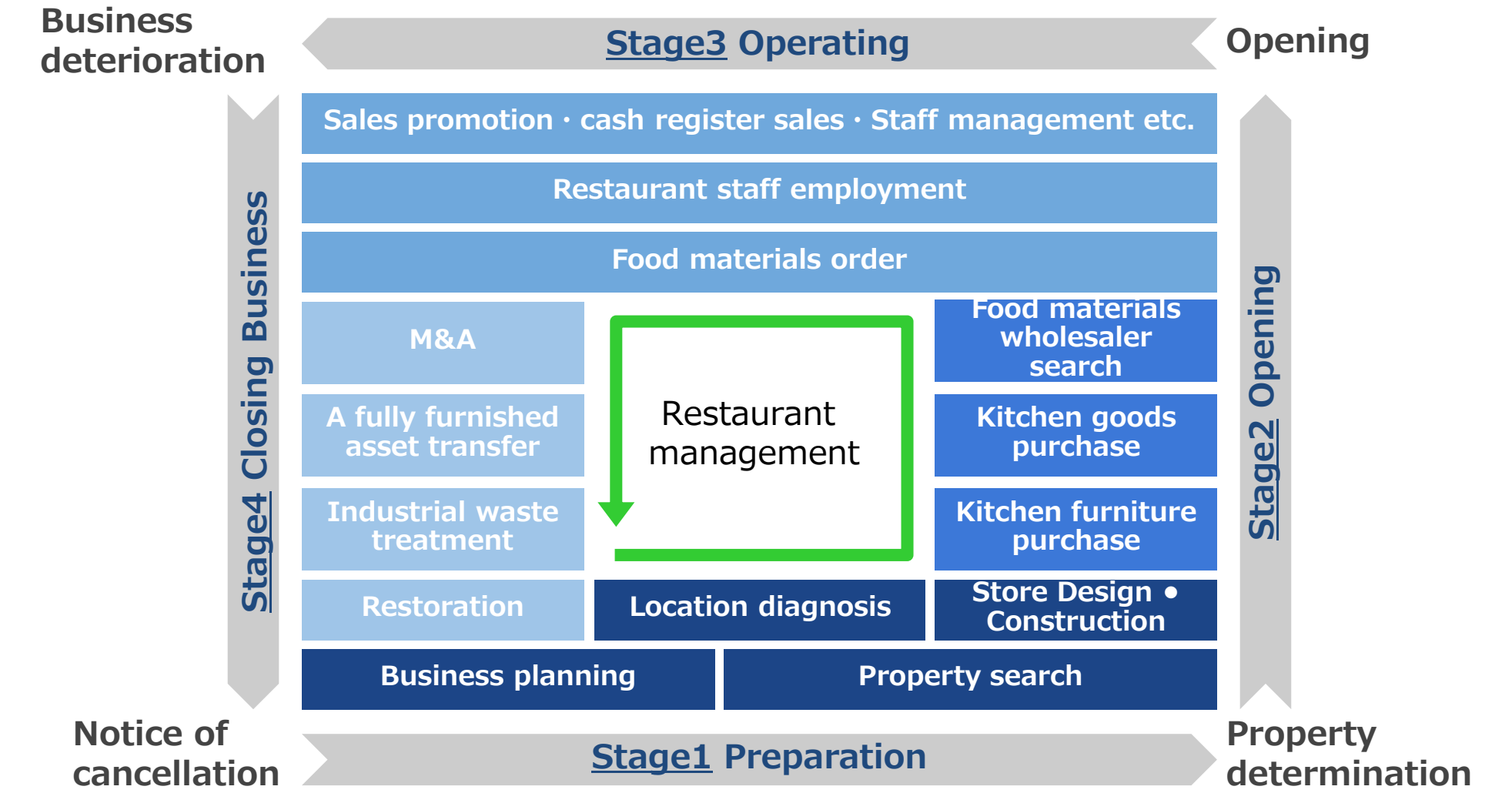
Trend of the number of business permits for mobile shop truck in Tokyo



Source: “Food Hygiene-related Business Report” by Bureau of Social Welfare and Public Health, Tokyo Metropolitan Government

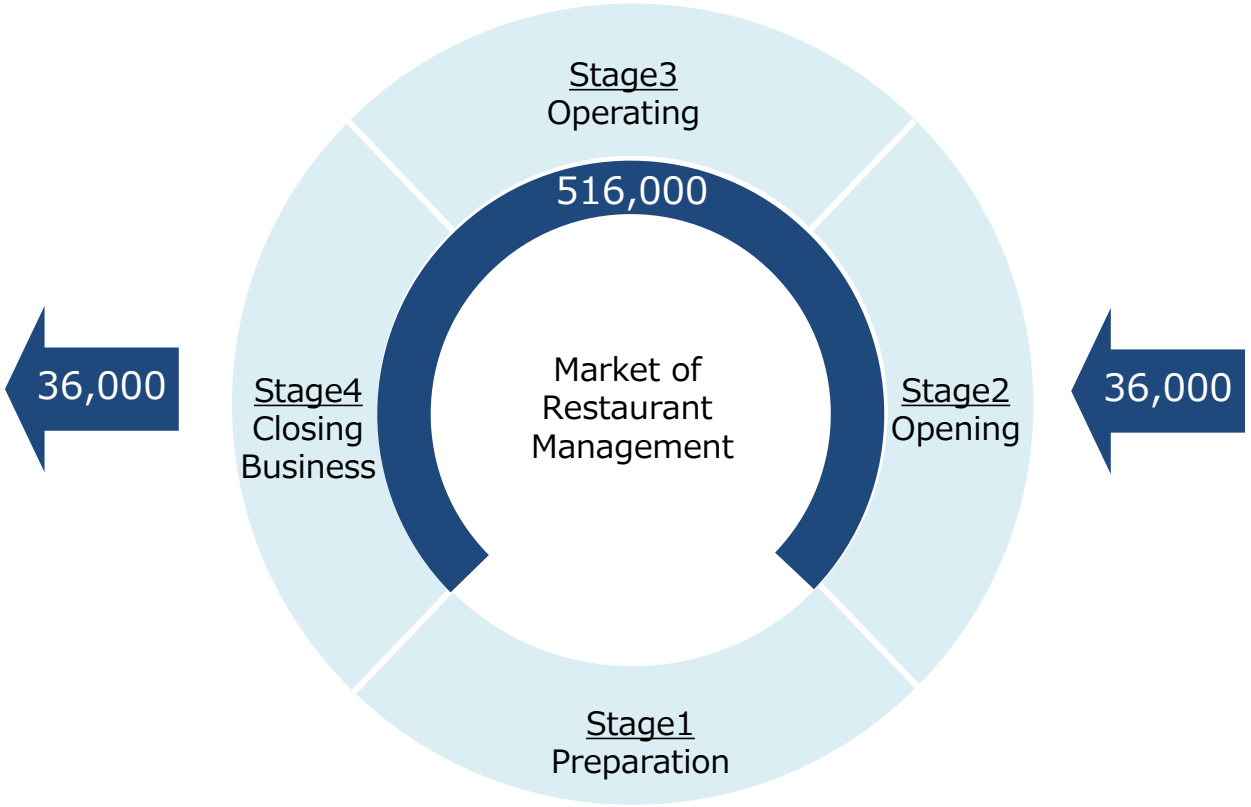
Stage of restaurant management

There are 4 Stages of restaurant management.



Market Recognition

There are 516,000 restaurants (retailers/chains)*1 in Japan.
36,000 restaurants*2 change location each year.



*1 Source: Ministry of Internal Affairs and Communications “economic research” 2014. (The number of business places equivalent to “bars, cabarets and nightclubs” are excluded.)
*2 Calculated based on the new and closed business places in the above “economic research” 2014.

Our Internet Media Business (1/3)

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.

Users can use services required for restaurant opening and operation such as purchasing of store properties, food materials and kitchen fixtures for free (some of the services are charged).



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.

Restaurant owners can post job information on the website for a fee. Job seekers can view the job information and apply for jobs for free.



INSHOKUTEN.COMSHIRESAKISAGASHI

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.

Food buyers can post information on their company and products they handle and respond to matching requests from food suppliers by registering on this website. Food suppliers can search for food buyers' information and use matching services for free.



Our Internet Media Business (2/3)

PlaceOrders

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

Users can send a purchase order that is automatically converted for FAX or e-mail to food buyers who are in the market to purchase food ingredients and alcohol by just sending order information from a smartphone. They can also check order history on the smartphone. All the services are available for free.



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.

Interior service providers can post information on their past construction work and respond to matching requests of design and construction from users by registering on this website for a fee. Users can search for interior service providers' information and use matching services for free.



INSHOKUTEN.COM Journal

INSHOKUTEN.COM Journal distributes media distributing important food and drink trends and information to various people involved in the food industry.

The articles posted on the media were written by writers exclusive to the Company. All the articles on the media are available for free for users and others.



Our Internet Media Business (3/3)

Restaurant M&A Service by Inshokuten.com

Restaurant M&A Service by Inshokuten.com offers a platform for restaurant M&As and business transfers.

Buyers who want to purchase a business or restaurant can receive information they want by registering on this website. Those who want to sell their business can estimate selling prices with the online assessment service on the website and receive consultation on selling for free. Sellers can also use “self-plan,” in which they register their selling information and directly contact those who want to purchase their business.



INSHOKUTEN.COM Restaurants Research

Restaurants Research conducts various questionnaire surveys to the users on restaurant management and discloses their results and related reports. Users can view the disclosed information to utilize as a tip for their store management.

Business owners such as food and beverage makers can conduct restaurant surveys and research to use their results for the development of food or beverages and for understanding the needs when creating a plan for restaurants.



INSHOKUTEN.COM FC (Franchise) Comparison

FC Comparison is a website to match restaurants owners/those who plan to open a store with franchise business headquarters.

Information on many brands specialized in delivery and to-go orders has been placed on the website, in addition to conventional franchise outlets. You can look for excellent brands, by organizing and comparing diverse information on franchise brands.



Business Model

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

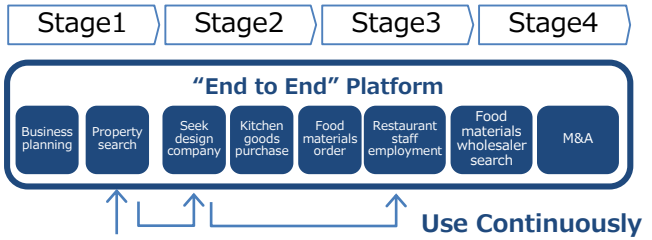


Our Strengths

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



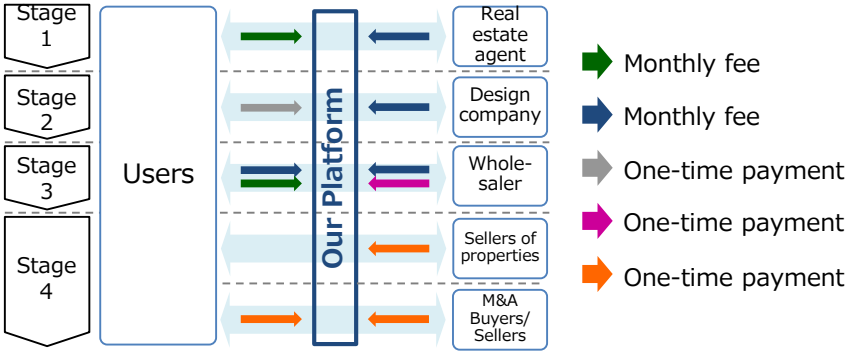
2 Profitability

- ✓ 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)



Updates in Performance Targets

※Announced on May 12, 2023, updated mid-term management plan.
※Furthermore, actual results for the fiscal year ending March 31, 2024 are updated.

Revised the second- and third-year plans in the Medium-Term Management Plan, given the significant progress of achievement made in FY2022
(*Net income for FY2024 will sufficiently satisfy the Continued Listing Criteria for Prime Market)

(Million yen)	Performance targets upon announcement of the Plan			New performance targets				
	FY2022	FY2023	FY2024	FY2022 (Results)	FY2023 (Results)	Year on Year	FY2024	Year on Year
Revenue	2,300	2,600	3,000	2,930	3,602	+22.9%	4,200	+16.6%
Operating profit	470	585	750	876	1,038	+18.5%	1,260	+21.4%
Operating profit ratio	20.4%	22.5%	25.0%	29.9%	28.8%	(1.1pt)	30.0%	+1.2pt
Recurring profit	470	585	750	878	1,036	+18.0%	1,260	+21.6%
Net Income Attributable to Owners of Parent	340	415	532	628	704	+12.1%	882	+25.3%

*As announced in "Notice concerning progress based on plan for fulfilling continued listing criteria" on June 25, 2024, we have set a theoretical PER (Price Earnings Ratio) of 50.1 times for the past three fiscal years, and we recognize that profit attributable to owners of parent of ¥880 million for the fiscal year ending March 31, 2025 is a theoretical value that would result in a total stock market value of ¥44,000 million and tradable share market cap. of ¥23,000 million.

※Announced on May 12, 2023, updated mid-term management plan.

Updates in Business Strategies

The initial four Business Strategies remain unchanged
Newly add SNS video business, which was proven highly potential

			Target revenue for FY2024※1	Status of business in FY2022 and directions	Target revenue for FY2024※2	Comparison
Enhancement and expansion of existing core businesses	Offering the recruitment advertising service nationwide		2,000 million yen	• Performance is steadily expanding, leaving enough room for growth • Strategies remain unchanged	3,050 million yen	+52.5% ↑
	Expanding the platform service	For design companies	200 million yen	• Plan change/addition are steady • Strategies remain unchanged	250 million yen	+25.0% ↑
		M&A service	250 million yen	• Despite a delay in closing deals, steadily progressed on a full-year basis • Strategies remain unchanged	250 million yen	Unchanged →
Challenges to new fields	Promoting and expanding the mobility service		300 million yen	• Number of both operating locations and vehicles registered are increasing • Strategies remain unchanged	300 million yen	Unchanged →
	Offering the data service using the membership platform		200 million yen	• Failed to release a new service • Strategies remain unchanged; Continue trial and error	200 million yen	Unchanged →
NEW				• Verified customer attracting/ recruitment support business using SNS video • Confirmed the advantage and potential	100 million yen	–

※1 Source: FY2021 Financial Results Briefing Materials (announced May 13, 2022)
※2 In addition to 4,150 million yen of total revenue in relation to the business strategies (1) to (5), PlaceOrders, Inshokuten Premium, real estate properties, and Kitchen goods (EC) are included

※Announced on May 12, 2023, updated mid-term management plan.

Updates in Market Size

With the addition of a Business Strategy, tap into a customer attraction area with the largest market size

Add a part-time job offering area for major restaurant companies that has been out of reach

	Market size※1	Ideas behind the updates		New market size	
Recruitment ads service area	**21 billion yen**	• Reviewed the calculation method to a one based on restaurant companies' budgets for job advertising on media※2, from the method based on a denominator of stores with 5 or more and less than 1,000 permanent employees and with a numerator of the annual unique number of stores posted on our service		**58 billion yen**	SAM
Platform service area	**3 billion yen**	For design companies	• Reviewed based on budget hearing by client size and on our share in the number of design companies/ architectural design companies※3	**2.5 billion yen**	SAM
		M&A service	• Reviewed considering the increasing trend in the annual number of deals in small M&A market, including business successions ※4	**2 billion yen**	SAM
Data service area	**64 billion yen**	• Unchanged		**64 billion yen**	TAM
Mobility service area	**–** (Not estimable)	• Unchanged		**–**	
SNS video area	**–**	Part-time job offering	• Enter the part-time employment market targeting all restaurant companies, including major ones	**143 billion yen ※2**	TAM
		Customer attraction	• Enter the market with customer attraction services by influencers matching	**508 billion yen ※5**	TAM

※1 Source: FY2021 Financial Results Briefing Materials (announced May 13, 2022)
※2 Calculated by the Company based on information posted by job advertising media companies for full-time and part-time employment market from January 2022 to December 2022 (offered by HROG Co., Ltd.)
※3 Calculated by the Company based on the number of design companies/architectural design companies in 2016 Economic Census for Business Activity
※4 Calculated by the Company based on M&A trend survey for January-December 2022 by RECOFDATA Corporation and financial results briefing materials of major listed M&A service companies
※5 Assumed about 3% in the market size for FY2020 published in "Trend of estimation of the food service industry market size" by Japan Foodservice Association

TAM : Total Addressable Market
SAM : Serviceable Available Market

Financial Policy

Set an ROE target for a medium-to long-term as a new management indicator
Promote business considering the balance between growth investment and shareholder returns

Mid-to long-term ROE target

25%

Growth investment

- **Investment to expand existing businesses**
- **Investment to study/promote new businesses**
- **Investment in M&A and business alliance**

Shareholder returns (internal reserves after growth investment shown above)

- **Acquisition of treasury shares**
- **Dividends**

Basic Policy of the New Medium-Term Management Plan and Business Strategies * Announced on May 13, 2022.

※Added Business Strategy

Basic Policy	**Enhance and expand the existing core businesses, and continue to take on challenges to new fields toward new growth, in order to further improve our corporate value.**
Business Strategies	Enhancement and expansion of existing core businesses **(1) Offer the recruitment advertising service nationwide.** **(2) Expand the platform service.** Challenges to new fields **(3) Promote and expand the mobility service.** **(4) Offer the data service using the membership platform.** **(5) Expand revenue in the areas of customer attraction and job offering with the use of SNS videos.**

Business Strategy (1) Offering the recruitment advertising service nationwide

*A performance target and figures updated

- The Tokyo metropolitan area and suburban cities have significant potential for growth.
  - ✓ Accelerate the national rollout while optimizing channel policies of direct sales and agencies by establishing bases in addition to present bases in Tokyo, Osaka, and Nagoya.
  - ✓ Take into account a balance of fixed cost (direct sales) and variable cost (agencies).

Service in Stage 3

Service in Stages 1, 2, 4

Other

Market shares in primary areas

	FY2022	FY2023
Nationwide	10.7%	11.4%
Tokyo	31.8%	33.8%
Osaka	17.3%	16.8%
Aichi	8.1%	8.3%
Kanagawa	17.9%	18.9%
Fukuoka	7.1%	8.5%
Hyogo	11.2%	9.5%
Hokkaido	1.9%	3.8%

※Provisionally calculated by the Company with a denominator of stores with 5 or more and less than 1,000 permanent employees and with a numerator of the annual unique number of stores posted, based on Unincorporated Enterprise Survey (2018, Ministry of Internal Affairs and Communications).

Direct sales

- Expand in areas where a market is large and it is possible to obtain customers efficiently.
- Launch direct sales bases in Fukuoka, Yokohama, and Sapporo to accelerate sales.

Agencies

- Exclusive agencies and non-exclusive agencies offer services respectively in center areas of major cities and in peripheral areas of major cities.
- Further increase the number of sales personnel, and improve unit prices of orders.

Revenue for FY2024

3,050 million yen

*A performance target and figures updated

Business Strategy (2) Expanding the platform service

- Even in the COVID-19 catastrophe, the number of registered members for opening new stores is increasing.
  - ✓ Many inquiries on services for opening business such as searching design companies have been constantly received.
  - ✓ As the numbers of inquiries on assets sale and inquiries on succession are increasing, the M&A Service has potential for expanding sales by enhancing advisors.

Service in Stage 3

Service in Stages 1, 2, 4

Other

		Revenue for FY2024
Expanding services for design companies	● Increasing chances for profit with plan changing ✓ Searching design companies: introduction of pay-per-use system, Interior job seeking: introduction of incentive fee model Monthly subscription ➡ Monthly subscription + Matching pay-per-use	**250 million yen**
Enhancing M&A Service and Fully Furnished Asset Transfers	● Securing more orders by enhancing Web marketing ✓ Improving contents, holding seminars for members, increasing partner FAs and real estate companies ● Expanding revenue by further enhancing the advisor system including partner FAs and improving the closing rate	**250 million yen**

※An item updated

Business Strategy (3) Promoting and expanding the mobility service

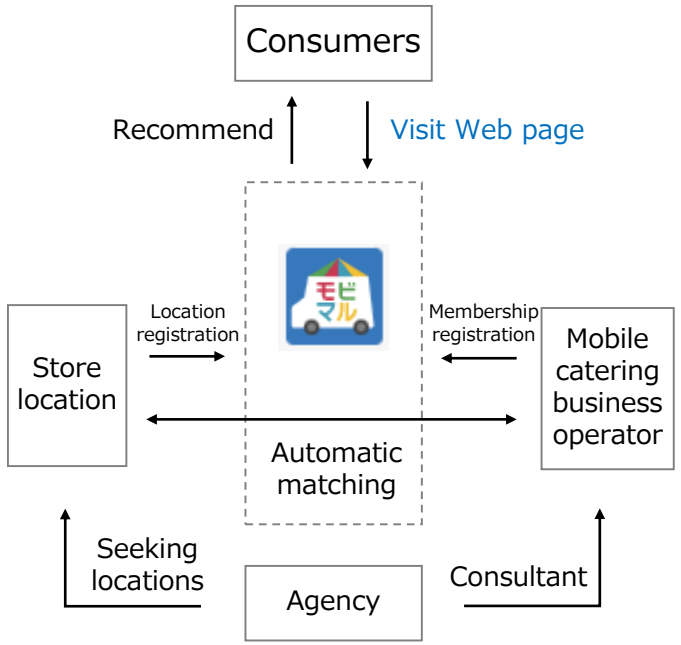
- The number of inquiries on the mobility service has increased as the food and drink businesses are more diversifying.
  - ✓ Expanding profits with automatic matching of locations with mobile catering business operators, as well as transformation to the industry's first subscription model
  - ✓ Expanding mobile stores as "movable asset" (Providing locations to open a store as a sales window for various store businesses)

Service in Stage 3

Service in Stages 1, 2, 4

Other

What we are aiming at



Store location

Permanent location
- Increase permanent locations by using agencies, accelerate nationwide rollout

Event
- Promote nationwide sales activities based on achievements such as the event at Makuhari Messe and sports/SDGs events

Mobile catering business operator
- Provide the automatic matching service, Introduce the subscription model
- Increase mobile stores

Consumers
- Announce to neighborhood and Promote website visits

Revenue for FY2024

300 million yen

Business Strategy (4) Offering the data service using the membership platform (1/2)

※Figures updated

- In approaches to restaurants, there are issues on both sides of restaurants and companies related to food and drink.
  - ✓ "Inshokuten.com", a membership platform with over 300,000 user accounts, has a significant value in mediation.

Service in Stage 3

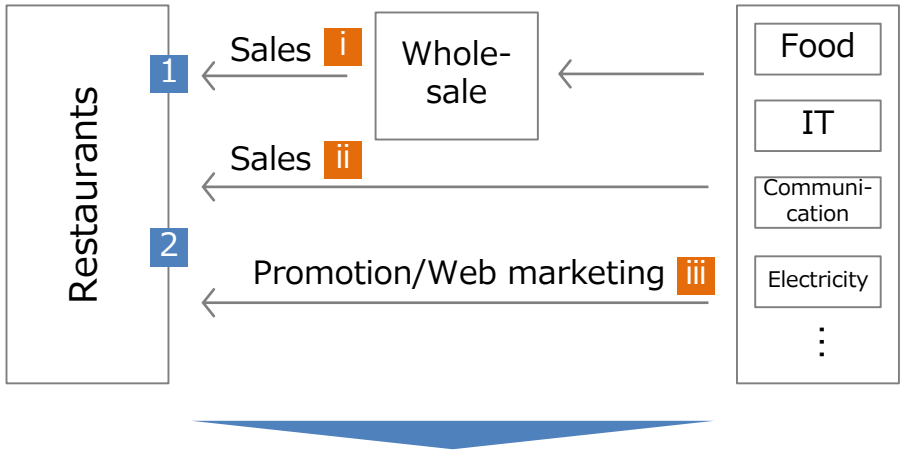
Service in Stages 1, 2, 4

Other

Issues in approaches to restaurants

1. Opportunities of receiving suggestions on food materials and menus from wholesalers decreased.

2. It is difficult to select a certain IT tool, infrastructure, and payment device, etc. from among myriad products and services.



i. On the back of staffing shortage and soaring raw material costs, operations of wholesalers were streamlined, and thus, their resources to seek small-sized stores decreased.

ii. In case of direct sales, if a product is not a high-priced one, sales efficiency is low, and therefore, enough sales staff cannot be deployed.

iii. There are not established methods of promotion and marketing for restaurants, and not many media to place advertisements.

Strengths of Inshokuten.com

- **Restaurant owners' network with over 300,000 user accounts**
  - ✓ As there are many people and decision-makers planning to open a restaurant, the number of members has been continuously increasing.
- **A good record as a platform provider**
  - ✓ Providing various services, including proprietary and other companies' ones, with fairness for many years.

Business Strategy (4) Offering the data service using the membership platform (2/2)

- Through the data service, providing to restaurants opportunities to select products and services, and to companies related to food and drink opportunities of direct sales promotion for restaurants.
  - ✓ Restaurants: possible to efficiently select optimal products and services
  - ✓ Companies related to food and drink: possible to directly conduct sales promotion/marketing for restaurants

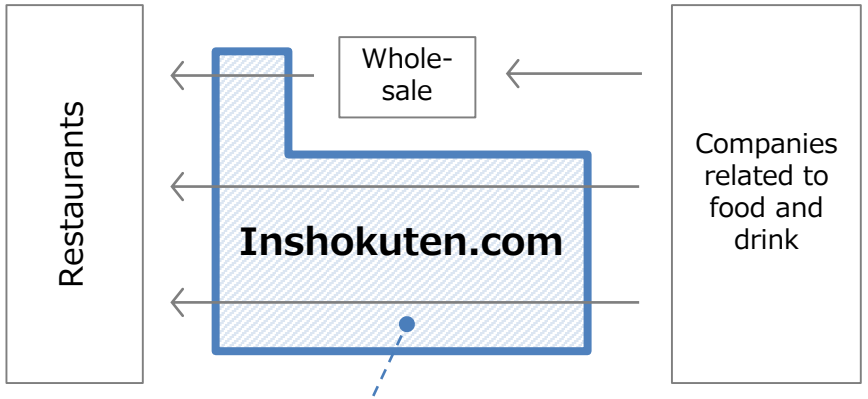
Service in Stage 3

Service in Stages 1, 2, 4

Other

What we are aiming at

The data service provides benefits to both restaurants and companies related to food and drink



Annual revenue from products for restaurants in companies related to food and drink including wholesalers amounts to **approx. 8 trillion yen**.*
Expenses for advertising and sales promotion for that are targeted

Mail Promotion / Research	● With an increase of the number of members, membership value improves, and agencies enhance sales channels.
Comparison service	● Horizontally developing the comparison service of POS registers/franchises to other domains
Becoming a media	● Inshokuten.com becomes a media to provide more sales promotion means including placing advertisements.

Revenue for FY2024

200 million yen

*Provisionally calculated by the Company based on the estimation of food-service industry market size (August 2020, Japan Foodservice Association)

Business strategy (5) : Expand revenue in the areas of customer attraction and job offering with the use of SNS short videos (1/2)

Conducted a market research on SNS short videos from 2021 to verify feasibility
Start a part-time job offering service using SNS short video at full scale

※ See "Launch of "gourmet_baito_chan" an SNS short video part-time job service" published on May 12, 2023

Background

- Centering on Generation Z, people are getting more information from short videos such as TikTok and Instagram Reels, shifting away from text-based information
- Its impact on business gradually grows bigger, from entertainment to picking restaurants and rental housing, etc.
- From 2021, operate our account for posting short videos on a trial basis※, mainly for food-spotting and part-time job offering

✓ 99% of applicants from Generation Z actually applied for part-time jobs, validating the business potential in the part-time job area

Our strengths





<Inshokuten.com>

- ✓ Over 300,000 user accounts of restaurant owners/those planning to open a restaurant
- ✓ Know-how in job offering for restaurants
- ✓ Sales system for restaurants

<SNS short videos>

- ✓ Know-how in shooting and creating short videos to offer part-time jobs
- ✓ Expertise in operating food-spotting account

Tap into a part-time job recruitment market targeting all types of jobs for businesses of all sizes

※ As our own SNS accounts, we operate two accounts on TikTok and Instagram; “puchipura_gourmet,” a food-spotting account for young adult segment (opened in December 2021) and “gourmet_baito_chan,” an account for offering part-time jobs at restaurants (opened in September 2022).

Business strategy (5) : Expand revenue in the areas of customer attraction and job offering with the use of SNS short videos (2/2)

Multiple approaches to meet restaurants' needs for recruitment and customer attraction through offering agency operation of accounts for posting SNS short videos and influencer matching service

Service provision scheme

Needs of restaurants	Services offered by the Company	Media		Systems	Membership data	Direction
Job offering	Part-time job offering service with SNS short video	gourmet_baito_chan 	Apply	Applicant management system	Job-seeker members	• Aim to expand the effect of job-offering media by making applicants from agency operation service into members, in addition to those via gourmet_baito_chan
Job offering	Agency account operation for SNS short video	Official accounts of restaurants	Apply / Deals			• Strive for business expansion leveraging our know-how in short video creation and in SNS account operation and our sales system for restaurants
Customer attraction	Influencer matching	Matching media (to be launched)	Deals	Matching system	Influencer members	• Work to win deals for attracting customer at store opening through Inshokuten.com, and deals from agency operation service

Long-term Goal – Our Successful Model

Established a successful business model and acquired diverse capabilities through previous business operations in the restaurant support area

What we have achieved and acquired through our business operations to date

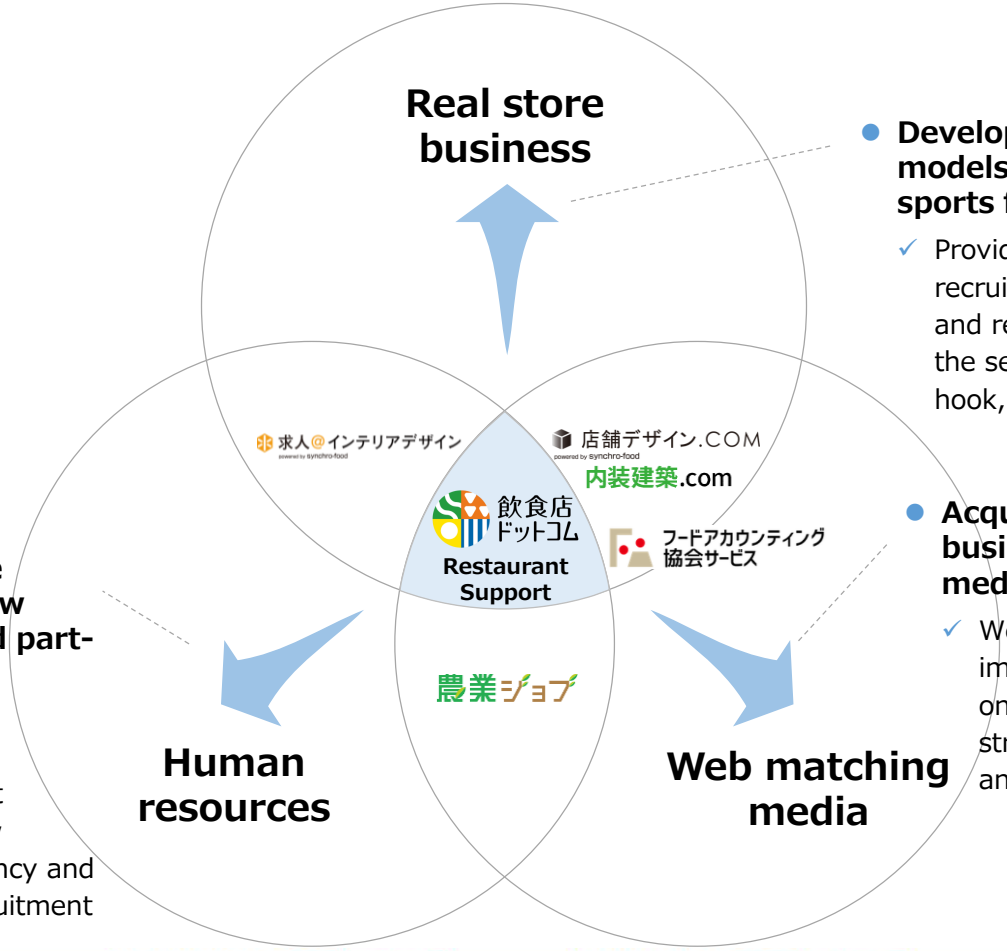


＜ Management of media platform for restaurants ＞

- Established a business model that attracts users at low cost by hooking them with real estate property searches, and monetizes it significantly through recruitment advertisements
- Providing total services through a single integrated system by releasing services one after another through speedy system development
- Acquired product management experience and UI/UX improvement skills in a number of web matching services
- Improvement of operations, efficiency, and systems based on various data analysis, and acquisition of the ability to apply them to the transferred business
- Established the ability to thoroughly streamline and structure sales activities for retail customers (small restaurants)

Long-term Goal – Direction of Business Expansion

Aiming for long-term business growth and expansion by applying the successful model in the food and beverage area to 3 areas of human resources, real store business, and web matching media.



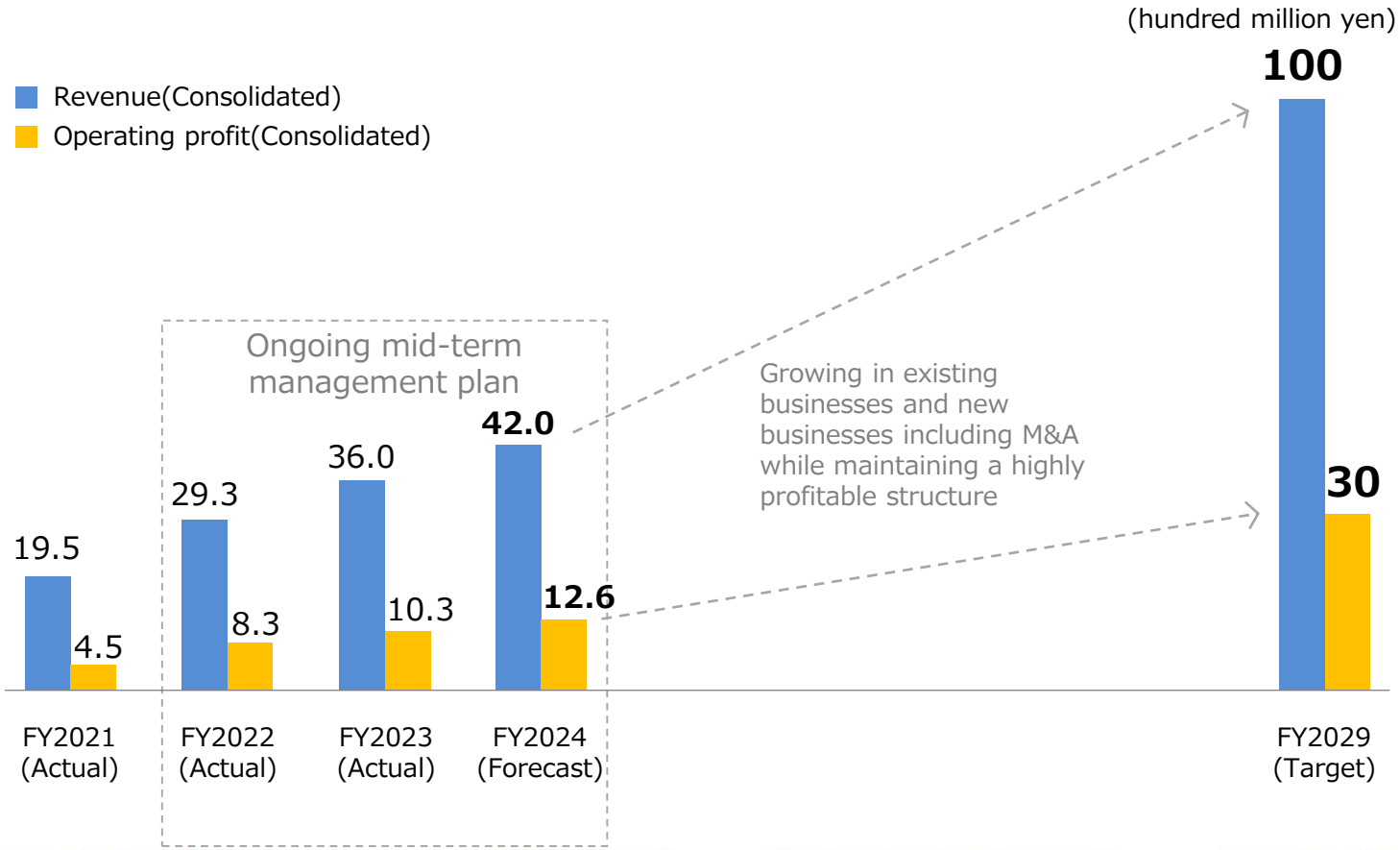
- **Developing similar business models in the clinic, beauty, and sports facility industries**
  - ✓ Providing total services such as recruitment advertisement, M&A, and removal of stores, etc., using the search for store properties as a hook, etc.

- **Providing human resource services in the areas of new graduates, mid-career and part-time work, regardless of industry.**
  - ✓ Developing SNS short video recruitment service and joint information sessions for new graduates to improve efficiency and profitability by applying recruitment advertising know-how, etc.

- **Acquiring companies and businesses in the web matching media area and create synergies**
  - ✓ Web product management, UI/UX improvement, applying know-how on business efficiency and structuring to increase sales growth and profitability, etc.

Long-term Goal – Achieving Sustainable Growth

Aiming for "10 billion yen in revenue, 3 billion yen in operating profit, and an operating margin of 30%" in the fiscal year ending March 2030.
Elaborate growth strategies for existing areas and new areas including M&A in the next mid-term management plan



Sustainability Policy

Key themes were updated in accordance with the Basic Policy for Sustainability.
We plan to set KPIs and promote initiatives to achieve them.

Basic Policy

- The origin of Synchro Food is **our desire to support people who take on challenges in the restaurant industry with will and belief**. This includes optimal encounter with properties and personnel, streamlining of management and reduction of wasteful costs.
- We have **helped restaurants enhance sustainability of their management** by indicating solutions or options of solutions to issues that may arise in a flow from opening preparation to operating and closing of restaurants.
- The services required by restaurant owners change as the world changes. We will actively work on new businesses by sensitively recognizing the changes. We are also willing to work to **raise awareness of SDGs from the aspect of food by considering food waste, food production and global environment, etc.**
- **We will create sustainable world through businesses by facing issues in the restaurant industry seriously.**

Six Key Themes (Materiality)

- Increase restaurant management efficiency and improve productivity in the restaurant industry
- Contribute to regional development by providing a variety of places to eat and drink
- Minimize mismatches by providing diverse employment opportunities
- Promoting a circular economy through support for restaurant succession
- Data security and privacy protection
- Creating a rewarding workplace in which diverse human resources can play active roles

SDGs Objectives



Synchro Food

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.