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Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]



May 13, 2022

Company name: Synchro Food Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 3963
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 Scheduled date of annual general meeting of shareholders: June 24, 2022
 Scheduled date of commencing dividend payments: –
 Scheduled date of filing securities report: June 30, 2022
 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, 2022 (April 1, 2021 - March 31, 2022)

(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, 2022	1,958	64.8	450	–	452	–	339	–
March 31, 2021	1,188	(41.0)	(169)	–	(156)	–	(177)	–

Note: Comprehensive income: Fiscal year ended March 31, 2022: 339 million yen [–%]

Fiscal year ended March 31, 2021: (177) million yen [–%]

	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, 2022	12.77	–	12.6	14.8	23.0
March 31, 2021	(6.69)	–	(6.8)	(5.4)	(14.2)

Reference: Equity in earnings of affiliated companies: Fiscal year ended March 31, 2022: – million yen

Fiscal year ended March 31, 2021: – 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, 2022	3,403	2,871	84.3	107.90
As of March 31, 2021	2,731	2,505	91.7	94.39

Reference: Equity: As of March 31, 2022: 2,870 million yen

As of March 31, 2021: 2,504 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, 2022	744	119	–	3,037
March 31, 2021	(405)	(28)	(51)	2,173

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, 2021	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended March 31, 2022	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending March 31, 2023 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% 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	2,300	17.4	470	4.3	470	3.8	340	0.1	12.78

* 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: Yes
 - 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, 2022:	26,893,800 shares
March 31, 2021:	26,893,800 shares
 - 2) Total number of treasury shares at the end of the period:

March 31, 2022:	292,607 shares
March 31, 2021:	362,137 shares
 - 3) Average number of shares during the period:

Fiscal year ended March 31, 2022:	26,580,048 shares
Fiscal year ended March 31, 2021:	26,571,946 shares

Reference: Summary of Non-consolidated Financial Results**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 - March 31, 2022)**

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

Year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	1,832	70.9	454	—	457	—	341	—
March 31, 2021	1,072	(39.0)	(66)	—	(57)	—	(180)	—

Year ended	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
March 31, 2022	12.83	—	—	—
March 31, 2021	(6.80)	—	—	—

(2) Non-consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen	Million yen	Million yen	Million yen	%	%	Yen	Yen
As of March 31, 2022	3,369	2,858	2,858	2,490	84.8	92.5	107.41	93.84
As of March 31, 2021	2,691	2,490	2,490	2,490	92.5	92.5	93.84	93.84

Reference: Equity: As of March 31, 2022: 2,857 million yen

As of March 31, 2021: 2,489 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 4 of Attachments.

A video of the financial results briefing will be posted on the Company's website on May 16, 2022.

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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, 2021 to March 31, 2022), the Japanese economy showed some signs of recovery supported by the progress of COVID-19 vaccinations and other measures. In the meantime, the future outlook remained unpredictable due to rising raw materials and crude oil prices, restrictions on supply and other factors against the back drop of the Russian-Ukrainian incident among other things.

In such a business environment, Synchro Food Co., Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”) embraced its mission of “Connecting the World of Food and Creating the Future of Food,” and promoted its businesses under the two management objectives, “Promotion of measures on the premise of COVID-19” and “Preparation toward further growth.”

As a result of the above, the Group’s financial results for the fiscal year under review were net sales of 1,958,338 thousand yen (up 64.8% year on year), operating profit of 450,655 thousand yen (operating loss of 169,114 thousand in the previous fiscal year), ordinary profit of 452,773 thousand yen (ordinary loss of 156,442 thousand in the previous fiscal year), and profit attributable to owners of parent of 339,691 thousand yen (loss attributable to owners of parent of 177,790 thousand yen in the previous fiscal year).

Net sales by service category comprises 1,432,513 thousand yen in Service in Stage 3 (operating) (up 87.2% year on year), 351,520 thousand yen (up 22.8% year on year) in Service in Stages 1, 2, 4 (preparation, opening and closing business), and 174,304 thousand yen (up 27.1% year on year) in Other.

Status by segment is as follows. Synchro Career Co., Ltd. was dissolved as of July 1, 2021 through an absorption-type merger with the Company as the surviving company. Accordingly, the Company has changed the reportable segment structure from the second quarter of the fiscal year under review. For details, please see 3. Consolidated Financial Statements and Principal Notes (5) Notes to Consolidated Financial Statements (Segment information, etc.).

[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, 2022, the number of registered Inshokuten.com members was 236,255 (up 14.4% year on year), showing steady growth amid the lifting of the fourth state of emergency at the end of September 2021 and semi-emergency coronavirus measures in March 2022, and there were some signs of a recovery in the restaurant industry such as store opening, refurbishment and changes in business format to prepare for life after the COVID-19 pandemic. In the recruitment advertising services, the number of orders significantly increased due to vigorous recruitment activities by restaurant operators. The number of paid users (Note 1), a key performance indicator, also steadily increased to 11,083 (up 38.9% year on year).

In addition, the number of real estate agents, interior furnishing service providers and related business operators who provide services via Inshokuten.com, increased to 4,666 companies (up 4.3% year on year) (Note 2).

As a result of the above, net sales in the Media Platform business were 1,814,191 thousand yen (up 72.3% year on year), and segment profit was 446,574 thousand yen (segment loss of 78,635 yen in the previous fiscal 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.

Amid the issuance of state of emergency and semi-emergency coronavirus measures, public support such as a payment for cooperation in preventing the spread of infection was extended to restaurant business operators. This discouraged operators from considering the sale of their business, leading to a temporary slowdown in the number of M&A deals for the period the measures were in place.

Meanwhile, regarding standard properties in M&A services, the unit price of closings increased thanks to a strengthened advisor team and improved expertise.

As a result of the above, net sales in the M&A Services business were 141,614 thousand yen (up 47.9% year on year), and segment profit was 4,469 thousand yen (segment loss of 28,393 thousand yen in the previous fiscal year).

[Other businesses]

The Other businesses comprise staffing services that refer job seekers to restaurants, food service operators and other operators in auxiliary areas.

Synchro Career Co., Ltd. was dissolved as of July 1, 2021 through an absorption-type merger with the Company as the surviving company.

As a result of the above, net sales in the Other businesses were 2,535 thousand yen (down 95.0% year on year) and a segment loss was recorded of 2,064 thousand yen (segment loss of 65,373 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, 2022: “Inshokuten.com tenpobukensagashi” (a store properties information site); “Kyujin@inshokuten.com” (a recruitment information site); “Inshokuten.com chubobihinkounyu” (a kitchen equipment information site); “Food Job Japan;” 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, 2022.

(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 661,006 thousand yen from the end of the previous fiscal year to 3,217,366 thousand yen. The main increasing factor was a rise in cash and deposits (an increase of 750,129 thousand yen from the end of the previous fiscal year) as a result of an increase in sales. The main decreasing factors were decreases in income taxes refund receivable (a decrease of 103,089 thousand yen from the end of the previous fiscal year) and consumption taxes refund receivable (a decrease of 32,267 thousand yen from the previous fiscal year). Non-current assets increased by 10,156 thousand yen from the end of the previous fiscal year to 185,652 thousand yen. As a result of the above, total assets amounted to 3,403,018 thousand yen (an increase of 671,162 thousand yen from the end of the previous fiscal year).

(Liabilities)

Current liabilities at the end of the fiscal year under review increased by 313,915 thousand yen from the end of the previous fiscal year to 517,583 thousand yen. The increase was mainly attributable to increases in contract liabilities (presented as advances received at the end of the previous fiscal year) (an increase of 57,157 thousand yen from the end of the previous fiscal year), income taxes payable (an increase of 140,357 thousand yen from the end of the previous fiscal year), and accrued consumption taxes (an increase of 82,634 thousand yen from the end of the previous fiscal year). Non-current liabilities decreased by 8,794 thousand yen from the end of the previous fiscal year to 14,198 thousand yen. As a result of the above, total liabilities amounted to 531,781 thousand yen (an increase of 305,120 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 366,042 thousand yen from the end of the previous fiscal year to 2,871,237 thousand yen. The increase was mainly attributable to an increase in retained earnings (an increase of 328,178 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 3,037,851 thousand yen, an increase of 864,128 thousand yen. 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 744,386 thousand yen (405,977 thousand yen used in the previous fiscal year). The main increasing factors were the reporting of profit before income taxes of 452,774 thousand yen, and income taxes refund and interest on tax refund received of 101,633 thousand yen.

(Cash flows from investing activities)

Net cash provided by investing activities was 119,742 thousand yen (28,039 thousand yen used in the previous fiscal year). The main increasing factor was proceeds from withdrawal of time deposits of 170,085 thousand yen, while the main decreasing factor was payments into time deposits of 50,060 thousand yen.

(Cash flows from financing activities)

No net cash was provided by or used in financing activities (51,147 thousand yen used in the previous fiscal year).

(4) Future Outlook

In line with the new medium-term management plan announced on May 13, 2022, going forward, the Company will work on strengthening and expanding existing core businesses, namely, extending recruitment ads posting services across Japan and enhancing platform services; as well as take on the challenge of entering new domains, namely, promoting and expanding mobility services, and launching data services based on the Company’s membership base.

With a view to steadily achieving the goals set in the new medium-term management plan, the Company is determined to strengthen its structure by hiring engineers/directors and sales personnel, and make strategic investments to expand its business locations. For the consolidated financial results forecast for the fiscal year ending March 31, 2023, the Company expects net sales of 2,300 million yen, operating profit of 470 million yen, ordinary profit of 470 million yen, and profit attributable to owners of parent of 340 million yen.

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, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	2,337,782	3,087,912
Accounts receivable - trade	66,448	101,617
Inventories	–	1,619
Prepaid expenses	26,371	32,951
Income taxes refund receivable	103,089	–
Consumption taxes refund receivable	32,267	–
Other	1,027	3,090
Allowance for doubtful accounts	(10,627)	(9,826)
Total current assets	2,556,359	3,217,366
Non-current assets		
Property, plant and equipment		
Buildings, net	46,841	40,536
Tools, furniture and fixtures, net	1,200	2,765
Total property, plant and equipment	48,042	43,302
Intangible assets		
Software	2,775	1,439
Total intangible assets	2,775	1,439
Investments and other assets		
Investments in capital	320	300
Leasehold and guarantee deposits	114,611	114,611
Deferred tax assets	8,197	22,275
Other	1,549	3,723
Total investments and other assets	124,678	140,910
Total non-current assets	175,496	185,652
Total assets	2,731,856	3,403,018

(Thousand yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	4,709	12,734
Accounts payable - other	17,294	41,335
Accrued expenses	24,297	25,625
Contract liabilities	–	194,467
Advances received	137,309	–
Income taxes payable	590	140,948
Accrued consumption taxes	–	82,634
Provision for retirement benefits for directors (and other officers)	4,000	–
Asset retirement obligations	–	8,865
Other	15,466	10,972
Total current liabilities	203,668	517,583
Non-current liabilities		
Asset retirement obligations	22,993	14,198
Total non-current liabilities	22,993	14,198
Total liabilities	226,661	531,781
Net assets		
Shareholders' equity		
Share capital	510,517	510,517
Capital surplus	498,517	498,517
Retained earnings	1,692,510	2,020,688
Treasury shares	(197,214)	(159,349)
Total shareholders' equity	2,504,330	2,870,374
Share acquisition rights	864	863
Total net assets	2,505,194	2,871,237
Total liabilities and net assets	2,731,856	3,403,018

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net sales	1,188,620	1,958,338
Cost of sales	225,763	269,753
Gross profit	962,857	1,688,584
Selling, general and administrative expenses	1,131,971	1,237,929
Operating profit	(169,114)	450,655
Non-operating income		
Interest income	7	36
Dividend income	6	6
Interest on tax refund	–	725
Subsidy income	13,356	900
Facility rental income	–	450
Other	43	–
Total non-operating income	13,414	2,118
Non-operating expenses		
Interest expenses	4	–
Donations	200	–
Loss on disposal of fixtures	111	–
Commission for purchase of treasury shares	424	–
Other	2	–
Total non-operating expenses	742	–
Ordinary profit	(156,442)	452,773
Extraordinary income		
Gain on reversal of share acquisition rights	13	1
Total extraordinary income	13	1
Extraordinary losses		
Provision for retirement benefits for directors (and other officers)	4,000	–
Impairment losses	28,236	–
Total extraordinary losses	32,236	–
Profit before income taxes	(188,665)	452,774
Income taxes - current	(13,560)	127,160
Income taxes - deferred	2,685	(14,077)
Total income taxes	(10,874)	113,082
Profit	(177,790)	339,691
Profit attributable to owners of parent	(177,790)	339,691

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit	(177,790)	339,691
Comprehensive income	(177,790)	339,691
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	(177,790)	339,691
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Thousand yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	510,517	498,517	1,890,520	(188,907)	2,710,647	877	2,711,524
Changes during period							
Profit attributable to owners of parent			(177,790)		(177,790)		(177,790)
Purchase of treasury shares				(49,972)	(49,972)		(49,972)
Disposal of treasury shares		(20,219)		41,665	21,445		21,445
Transfer of loss on disposal of treasury shares		20,219	(20,219)		-		-
Net changes in items other than shareholders' equity						(13)	(13)
Total changes during period	-	-	(198,010)	(8,306)	(206,316)	(13)	(206,329)
Balance at end of period	510,517	498,517	1,692,510	(197,214)	2,504,330	864	2,505,194

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Thousand yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	510,517	498,517	1,692,510	(197,214)	2,504,330	864	2,505,194
Changes during period							
Profit attributable to owners of parent			339,691		339,691		339,691
Purchase of treasury shares							
Disposal of treasury shares		(11,513)		37,864	26,351		26,351
Transfer of loss on disposal of treasury shares		11,513	(11,513)		-		-
Net changes in items other than shareholders' equity						(1)	(1)
Total changes during period	-	-	328,178	37,864	366,043	(1)	366,042
Balance at end of period	510,517	498,517	2,020,688	(159,349)	2,870,374	863	2,871,237

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(188,665)	452,774
Depreciation	8,110	7,951
Amortization of goodwill	13,172	–
Impairment losses	28,236	–
Provision for directors' retirement benefits	4,000	–
Share-based payment expenses	18,544	24,165
Increase (decrease) in allowance for doubtful accounts	(703)	(801)
Interest and dividend income	(14)	(42)
Subsidy income	(13,356)	(900)
Interest on tax refund	–	(725)
Interest expenses	4	–
Expenses for treasury stocks	424	–
Decrease (increase) in trade receivables	40	(35,169)
Decrease (increase) in inventories	–	(993)
Decrease (increase) in prepaid expenses	(2,827)	(8,766)
Decrease (increase) in consumption taxes refund receivable	(32,267)	32,267
Increase (decrease) in trade payables	856	8,025
Increase (decrease) in contract liabilities	–	57,157
Increase (decrease) in advances received	(32,326)	–
Increase (decrease) in accounts payable - other	(11,538)	22,478
Increase (decrease) in accrued expenses	2,965	700
Increase (decrease) in accrued consumption taxes	(32,450)	82,634
Other, net	5,785	7,504
Subtotal	(232,010)	648,261
Interest and dividends received	14	42
Interest paid	(4)	–
Subsidies received	13,356	900
Income taxes paid	(187,334)	(6,451)
Income taxes refund and interest on tax refund received	–	101,633
Net cash provided by (used in) operating activities	(405,977)	744,386
Cash flows from investing activities		
Payments into time deposits	(74,059)	(50,060)
Proceeds from withdrawal of time deposits	50,055	170,085
Purchase of property, plant and equipment	–	(312)
Purchase of intangible assets	(4,400)	–
Proceeds from divestments	–	20
Proceeds for lease and guarantee deposits	253	–
Payments for acquisition of businesses	(67)	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	179	9
Net cash provided by (used in) investing activities	(28,039)	119,742
Cash flows from financing activities		
Repayments of long-term borrowings	(708)	–
Purchase of treasury shares	(50,439)	–
Net cash provided by (used in) financing activities	(51,147)	–
Net increase (decrease) in cash and cash equivalents	(485,164)	864,128
Cash and cash equivalents at beginning of period	2,658,887	2,173,723
Cash and cash equivalents at end of period	2,173,723	3,037,851

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Significant accounting estimates)

1. Recoverability of deferred tax assets

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

The Company posted deferred tax assets of 22,275 thousand yen at the end of the fiscal year under review.

(2) Information concerning significant accounting estimates for identifiable items

The Group recognizes deferred tax assets for deductible temporary differences and tax losses carried forward that are likely to reduce future taxable income. The recoverability of deferred tax assets is determined by management's best estimates, based on information available at the time of preparing the consolidated financial statements, by estimating and calculating the timing and amount of taxable income that could be earned in the future. Accordingly, should changes occur to the assumptions and forecasts of future events related to the timing and the amount of taxable income, and future taxable income is expected to deteriorate, the amount of deferred tax assets may be reduced and tax expenses may be reported.

About the impact of the spread of COVID-19, it is difficult to predict when the pandemic will be brought under control, despite progress made in vaccinations and other measures.

The Group makes significant accounting estimates regarding the recoverability of deferred tax assets based on information available as of the end of the fiscal year under review on the assumption that the COVID-19 pandemic will continue to have a certain impact in the following fiscal year and onward.

Any changes in the above assumptions may substantially affect the Group's financial position and operating results.

(Changes in accounting policies)

Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020; hereinafter "Revenue Standard") and other standards from the beginning of the fiscal year under review. The Company recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

The Company applies the Revenue Standard, etc. in accordance with the transitional treatment provided in the proviso to Paragraph 84 of the Revenue Standard. The cumulative impact of retrospectively applying the new accounting policies to prior periods is adjusted to retained earnings at the beginning of the fiscal year under review, and the new accounting policies are applied from the beginning balance.

As a result, the beginning balance of retained earnings, and profit or loss for the fiscal year under review will not be affected.

Upon applying the Revenue Standard, etc., advances received, which was presented under current liabilities in the consolidated balance sheets for the previous fiscal year, has been included under contract liabilities from the beginning of the fiscal year under review. Additionally, "increase (decrease) in advances received," which was presented under cash flows from operating activities in the consolidated statements of cash flows of the previous fiscal year, has been included under "increase (decrease) in contract liabilities" in the fiscal year under review.

In accordance with the transitional treatment set forth in Paragraph 89-2 of the Revenue Standard, figures for the previous fiscal year have not been reclassified based on the new presentation method. In accordance with the transitional treatment set forth in Paragraph 89-3 of the Revenue Standard, notes on revenue recognition for the previous fiscal year are not presented.

Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter "Fair Value Measurement Standard") and other standards from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). This does not affect the consolidated financial statements.

(Changes in presentation)

Consolidated statements of cash flows

Share-based payment expenses, which was included in “Other, net” of cash flows from operating activities for the previous fiscal year, has been separately presented from the fiscal year under review due to its increased materiality. The relevant figures in the consolidated financial statements for the previous fiscal year were reclassified to reflect this change in presentation.

As a result of the above, “Other, net” of 24,330 thousand yen in cash flows from operating activities in the consolidated statements of cash flows for the previous fiscal year was reclassified as share-based payment expenses of 18,544 thousand yen and “Other, net” of 5,785 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, 2022

(Thousand yen)

	Reportable segment			Total
	Media platform	M&A services	Other	
Net sales by goods or service				
Advertising and related services (Note 1)	1,490,490	—	—	1,490,490
Marketing services (Note 2)	91,564	—	—	91,564
Pay-for-performance services (Note 3)	24,097	141,614	2,418	168,129
Other (Note 4)	208,035	—	117	208,153
Revenue from contracts with customers	1,814,188	141,614	2,535	1,958,338
Revenue recognition timing				
Goods or service transferred at a point in time	574,712	141,614	2,535	718,862
Services transferred over time	1,239,475	—	—	1,239,475
Revenue from contracts with customers	1,814,188	141,614	2,535	1,958,338

- Notes:
1. Advertising and related services primarily generate revenue from posting of recruitment ads and store property information, and other related services.
 2. Marketing services primarily generate revenue from Internet surveys, distribution of e-mail newsletters to members of Inshokuten.com.
 3. Pay-for-performance services mainly comprise revenue from M&A-related services such as business transfers and share transfers; support services to facilitate fully-furnished asset transfers; and staffing services.
 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 segments that operate in similar markets, have similar types of customers, and services, namely, the Media Platform business, M&A Services business, and Other 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.

The Other business focuses on staffing services to refer job seekers to restaurants, food service operators and other operators in auxiliary areas.

(3) Matters related to changes in reportable segments

Former consolidated subsidiary Synchro Career Co., Ltd. was dissolved as of July 1, 2021 in an absorption-type merger with the Company as the surviving company. Accordingly, the segment was renamed Other business from Staffing Services business. The scope of aggregation of segment information remains unchanged.

Segment information for the previous fiscal year was prepared using the categories after the change.

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, 2021

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	Other	Total		
Net sales						
Net sales to external customers	1,042,307	95,771	50,542	1,188,620	–	1,188,620
Inter-segment sales or transfers	10,434	–	–	10,434	(10,434)	–
Total	1,052,741	95,771	50,542	1,199,054	(10,434)	1,188,620
Segment loss	(78,635)	(28,393)	(65,373)	(172,402)	3,287	(169,114)
Other items						
Depreciation (Note 3)	5,356	399	479	6,235	–	6,235
Amortization of goodwill	702	12,470	–	13,172	–	13,172

Notes: 1. Adjustment for segment loss refers to the elimination of inter-segment transactions.

2. The total amount of segment loss is adjusted with operating loss in the consolidated statements of income.

3. Assets are not specifically allocated to reportable segments, but depreciation is allocated.

II For the fiscal year ended March 31, 2022

(Thousand yen)

	Reportable segment				Adjustment (Note 1)	Amount recorded in the consolidated statements of income (Note 2)
	Media platform	M&A services	Other	Total		
Net sales						
Net sales to external customers	1,814,188	141,614	2,535	1,958,338	–	1,958,338
Inter-segment sales or transfers	2	–	–	2	(2)	–
Total	1,814,191	141,614	2,535	1,958,340	(2)	1,958,338
Segment profit	446,574	4,469	(2,064)	448,979	1,675	450,655
Other items						
Depreciation (Note 3)	5,834	414	51	6,299	–	6,299
Amortization of goodwill	–	–	–	–	–	–

- 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.

[Related information]

For the fiscal year ended March 31, 2021

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, 2022

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, 2021

(Thousand yen)

	Media platform	M&A services	Other	Total
Impairment losses	3,295	24,941	–	28,236

For the fiscal year ended March 31, 2022

Not applicable.

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

For the fiscal year ended March 31, 2021

(Thousand yen)

	Media platform	M&A services	Other	Total
Unamortized balance at end of period	–	–	–	–

Note: Information on amortization of goodwill is omitted, as the same information is presented in “Segment information.”

For the fiscal year ended March 31, 2022

Not applicable.

[Information on gain on bargain purchase by reportable segment]

For the fiscal year ended March 31, 2021

Not applicable.

For the fiscal year ended March 31, 2022

Not Applicable.

(Per share information)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net assets per share	¥94.39	¥107.90
Basic earnings per share	¥(6.69)	¥12.77

- Notes: 1. Diluted earnings per share for the fiscal year ended March 31, 2021 is not stated due to the recording of a basic loss per share, despite the existence of potential shares.
2. Diluted earnings per share for the fiscal year ended March 31, 2022 is not stated because there are no potential shares.
3. The basis of calculation for basic earnings per share is as follows.

Item	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Basic earnings per share (Yen)		
Profit attributable to owners of parent (Thousand yen)	(177,790)	339,691
Amount not attributable to common shareholders (Thousand yen)	–	–
Profit attributable to owners of parent relating to common shareholders (Thousand yen)	(177,790)	339,691
Average number of common shares during the period (Shares)	26,571,946	26,580,048

(Subsequent events)

Not applicable.