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Consolidated Financial Results for the Three Months Ended June 30, 2022 [Japanese GAAP]



August 10, 2022

Company name: Synchro Food Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 3963
 URL: <http://www.synchro-food.co.jp/>
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 Scheduled date of filing quarterly securities report: August 10, 2022
 Scheduled date of commencing dividend payments: –
 Availability of quarterly financial results briefing materials: Available
 Schedule of quarterly financial results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2022 (April 1, 2022 - June 30, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2022	648	75.2	173	604.5	175	608.0	118	–
June 30, 2021	370	63.2	24	–	24	–	7	–

Note: Comprehensive income: Three months ended June 30, 2022: 118 million yen [–%]

Three months ended June 30, 2021: 7 million yen [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2022	4.44	–
June 30, 2021	0.27	–

Note: For the three months ended June 30, 2022, “–” marks are presented for the year-on-year changes in profit attributable to owners of parent and comprehensive income, as the figures exceed 1,000%.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2022	3,449	2,990	86.7
As of March 31, 2022	3,403	2,871	84.3

Reference: Equity: As of June 30, 2022: 2,989 million yen

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

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2022	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
Fiscal year ending March 31, 2023	—				
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
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	2,300	17.4	470	4.3	470	3.8	340	0.1	12.78

Note: Revision to the financial results forecast announced most recently: None

* Notes:

- (1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
Newly included: – (), Excluded: – ()
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) 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):

June 30, 2022:	26,893,800 shares
March 31, 2022:	26,893,800 shares
 - 2) Total number of treasury shares at the end of the period:

June 30, 2022:	292,607 shares
March 31, 2022:	292,607 shares
 - 3) Average number of shares during the period:

Three months ended June 30, 2022:	26,601,193 shares
Three months ended June 30, 2021:	26,531,663 shares

** These quarterly consolidated financial results are outside the scope of quarterly review 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. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 3 of Attachments.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months ended June 30, 2022, the Japanese economy showed some signs of recovery with a trend to vigorously continue social economic activities, which were supported by the progress of COVID-19 vaccinations and other measures. In the meantime, the future outlook has remained unpredictable due to the recent resurgence of COVID-19 cases among other things.

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

As a result of the above, the Group’s financial results for the three months ended June 30, 2022 were net sales of 648,850 thousand yen (up 75.2% year on year), operating profit of 173,911 thousand yen (up 604.5% year on year), ordinary profit of 175,700 thousand yen (up 608.0% year on year), and profit attributable to owners of parent of 118,325 thousand yen (profit attributable to owners of parent of 7,254 thousand yen in the three months ended June 30, 2021).

Net sales by service category comprises 521,303 thousand yen in Service in Stage 3 (operating) (up 108.4% year on year), 83,905 thousand yen (up 0.5% year on year) in Service in Stages 1, 2, 4 (preparation, opening and closing business), and 43,641 thousand yen (up 19.1% year on year) in Other.

Status by segment is as follows. The Group previously had three reportable segments of Media Platform business, M&A Services business, and Other businesses. However, Synchro Career Co., Ltd., which was the main part of the Other businesses, 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 segments to the following two since the three months ended June 30, 2022: Media Platform business and M&A Services business. For details, please see 2. Quarterly Consolidated Financial Statements and Principal Notes (3) Notes to Quarterly 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 June 30, 2022, the number of registered Inshokuten.com members was 243,368 (up 14.0% year on year), showing steady growth, and there were some signs of a recovery in the restaurant industry such as store opening, refurbishment and changes in business format due to vigorous social economic activities. In the recruitment advertising services, the number of orders and unit prices significantly increased due to vigorous recruitment activities by restaurant operators.

In addition, the number of real estate agents, interior furnishing service providers and related business operators who provide services via Inshokuten.com, increased to 4,708 companies (up 4.2% year on year) (Note).

As a result of the above, net sales in the Media Platform business were 618,838 thousand yen (up 84.0% year on year), and segment profit was 179,188 thousand yen (up 559.6% year on year).

[M&A Services business]

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

Following the end of public support such as a payment for cooperation, the number of M&A deals and fully-

furnished asset transfers remained stable. Meanwhile, the number of closings was below the plan due to slow progress in some cases and the implementation of transfers behind schedule.

As a result of the above, net sales in the M&A Services business were 30,012 thousand yen (down 4.9% year on year), and segment loss was 5,487 thousand yen (segment profit of 343 thousand yen in the three months ended June 30, 2021).

Notes: This is the number of operators registered as real estate agents, interior furnishing service providers, and food suppliers as of June 30, 2022.

(2) Explanation of Financial Position

(Assets)

Current assets at the end of the three months ended June 30, 2022 increased by 62,020 thousand yen from the end of the previous fiscal year to 3,279,386 thousand yen. The main increasing factor was a rise in cash and deposits (an increase of 78,523 thousand yen from the end of the previous fiscal year) as a result of an increase in sales. The main decreasing factor was a decrease in prepaid expenses (a decrease of 12,993 thousand yen from the end of the previous fiscal year). Non-current assets decreased by 15,489 thousand yen from the end of the previous fiscal year to 170,163 thousand yen. As a result of the above, total assets amounted to 3,449,549 thousand yen (an increase of 46,530 thousand yen from the end of the previous fiscal year).

(Liabilities)

Current liabilities at the end of the three months ended June 30, 2022 decreased by 72,536 thousand yen from the end of the previous fiscal year to 445,047 thousand yen. The decrease was mainly attributable to a decrease in income taxes payable (a decrease of 78,031 thousand yen from the end of the previous fiscal year) and other factors. Non-current liabilities increased by one thousand yen from the end of the previous fiscal year to 14,199 thousand yen. As a result of the above, total liabilities amounted to 459,246 thousand yen (a decrease of 72,535 thousand yen from the end of the previous fiscal year).

(Net assets)

Net assets at the end of the three months ended June 30, 2022 increased by 119,065 thousand yen from the end of the previous fiscal year to 2,990,302 thousand yen. This was mainly attributable to an increase in retained earnings (an increase of 119,068 thousand yen from the end of the previous fiscal year) as a result of reporting profit attributable to owners of parent.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

As for the financial results forecast, there is no change from the financial results forecast announced in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 on May 13, 2022 at the moment.

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

(Thousand yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	3,087,912	3,166,435
Accounts receivable - trade	101,617	101,761
Inventories	1,619	587
Prepaid expenses	32,951	19,957
Other	3,090	2,536
Allowance for doubtful accounts	(9,826)	(11,891)
Total current assets	3,217,366	3,279,386
Non-current assets		
Property, plant and equipment		
Buildings, net	40,536	24,464
Tools, furniture and fixtures, net	2,765	2,878
Total property, plant and equipment	43,302	27,342
Intangible assets		
Software	1,439	1,105
Total intangible assets	1,439	1,105
Investments and other assets		
Investments in capital	300	300
Leasehold and guarantee deposits	114,611	114,739
Deferred tax assets	22,275	21,676
Other	3,723	4,999
Total investments and other assets	140,910	141,715
Total non-current assets	185,652	170,163
Total assets	3,403,018	3,449,549

(Thousand yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	12,734	12,799
Accounts payable - other	41,335	45,986
Accrued expenses	25,625	22,418
Contract liabilities	194,467	232,353
Income taxes payable	140,948	62,917
Accrued consumption taxes	82,634	47,328
Asset retirement obligations	8,865	8,882
Other	10,972	12,360
Total current liabilities	517,583	445,047
Non-current liabilities		
Asset retirement obligations	14,198	14,199
Total non-current liabilities	14,198	14,199
Total liabilities	531,781	459,246
Net assets		
Shareholders' equity		
Share capital	510,517	510,517
Capital surplus	498,517	498,517
Retained earnings	2,020,688	2,139,756
Treasury shares	(159,349)	(159,349)
Total shareholders' equity	2,870,374	2,989,442
Share acquisition rights	863	860
Total net assets	2,871,237	2,990,302
Total liabilities and net assets	3,403,018	3,449,549

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Three Months Ended June 30

(Thousand yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Net sales	370,293	648,850
Cost of sales	55,309	74,998
Gross profit	314,983	573,852
Selling, general and administrative expenses	290,296	399,940
Operating profit	24,687	173,911
Non-operating income		
Interest income	1	1
Dividend income	6	6
Interest on tax refund	120	–
Subsidy income	–	1,631
Facility rental income	–	150
Total non-operating income	127	1,788
Ordinary profit	24,814	175,700
Extraordinary income		
Gain on reversal of share acquisition rights	–	3
Total extraordinary income	–	3
Profit before income taxes	24,814	175,703
Income taxes - current	14,580	56,909
Income taxes - deferred	2,979	467
Total income taxes	17,560	57,377
Profit	7,254	118,325
Profit attributable to owners of parent	7,254	118,325

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended June 30

(Thousand yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Profit	7,254	118,325
Comprehensive income	7,254	118,325
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,254	118,325
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

(Changes in scope of consolidation or equity method)

During the three months ended June 30, 2022, the Company excluded Nicoshigoto Co., Ltd. from the scope of consolidation due to the completion of liquidation.

(Additional information)

Accounting estimates related to the impact of the COVID-19 pandemic

There is no significant change from the information included in (Significant accounting estimates) on the Securities Report of the previous fiscal year. However, the future outlook for the COVID-19 pandemic remained unpredictable due to the recent resurgence of COVID-19 cases. Any changes in the situation may substantially affect the Group's financial position and operating results.

(Segment information, etc.)

[Segment information]

I For the three months ended June 30, 2021

1. Information on net sales and profit or loss by reportable segment and disaggregation of revenue

(Thousand yen)

	Reportable segment				Adjustment (Note 1)	Amount recorded in the quarterly consolidated statements of income (Note 2)
	Media platform	M&A services	Other	Total		
Net sales						
Advertising and related services (Note 4)	285,101	-	-	285,101	-	285,101
Marketing services (Note 5)	15,033	-	-	15,033	-	15,033
Pay-for-performance services (Note 6)	3,674	31,557	2,418	37,649	-	37,649
Other (Note 7)	32,511	-	-	32,511	-	32,511
Revenue from contracts with customers	336,320	31,557	2,418	370,295	-	370,295
Net sales to external customers	336,317	31,557	2,418	370,293	-	370,293
Inter-segment sales or transfers	2	-	-	2	(2)	-
Total	336,320	31,557	2,418	370,295	(2)	370,293
Segment profit or loss	27,168	343	(2,182)	25,329	(641)	24,687
Other items						
Depreciation (Note 3)	1,415	102	51	1,569	-	1,569

- Notes:
1. Adjustment for segment profit or loss refers to the elimination of inter-segment transactions.
 2. The total amount of segment profit or loss is adjusted with operating profit in the quarterly consolidated statements of income.
 3. Assets are not specifically allocated to reportable segments, but depreciation is allocated.
 4. Advertising and related services primarily generate revenue from posting of recruitment ads and store property information, and services that enhance the effects of ads posted.
 5. Marketing services primarily generate revenue from Internet surveys on restaurants, and the distribution of e-mail newsletters to members of Inshokuten.com.
 6. Pay-for-performance services mainly comprise revenue from matching services in Inshokuten.com., revenue from opening fees in the food truck sharing and matching business and M&A Services business in subsidiaries.
 7. Other mainly comprises revenue from e-mail newsletter delivery services to job seekers, and monthly subscription services.

II For the three months ended June 30, 2022

1. Information on net sales and profit or loss by reportable segment and disaggregation of revenue

(Thousand yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in the quarterly consolidated statements of income (Note 2)
	Media platform	M&A services	Total		
Net sales					
Advertising and related services (Note 4)	508,825	-	508,825	-	508,825
Marketing services (Note 5)	19,324	-	19,324	-	19,324
Pay-for-performance services (Note 6)	17,076	30,012	47,088	-	47,088
Other (Note 7)	73,612	-	73,612	-	73,612
Revenue from contracts with customers	618,838	30,012	648,850	-	648,850
Net sales to external customers	618,838	30,012	648,850	-	648,850
Inter-segment sales or transfers	-	-	-	-	-
Total	618,838	30,012	648,850	-	648,850
Segment profit or loss	179,188	(5,487)	173,701	210	173,911
Other items					
Depreciation (Note 3)	17,227	292	17,520	-	17,520

- Notes:
1. Adjustment for segment profit or loss refers to the elimination of inter-segment transactions.
 2. The total amount of segment profit or loss is adjusted with operating profit in the quarterly consolidated statements of income.
 3. Assets are not specifically allocated to reportable segments, but depreciation is allocated.
 4. Advertising and related services primarily generate revenue from posting of recruitment ads and store property information, and services that enhance the effects of ads posted.
 5. Marketing services primarily generate revenue from Internet surveys on restaurants, and the distribution of e-mail newsletters to members of Inshokuten.com.
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 7. Other mainly comprises revenue from e-mail newsletter delivery services to job seekers, and monthly subscription services.

2. Matters related to changes in reportable segments

The Group previously had three reportable segments of Media Platform business, M&A Services business, and Other businesses. However, Synchro Career Co., Ltd., which was the main part of the Other businesses, 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 segments to the following two since the three months ended June 30, 2022: Media Platform business and M&A Services business.

(Revenue recognition)

Disaggregation of revenue from contracts with customers is as presented in “Notes (Segment information, etc.)”