

FY2022 Financial Results Briefing Materials

May 12, 2023

Synchro Food Co., Ltd. <3963>



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2. Overview of Each Business Segment
3. Review of FY2022
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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 Yokohama Sales Office (opened in May, 2022):SOLACUBE Yokohama-Kannai, 3-30-1, Tokiwa-cho, Naka-ku, Yokohama-shi, Kanagawa Sapporo Branch Office (opened in July, 2022):3F, Horio Building, Higashi 2-16, Ninami 2-jo, Chuo-ku, Sapporo-shi, Hokkaido
Capital:	510,510 thousand yen
Number of Employees:	158 (Consolidated basis/permanent employees/as of March 31, 2022)
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)

*Nicosshigoto Co., Ltd. (side-job matching business) was dissolved on February 14, 2022, and was liquidated at the end of May 2022.

Vision, Mission and 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

Both full-year revenue and operating profit reached record highs while making strategic investments in Q4

Consolidated Financial Highlights (Q4 cumulative)			Year on Year
	Revenue	: 2,930 million yen	+49.6%
	Operating profit	: 876 million yen	+94.5%

Main Topics (Q4)

- ✓ Nagoya Railroad Co., Ltd. and Mobimaru started a community revitalization project utilizing food trucks (January)
- ✓ Invested in WATAWASTE in Singapore, a foodtech company offering Yindii, an app to reduce food waste (January)
- ✓ (Survey Distribution) Awareness of overseas store opening by restaurants: Thailand and Vietnam grew in popularity as areas for store opening (January)
- ✓ Started offering "Mobikitch," a mobile, experience-based promotion utilizing food trucks. Held a hands-on event to offer KAGOME's plant-based food products as the first phase (February)
- ✓ (Survey Distribution) 41.7% of restaurants realized the customer attracting effect of Instagram and Google Business Profile, which scored the same and the most, beating reservation websites (February)
- ✓ TOKYU CORPORATION and Mobimaru held Mobile Shop Marche themed on mobility, education and wellness in nexus Challenge Park Hayano (February)
- ✓ Iki City and Synchro Food signed "Iki City Engagement Partners Agreement," aiming for sustainable future (March)
- ✓ Invested in Flylab in Singapore, an insect-based foodtech company developing insect-derived animal feed (March)
- ✓ Number of stores posted on "Kyujin@inshokuten.com" exceeded 50,000 (March)

FY2022 Summary (vs. Target Figures)

Revenue and each level of profit were well above the pre-pandemic level and progressed far outpacing the Medium-Term Management Plan

(Million yen)

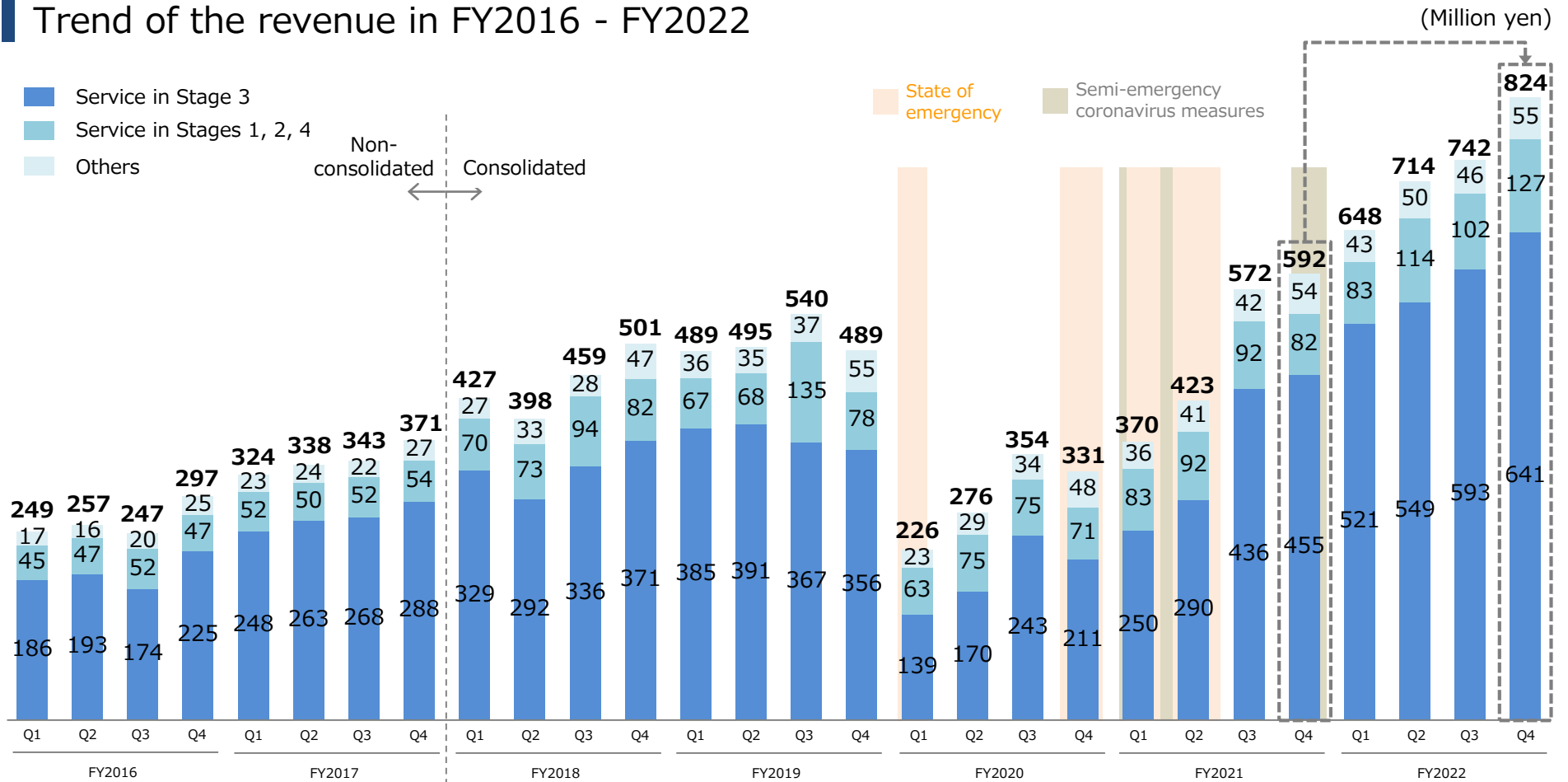
	FY2022 Total Actual (Consolidated)	FY2021 Total Actual (Consolidated)	Year on Year	FY2022 Earnings Forecast (Consolidated)*	Comparison to forecast	
Revenue	2,930	1,958	+49.6%	2,880	+1.7%	1 Recruitment advertising and M&A service grew, and revenue increased significantly
Gross profit	2,543	1,688	+50.6%	-	-	
SG & A	1,666	1,237	+34.6%	-	-	2 SG & A increased mainly in advertising, personnel and outsourcing costs, due to strategic investment made for growth in the next fiscal year
Operating profit	876	450	+94.5%	830	+5.6%	
Operating profit ratio	29.9%	23.0%	+6.9pt	28.8%	-	3 Each level of profit increased year on year, and net income was significantly higher due to tax deductions despite extraordinary losses on portfolio companies
Recurring profit	878	452	+94.0%	830	+5.8%	
Net Income Attributable to Owners of Parent	628	339	+85.0%	581	+8.2%	

* The full-year consolidated earnings forecast for FY2022 has been revised for the second time, as announced in the "Notice Concerning Revision to the Earnings Forecast" on March 15, 2023.

Trend of the Revenue

Revenue in Q4 significantly grew, breaking the record high
(up 39.2% year on year)

Trend of the revenue in FY2016 - FY2022



Supplementary Note: Revenue Classification

Revenue from each service is recorded based on the following classification

Revenue Classification	Users	Related Business Operators	Reporting segment*2	
Service in Stage 3	Synchro Food	<ul style="list-style-type: none"> Recruitment ads PlaceOrders Food truck sharing and matching (Mobimaru) 	<ul style="list-style-type: none"> Searching for suppliers 	Media platform business
Service in Stages 1, 2, 4	Synchro Food	<ul style="list-style-type: none"> Inshokuten Premium (monthly subscription service) Kitchen goods (EC) 	<ul style="list-style-type: none"> Store design Real estate properties 	
	Wit	<ul style="list-style-type: none"> M&As 	<ul style="list-style-type: none"> A fully furnished asset transfer 	M&A service business
Other	Synchro Food		<ul style="list-style-type: none"> Restaurants research Advertisement insertion and newsletters Interior job seeking Comparison service (POS/FC) 	
	Nicoshigoto*1		<ul style="list-style-type: none"> Side job matching 	

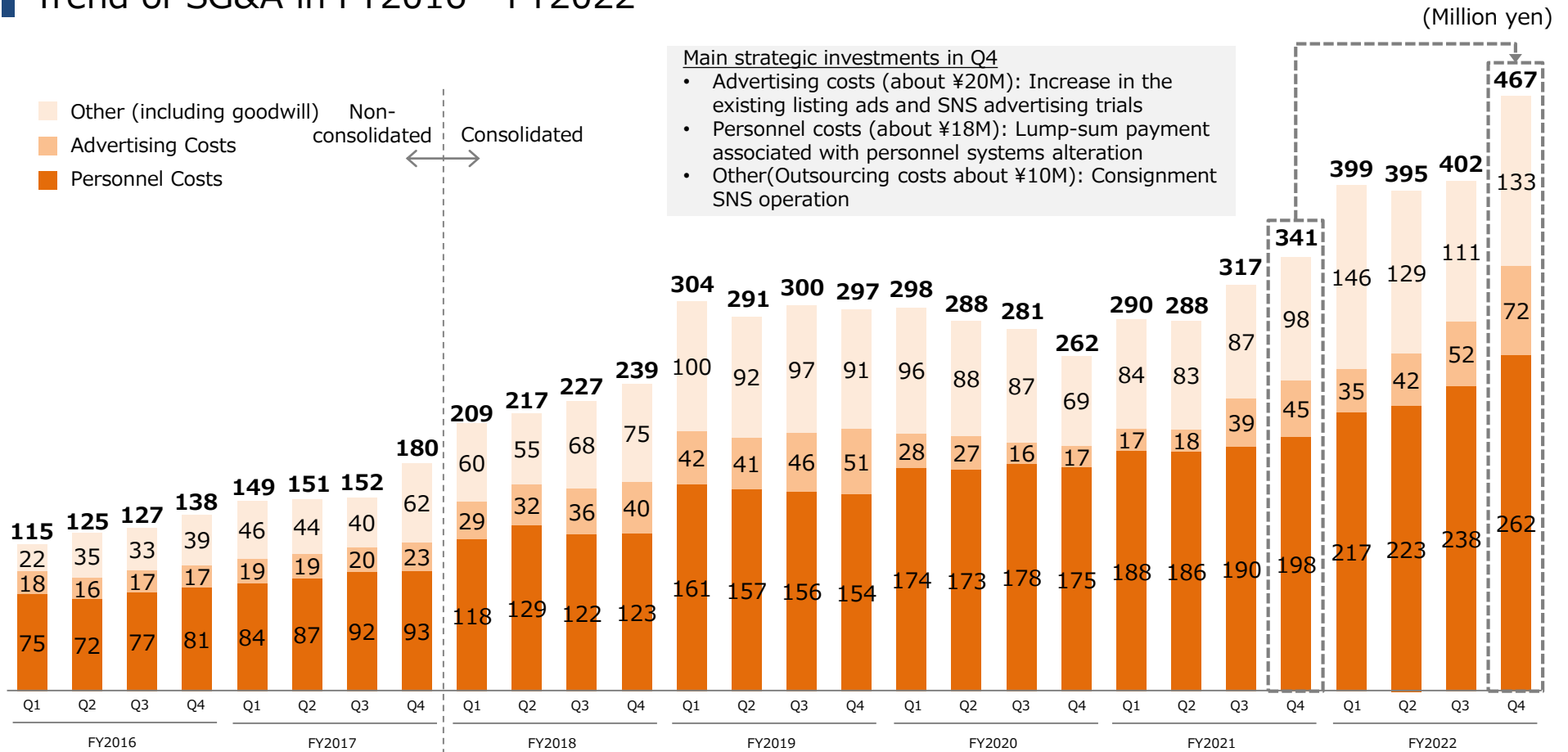
*1 Nicoshigoto Co., Ltd. (side-job matching business) was dissolved on February 14, 2022, and was liquidated at the end of May 2022.

*2 The Group had the following three reporting segments: Media platform business, M&A service business and Other business. However, Synchro Career Co., Ltd., which was the main part of the Other business, disappeared on July 1, 2021 in an absorption-type merger with Synchro Food Co., Ltd. as the surviving company. Accordingly, the reporting segments were changed to the following two from the three months ended June 30, 2022: Media platform business and M&A service business.

Trend of SG&A

SG&A increased significantly due to strategic investment made in Q4 for growth in the next fiscal year and beyond (up 36.9% year on year)

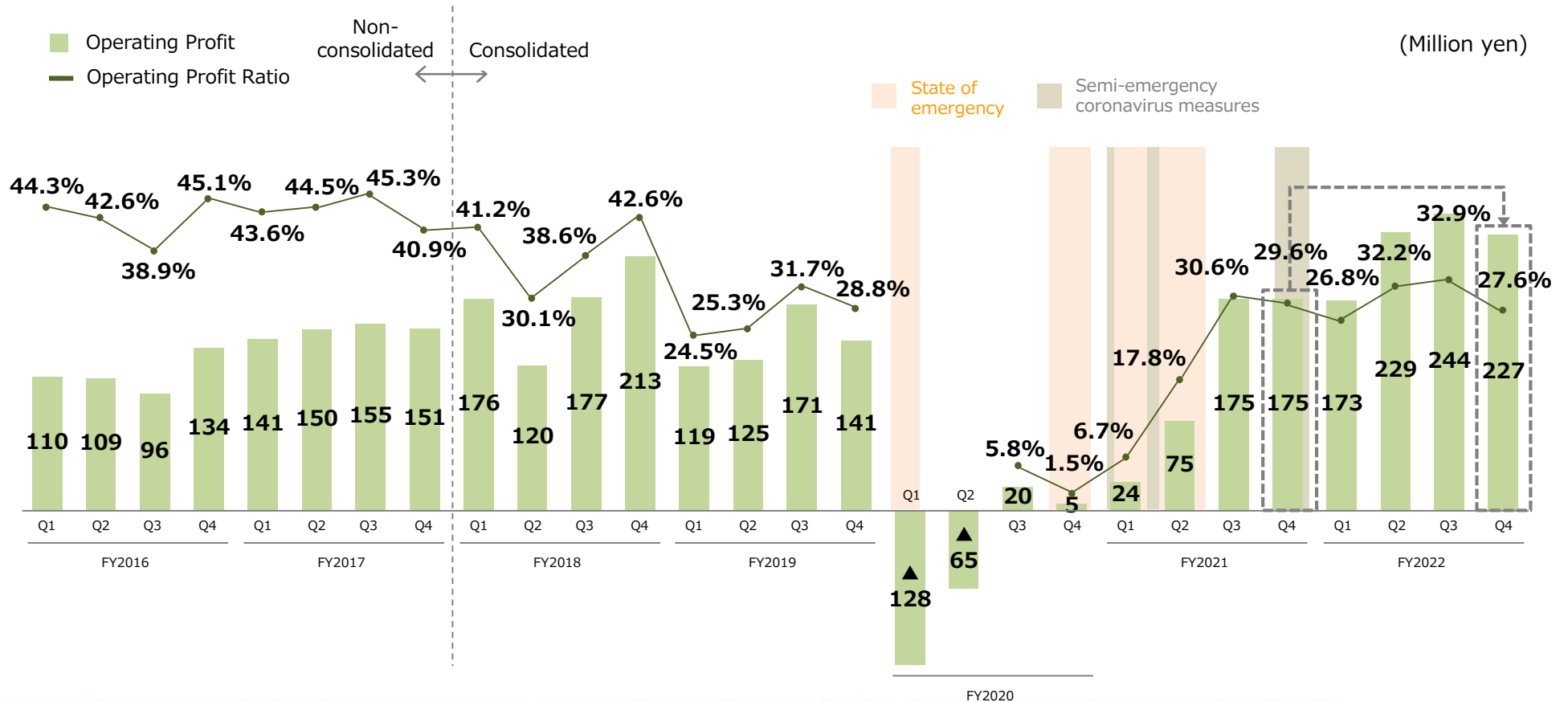
Trend of SG&A in FY2016 - FY2022



Trend of the Operating profit

Operating profit in Q4 exceeded the pre-pandemic level while making strategic investment (up 29.8% year on year)

Trend of the operating profit in FY2016 - FY2022



Consolidated Statement of Cash Flows

Operating cash flows were greatly built up in the full year

(Million yen)	FY2022	FY2021	Changes
Cash and cash equivalents at beginning of period	3,037	2,173	864
Cash flows from operating activities	850	744	105
Cash flows from investing activities	(4)	119	(124)
Cash flows from financing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	845	864	(18)
Cash and cash equivalents at end of period	3,883	3,037	845

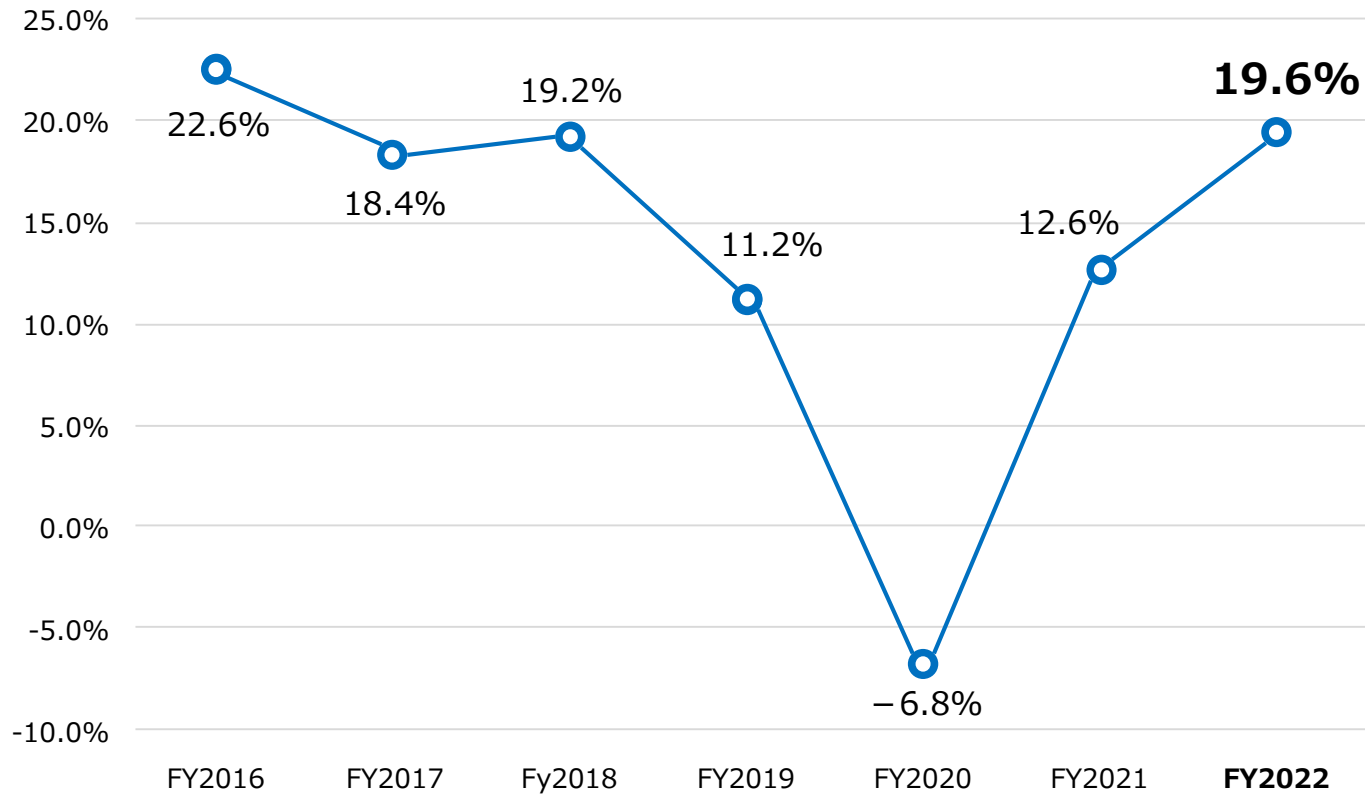
Consolidated Balance Sheet

Net assets increased by 189 million yen due to an increase in retained earnings
(Compared to Dec 31, 2022)

(Million yen)	Mar. 31, 2023	Q on Q	Dec. 31, 2022
Current Assets Total	4,116	+8.3%	3,800
Cash and Bank	3,933	+8.0%	3,643
Fixed Assets Total	158	+17.8%	134
Assets Total	4,274	+8.6%	3,934
Current Liabilities Total	717	+24.8%	575
Fixed Liabilities Total	22	+57.9%	14
Net Assets Total	3,534	+5.7%	3,345

Trend of ROE

ROE for FY2022 recovered significantly from FY2020, when the company was in the red for the full year
Continue business operation with a focus on capital efficiency



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Media Platform Business

Revenue in Q4 remarkably grew (up 34.7% year on year)
Segment profit also increased while making strategic investment (up 13.9% year on year)

Trend in revenue and profit (loss)

(Thousand yen)

	FY2020				FY2021				FY2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	193,376	234,868	321,271	303,224	336,320	382,672	532,303	562,894	618,838	656,011	695,732	758,461
Sales to external customers	191,312	232,804	318,219	299,970	336,317	382,672	532,303	562,894	618,838	656,011	695,732	758,461
Inter-segment internal sales	2,064	2,064	3,052	3,254	2	-	-	-	-	-	-	-
Segment profit (loss)	(96,111)	(51,833)	37,906	31,402	27,168	65,570	175,998	177,837	179,188	207,170	234,933	202,567

- ✓ Recruitment ads continued to grow in both direct sales and agencies.
- ✓ Regarding services targeting design companies, plan changing and addition were steady. Property ad services, etc. also grew stably.
- ✓ The number of registered users, operators, and job seekers all increased steadily.

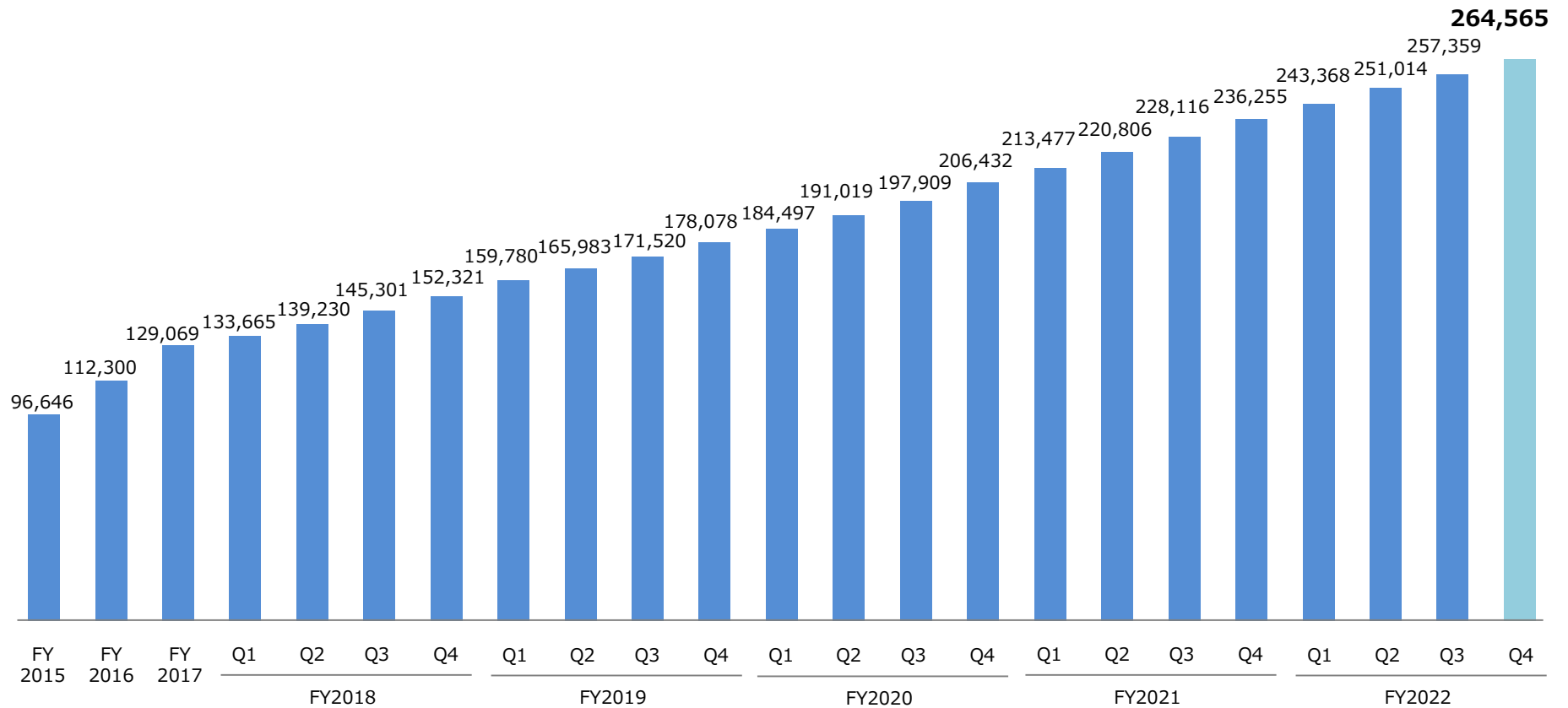
Media Platform Business - Trend of the Users

The number of users is increasing steadily and exceeded 260,000
(up 12.0% year on year)

Trend of the Inshokuten.com registered users

(User accounts)

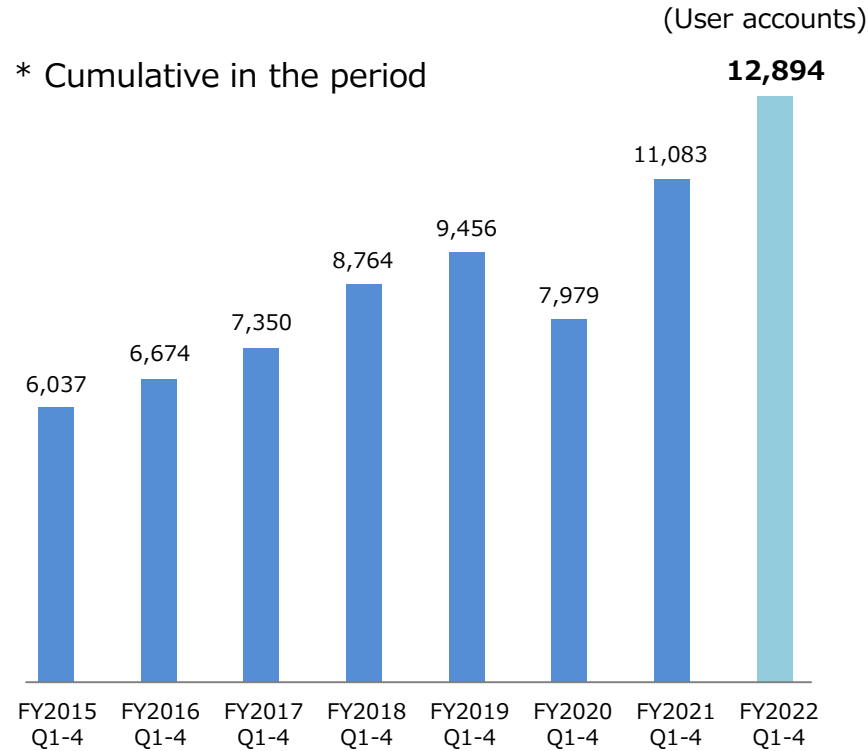
* End of period



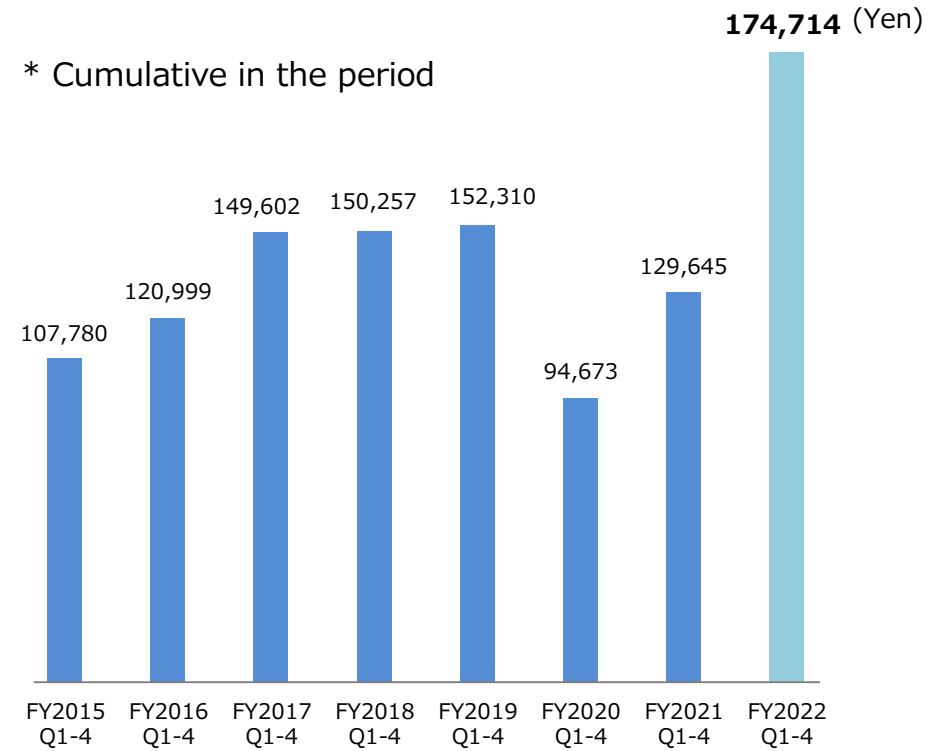
Media Platform Business - Trend of the Paid Users

Both the number of paid users (up 16.3% year on year) and average customer spend (up 34.8% year on year) increased significantly

Trend of the paid users



Trend of the average customer spend



* The number of the unique users who used the paid services of Kyujin@inshokuten.com, store property search, kitchen goods purchase, Food Job Japan (started charging in September 2018 and service is currently suspended) and PlaceOrders (started charging in January 2019)

* Total spend by the paid users



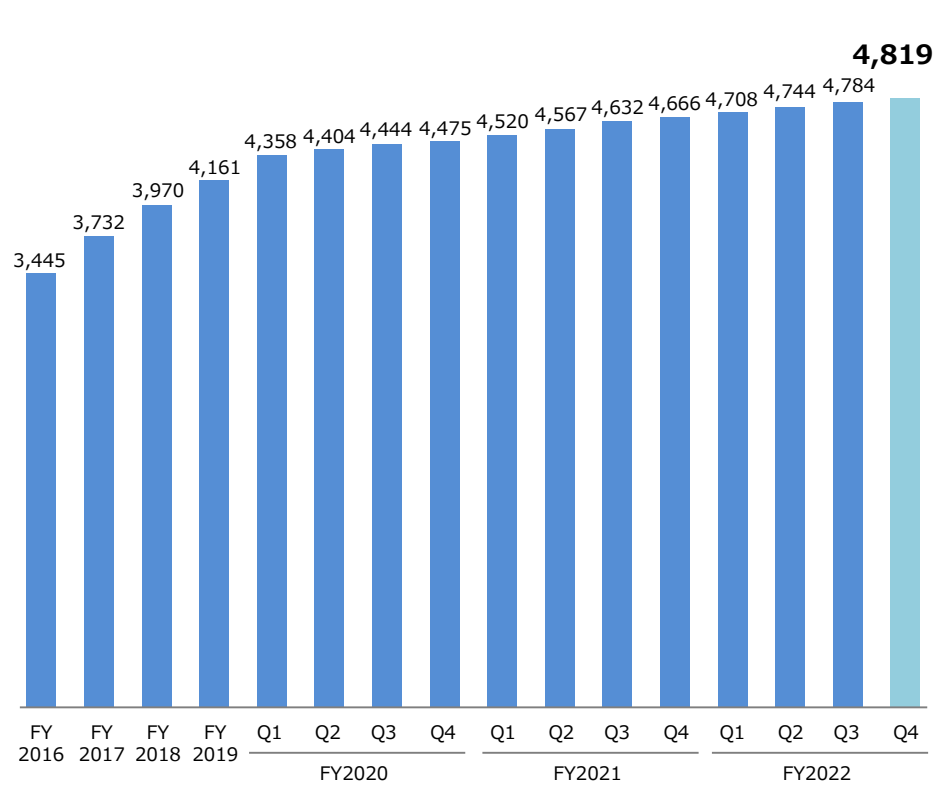
Media Platform Business - Trend of the Operators and Job Seekers

The number of operators and job seekers increased steadily
 (Operators: up 3.3% year on year; Job seekers: up 16.9% year on year)

Trend of the operators

* End of period

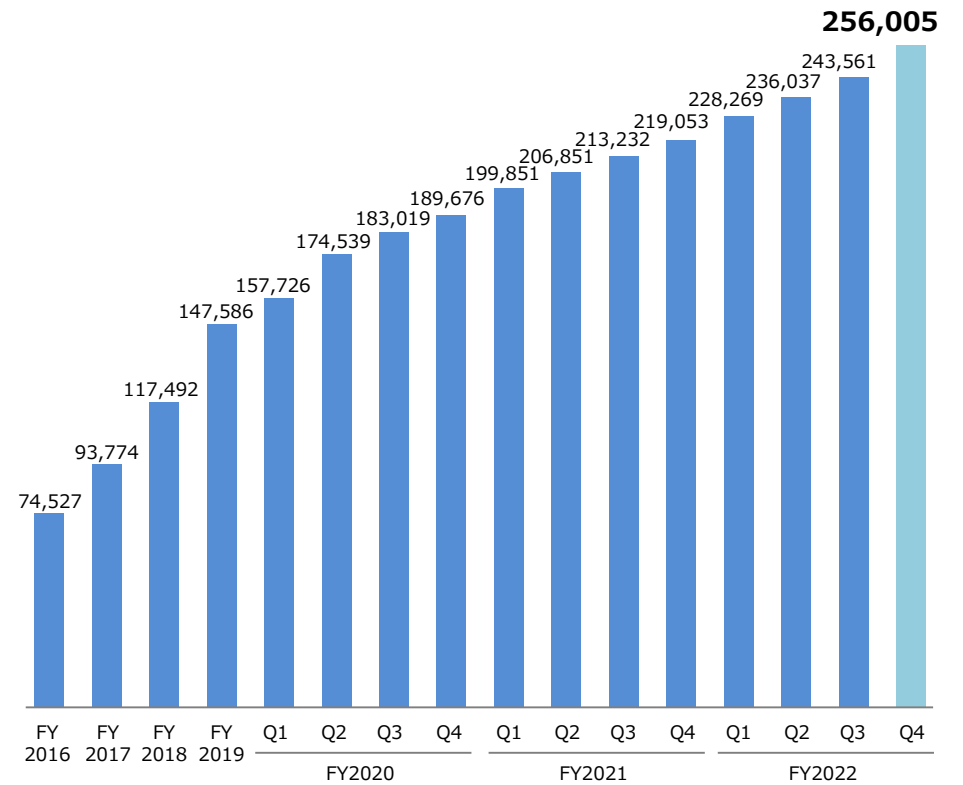
(User operators)



Trend of the job seekers

* End of period

(User accounts)



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

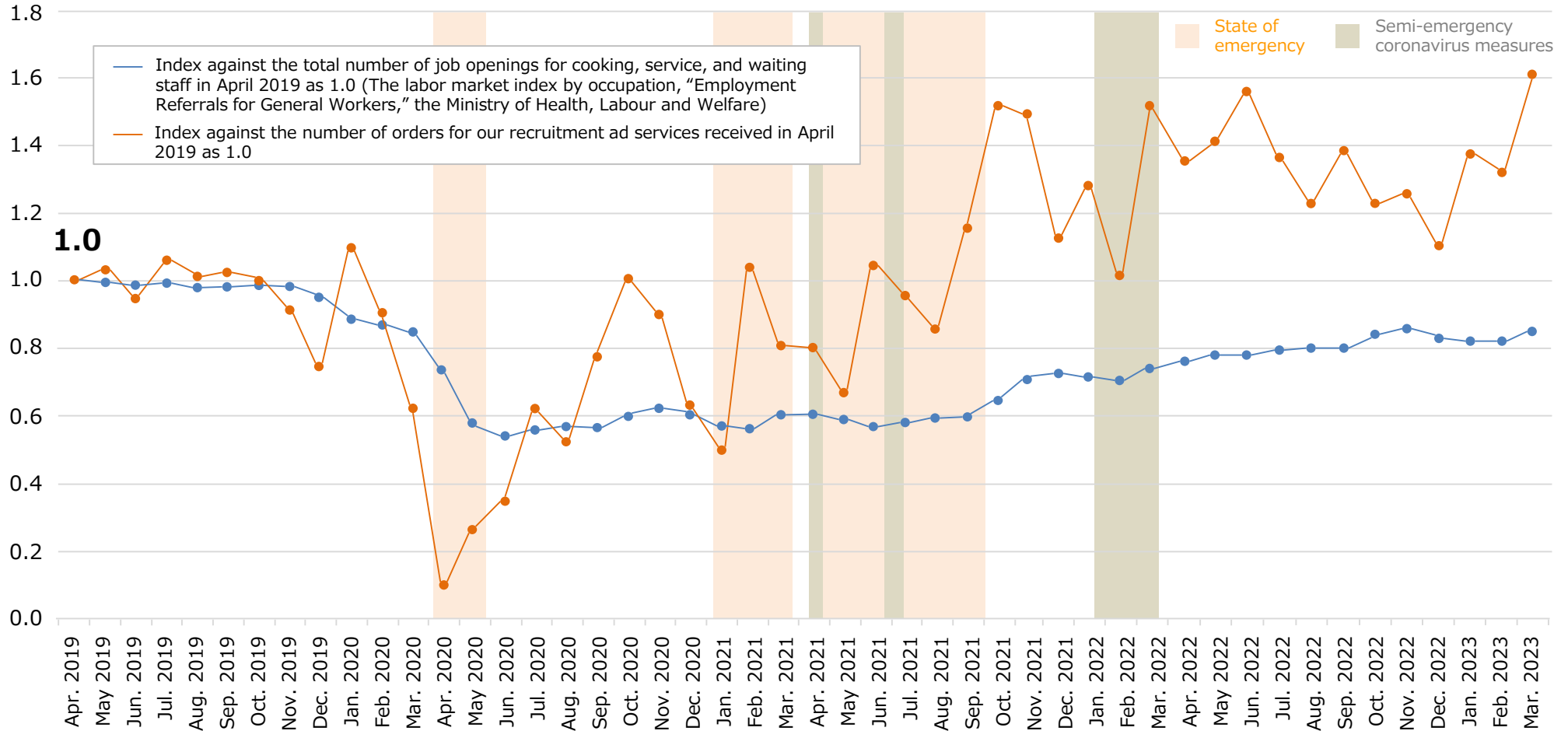
*Number of users registered with Kyujin@inshokuten as job seekers (excluding temporary member registration and withdrawal)



Media Platform Business - Status of Recruitment Advertising Services

Our services far outpaced the trend of the number of active job openings related to food and drink

The number of active job openings related to food and drink and the number of orders for our recruitment ads received



M&A Service Business

Revenue in Q4 remarkably progressed (up 125.7% year on year)
 Segment profit also increased significantly
 (Segment loss in the same period of the previous year)

Trend in revenue and profit (loss)

(Thousand yen)

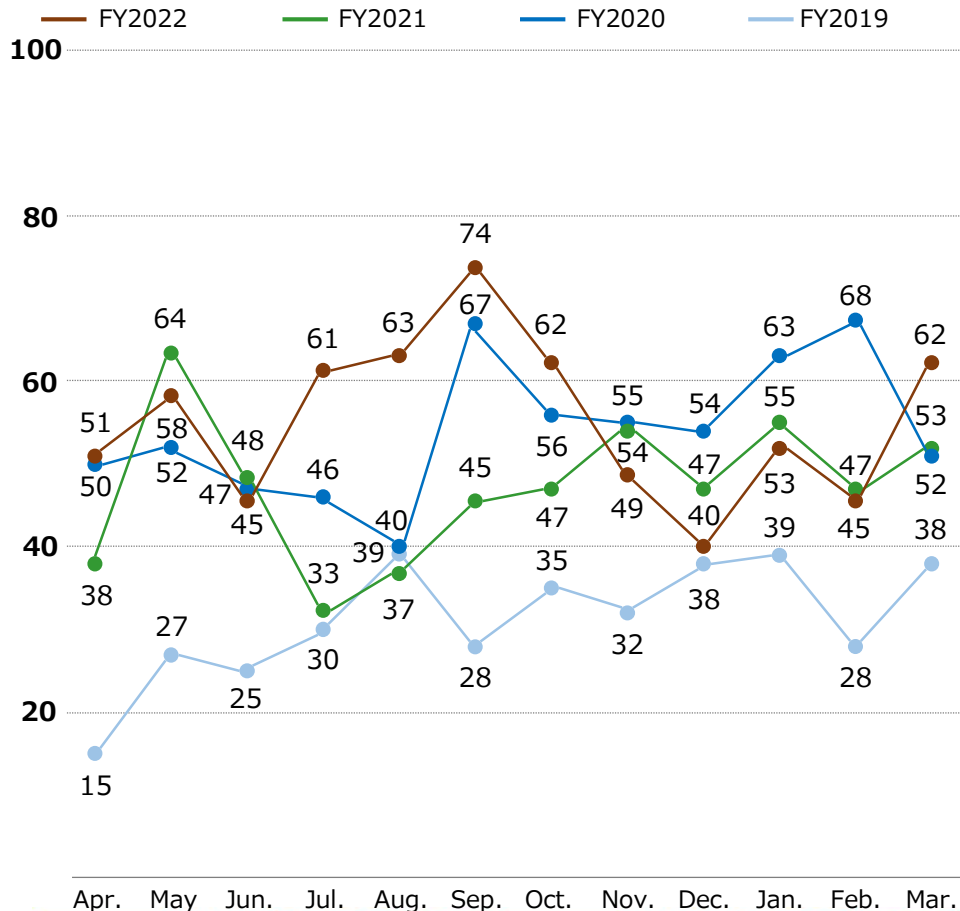
	FY2020				FY2021				FY2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	17,986	28,935	27,507	21,342	31,557	40,960	39,748	29,348	30,012	58,232	46,681	66,234
Sales to external customers	17,986	28,935	27,507	21,342	31,557	40,960	39,748	29,348	30,012	58,232	46,681	66,234
Inter-segment internal sales	-	-	-	-	-	-	-	-	-	-	-	-
Segment profit (loss)	(13,450)	178	(1,085)	(14,036)	343	7,957	(1,101)	(2,729)	(5,487)	22,581	9,435	25,070

- ✓ Both M&A services and fully furnished asset transfers remained at a high level.
- ✓ M&A services saw significant revenue growth with closings in deals that had been postponed from Q3. Fully furnished asset transfers were also steady.

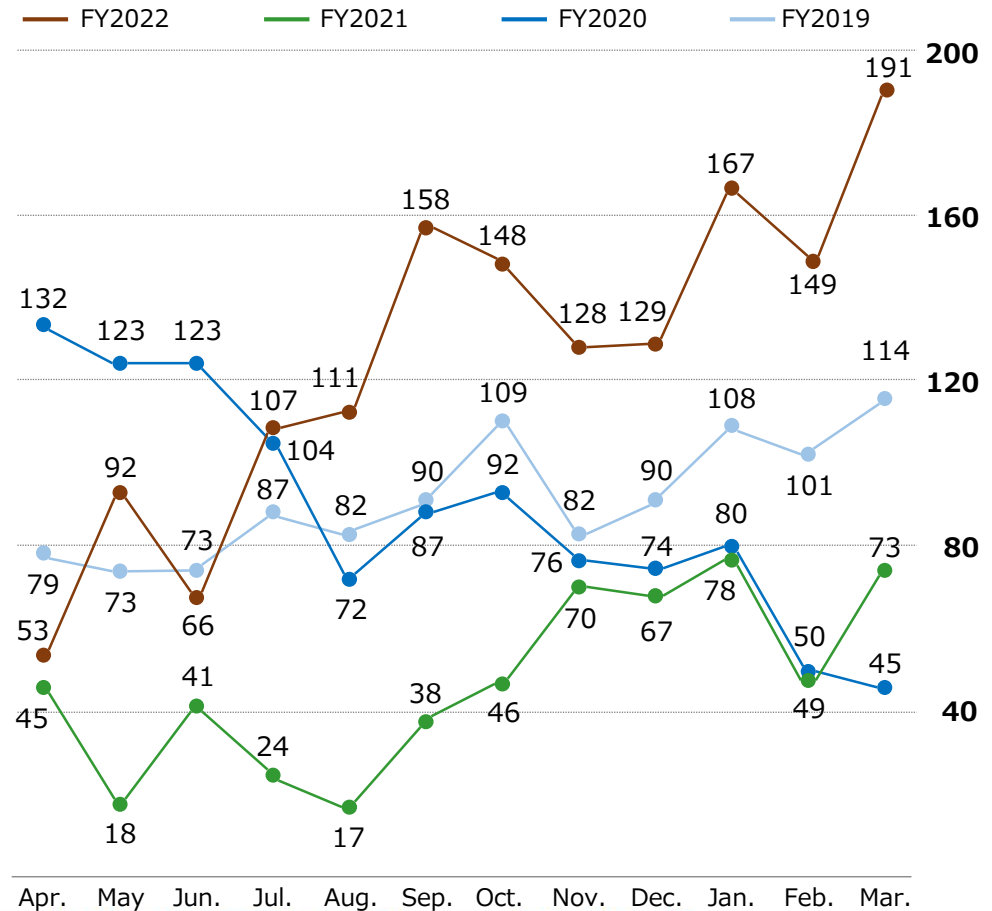
M&A Service Business – Trend of Inquiries on Assets Sale

Both the number of M&As and the number of fully furnished asset transfers suddenly increased in March

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



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



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Result on FY2022 Objectives

Steady progress was observed in most items other than data service

FY2022 Objectives*

Result

1 Surely implement the new Medium-Term Management Plan for the initial year	Promotion of 4 Business Strategies	Offering the recruitment advertising service nationwide	Evaluation ○	<ul style="list-style-type: none"> Direct sales: Grew significantly in all areas where Head Office and Branch Offices are located. → 24P Agency: Number of sales personnel (unique) who have received orders increased to 118, and number of contracted agencies is 26 (+2 since December 31).
		Expanding the platform service	Evaluation ○	<ul style="list-style-type: none"> For services for design companies, plan changing was steady. → 25P M&A services saw steady closings in deals that had been postponed from Q3. → 26P
		Promoting and expanding the mobility service	Evaluation ○	<ul style="list-style-type: none"> Steadily increased with 625 locations (unique full-year results) and 1,979 vehicles registered (excluding temporary registrations). → 27P
		Offering the data service using the membership platform	Evaluation △	<ul style="list-style-type: none"> Continued to consider creating contact points with members and our own media channels, which, however, did not result in service release.
	Pursue both the strategic investment and cost control	Evaluation ○	<ul style="list-style-type: none"> Net increase of 5 in Q4 (consolidated) due to ongoing recruitment activities. Cost reduction of about 24 million yen in the second half was generated by integration of the Head Office floor. 	
2 Promote the rebranding	Rebrand the entire services of Inshokuten.com		Evaluation ○	<ul style="list-style-type: none"> Largely completed the renewal of individual service brands. → 28P Preparation of the recruitment website reflecting the rebranding is largely complete (release scheduled for the end of May 2023). → 29P

* Source: FY2021 Financial Results Briefing Materials (announced May 13, 2022)

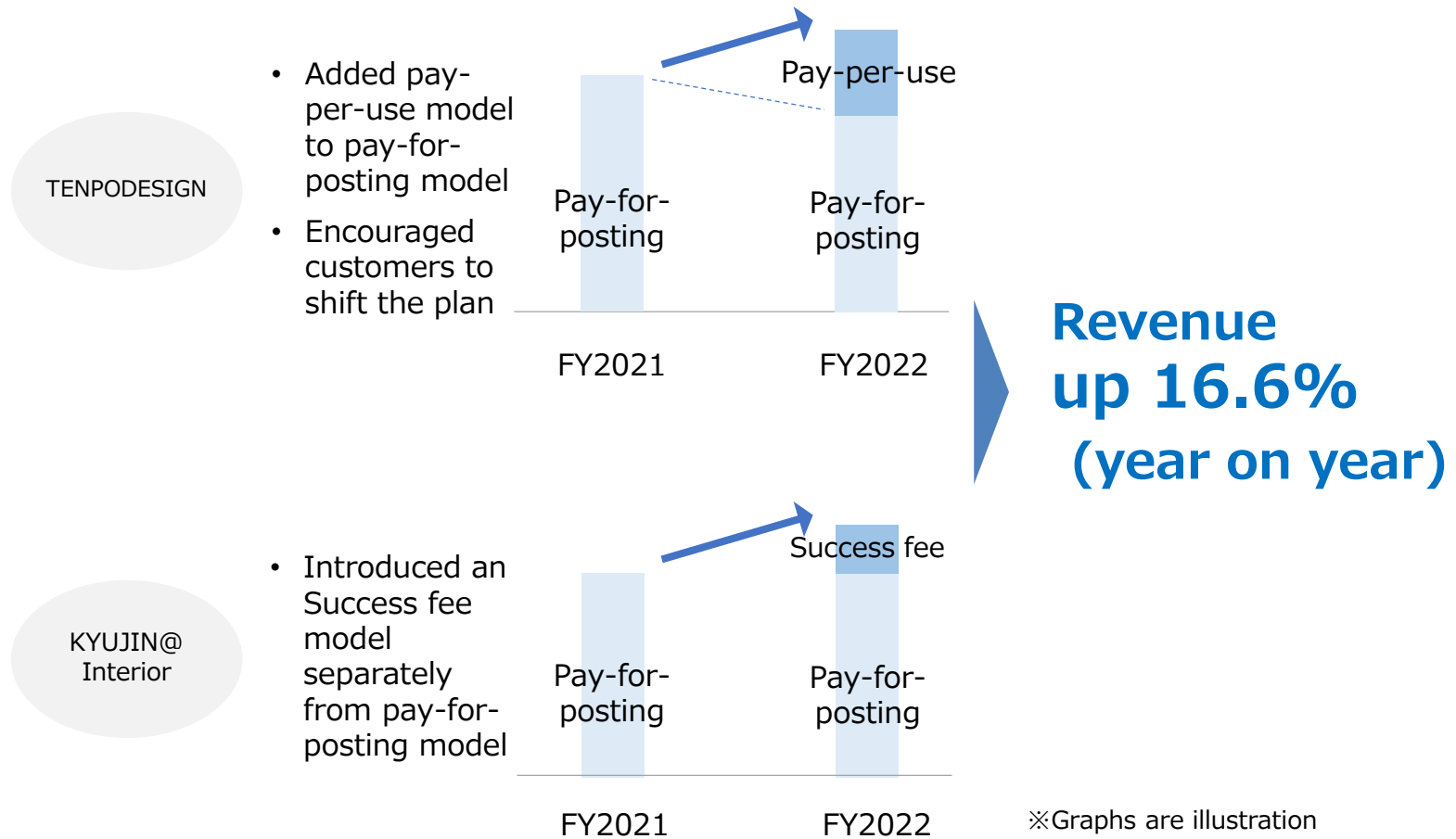
Status of Recruitment Advertising Service

Sales system expanded for both direct sales and agencies
Revenue grew significantly while increasing productivity

		March 31, 2022	March 31, 2023	
Direct sales	Number of bases (locations)	3	6	Revenue up 58.8% (year on year)
	Number of sales personnel (persons)	36	44	
Agencies	Number of contracted agencies (companies)	22	26	
	Number of sales personnel who have received orders (persons)	69	118	

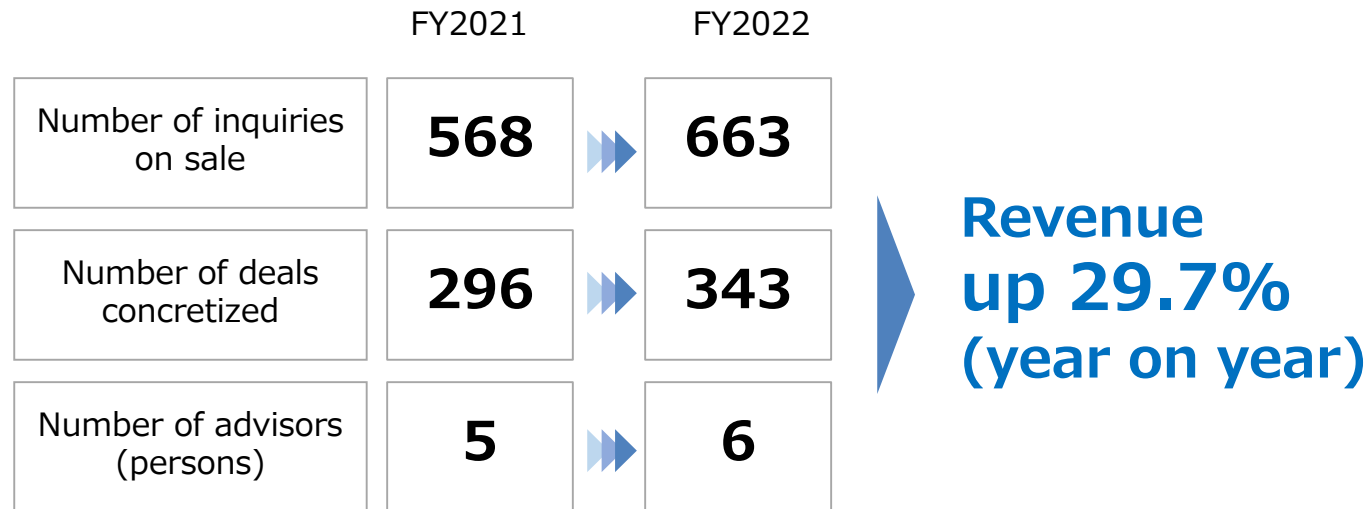
Status of Services for Design Companies

Both TENPODESIGN and KYUJIN@Interior services succeeded in expanding revenue opportunities through changing/adding plans



Status of M&A Services

Despite a delay in closing deals, revenue grew significantly for the full year thanks to an increase in advisors and enhanced expertise

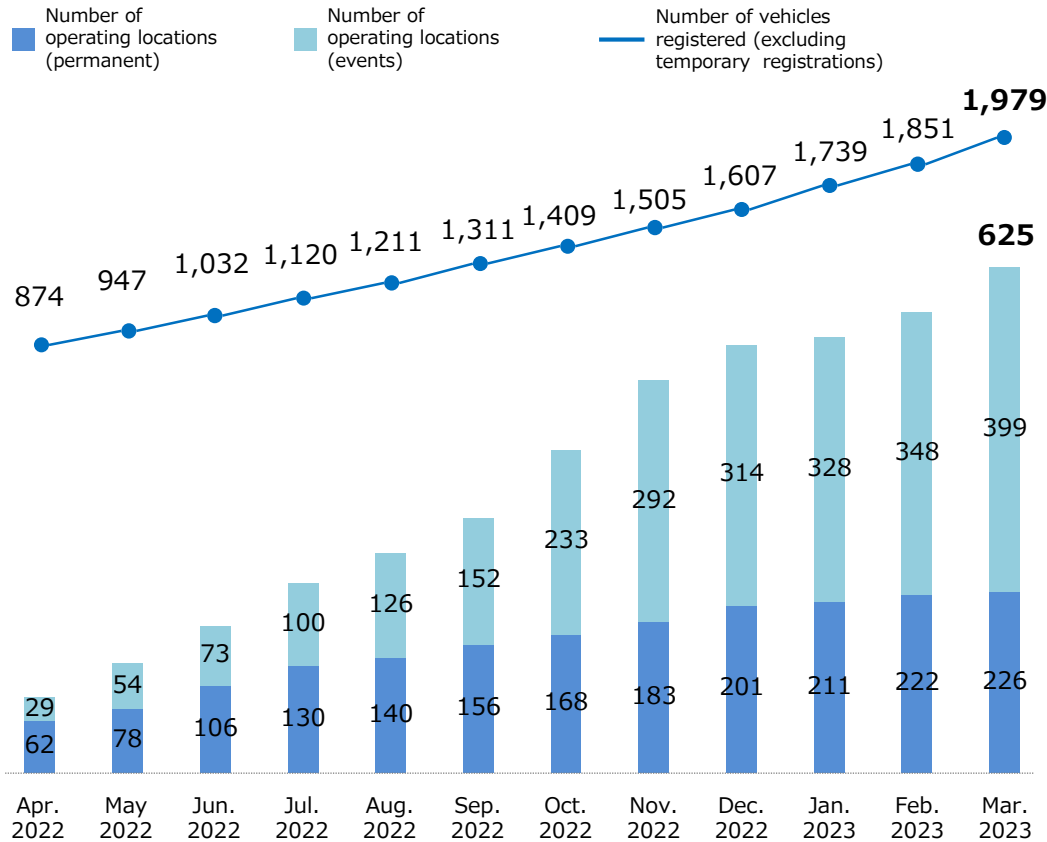


* A fully furnished asset transfer service is not included, M&A service only

Status of Mobility Service

Number of locations and mobile catering business operators increased significantly
Expanding new monetization methods such as subscription and insurance

Changes in number of operating locations (unique; Q1-Q4 total) and number of registered vehicles



Revenue up 168.8% (year on year)

Number of operating locations Up about 3.4 times (year on year)

Number of vehicles registered Up about 2.5 times (year on year)

Status of Rebranding of the Service Brands (1/2)

Unification of logos for each service brand completed
Also completed renewal of the Inshokuten.com home page

● First view

- ✓ Appeal end-to-end services and convenience as a platform

● Carousel

- ✓ Appeal the advantages of each service and campaigns to encourage the cross-service utilization by users

● Service logo

- ✓ Service logos were unified into a one that represents the platform incorporating diversity and our originality



● Bottom of page

- ✓ Place articles with frequent updates and event information, etc.



Status of Rebranding of the Service Brands (2/2)

Largely revamped the recruitment websites and completed preparation for recruiting personnel capable of embody our Vision, Mission and Value (The release of the recruitment website is scheduled for the end of May 2023.)



● Concept

- ✓ Defined the recruitment concept based on a set of our values as a corporation and social needs

“ Whatever is missing in the future of the food and beverage industry, make it”

● Website

- ✓ Revamped the design, contents and messages in line with our recruitment concept

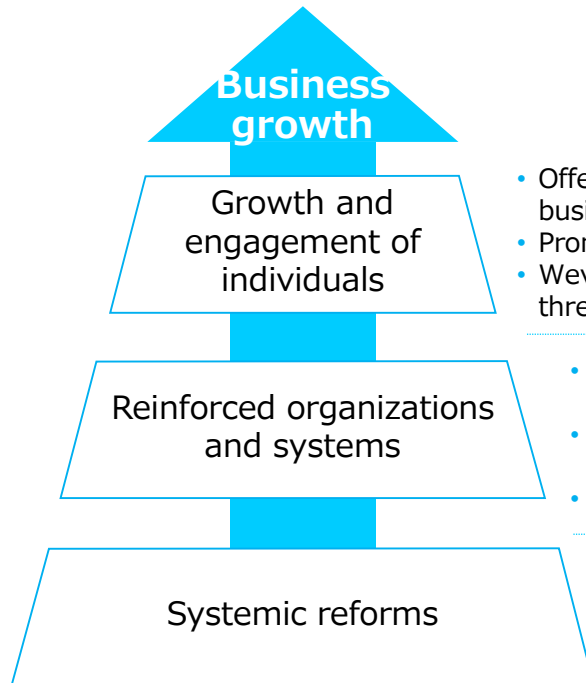


● Branding

- ✓ Continue to enhance recruitment capability toward achieving our growth strategy
- ✓ Publish information actively to enhance the brand power

Summary: Factors behind Our Growth above Pre-pandemic Levels

“Investment in human capital” in three years led to significant business growth
(New personnel systems, creation of a comfortable work environment, provision of growth opportunities, organization reinforcement, training programs)



- Offered opportunities such as accelerated promotion, contests to solicit new businesses and for sharing best practices, etc.
- Promoted operations in company-wide efforts led by an in-house slogan
- Wevox score surpassed the industry’s average (73) and rose by 2 points in three years (from 75 to 77)

- Established Product and Marketing Div. and thoroughly refined our products in three years
- Maintained the workforce even in the pandemic’s first year; net increase of 52 across the company in three years through enhanced recruitment
- Launched full-fledged management training and increased organizational capability

- Reviewed and entrenched internally our Vision, Mission and Value
- Reviewed the working style and introduced remote work; offered options to work either in office or remotely
- Introduced a new personnel system (role-based grade system) to promote growth of each employee

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Updates in Performance Targets

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)	<u>Performance targets upon announcement of the Plan</u>			<u>New performance targets</u>				
	FY2022	FY2023	FY2024	FY2022 (Results)	FY2023	Growth rate	FY2024	Growth rate
Revenue	2,300	2,600	3,000	2,930	3,500	+19.4%	4,200	+20.0%
Operating profit	470	585	750	876	1,000	+14.1%	1,260	+26.0%
Operating profit ratio	20.4%	22.5%	25.0%	29.9%	28.6%	-	30.0%	-
Recurring profit	470	585	750	878	1,000	+13.9%	1,260	+26.0%
Net Income Attributable to Owners of Parent	340	415	532	628	700	+11.4%	882	+26.0%

* Achievement of a tradable share market cap. of ¥10,000 million is deemed feasible, even if assuming a PER (Price Earnings Ratio) of 25, a half of the theoretical value of 50.1 for the past three fiscal years that appeared in the "Notice concerning the application for selection of Prime Market in new market segments and a plan for fulfilling the continued listing criteria" announced on December 15, 2021.

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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Plan change/addition are steady Strategies remain unchanged 	250 million yen	+25.0% ↑
		M&A service	250 million yen	<ul style="list-style-type: none"> Despite a delay in closing deals, steadily progressed on a full-year basis Strategies remain unchanged 	250 million yen	Unchanged →
	Promoting and expanding the mobility service	300 million yen	<ul style="list-style-type: none"> Number of both operating locations and vehicles registered are increasing Strategies remain unchanged 	300 million yen	Unchanged →	
Challenges to new fields	Offering the data service using the membership platform	200 million yen	<ul style="list-style-type: none"> Failed to release a new service Strategies remain unchanged; Continue trial and error 	200 million yen	Unchanged →	
			<ul style="list-style-type: none"> 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

NEW

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	<ul style="list-style-type: none"> 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	⇒⇒	2.5 billion yen	SAM
		M&A service	⇒⇒		
Data service area	64 billion yen	<ul style="list-style-type: none"> Unchanged 	⇒⇒	64 billion yen	TAM
Mobility service area	— (Not estimable)	<ul style="list-style-type: none"> Unchanged 	⇒⇒	—	
SNS video area	—	Part-time job offering	⇒⇒	143 billion yen ※2	TAM
		Customer attraction	⇒⇒		
				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 FROG 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



Business strategy: 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



<SNS short videos>

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



<Inshokuten.com>

- ✓ Over 260,000 user accounts of restaurant owners/those planning to open a restaurant
- ✓ Know-how in job offering for restaurants
- ✓ Sales system for restaurants

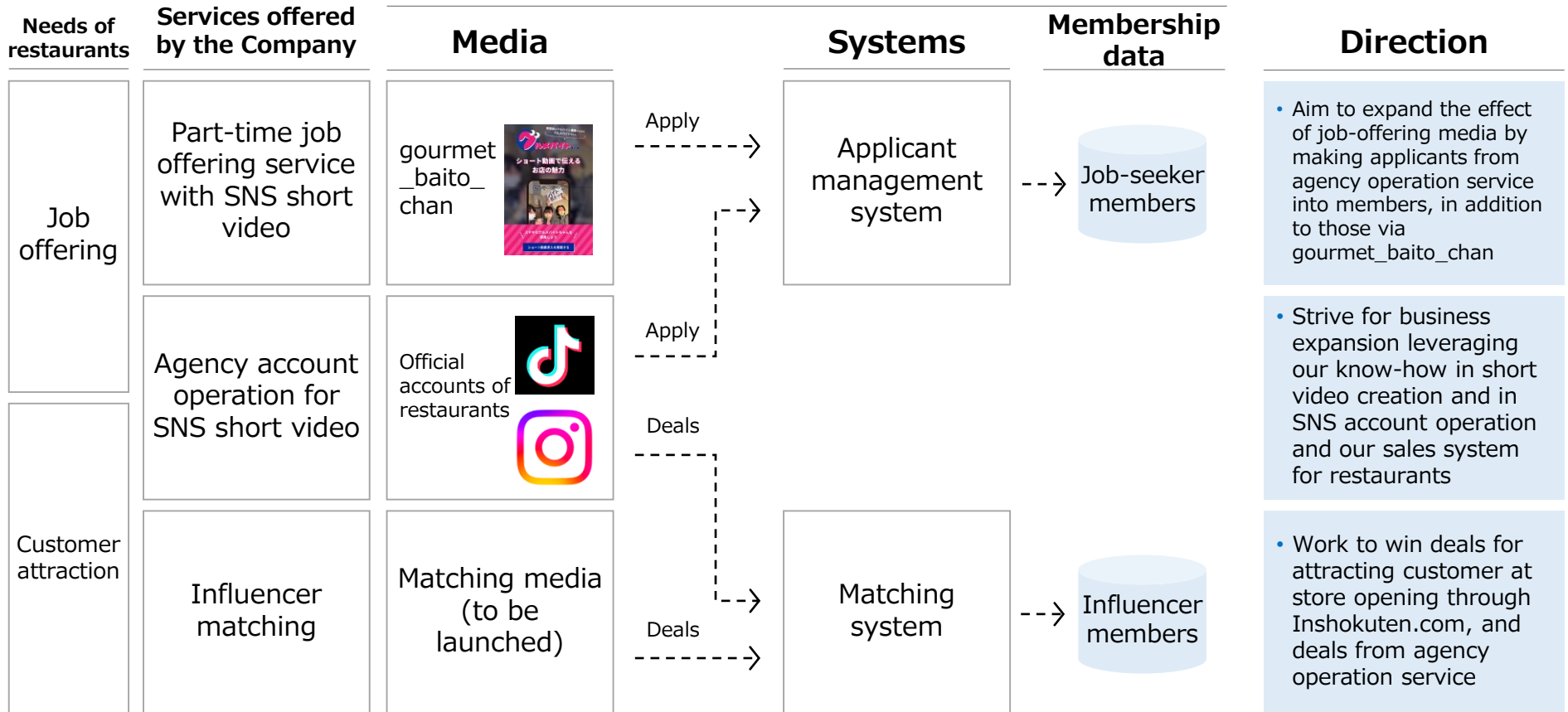
Tap into a part-time job recruitment market targeting all types of jobs for businesses of all sizes

※ 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: 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



Investment Policy for the Next Two Years

Plan a net increase in personnel by about 50 across the company in two years
Ratio of advertising costs to consolidated revenue will rise to 10%-15%


New areas	Allocate resources to SNS video area	<ul style="list-style-type: none">• Recruit sales personnel for major restaurant companies and staff for video creation/editing• Utilize SNS external consultants and job consignment
	Strengthen development/product systems	<ul style="list-style-type: none">• Plan a net increase in engineers/directors/designers of about 20 in total in two years• Expenses for building a flexible development system, including the use of offshore development
Existing areas	Strengthen sales system	<ul style="list-style-type: none">• Plan a net increase in sales personnel of about 20 in total in two years
	Allocate more advertising costs	<ul style="list-style-type: none">• Significant increase in advertising costs due to a rapid rise in advertisement posted on other companies' media• Utilize new SNS advertisement to acquire job seekers

Summary of Business Acquisition (1) Naisokenchiku.com

Acquired the Naisokenchiku.com business from SHELFY Co., Ltd.
As the business is highly compatible with our store design service, we aim for further business expansion

※ As announced in the “Notice of business acquisition” on April 17, 2023, we acquired the interior furnishing service matching business on April 20, 2023.

Summary of Business Acquisition

Company name	SHELFY Co., Ltd.
Business subject to acquisition	<ul style="list-style-type: none"> Naisokenchiku.com, a platform to match clients wishing to open/renovate stores with interior furnishing service providers engaged in design/construction; its owned media TenpoHACKS 
Representative	Roy Shunki
Established	June 2014
Schedule	Date of business acquisition: April 20, 2023

Differences between the business model acquired and the Company’s service

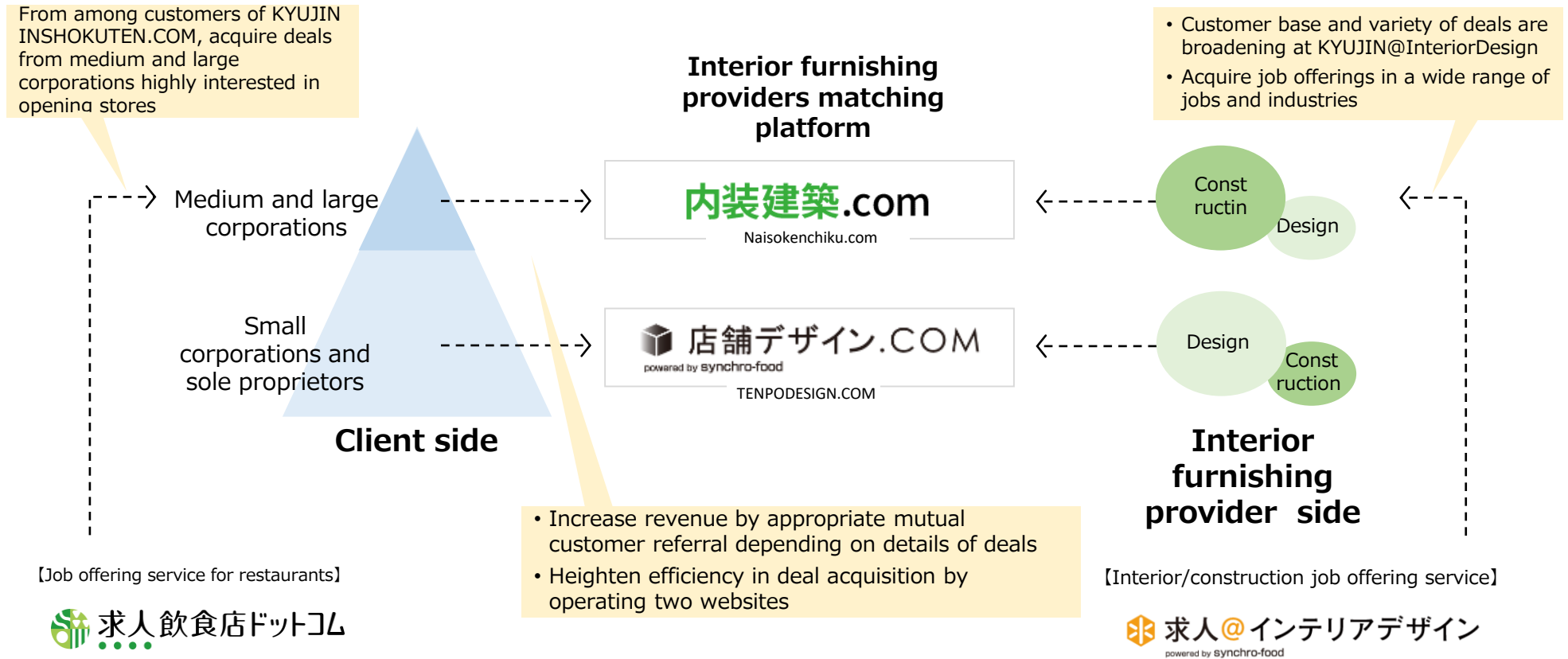
- Clients wishing to open/renovate stores register their store opening plans with the matching platform
- Naisokenchiku.com organizes requirements and delivers a notification to interior furnishing service providers engaged in design/construction
- Receive entry fee and closing fee for deals from interior furnishing service providers (1-3% of the deal value)



Clients	Mainly sole proprietors and small corporations	Mainly medium and large corporations
Deal size	Mostly less than 10 million yen	Majority is 10 million yen or higher
Deal acquisition channel	100% via website	Referral or via sales
Characteristics of registered interior furnishing providers	Strong in design companies	Strong in construction companies

Summary of Business Acquisition (1) Expected Synergies

In addition to mutual customer referral and higher efficiency in deal acquisition in the interior furnishing service matching, great synergy is expected with our job offering services



Summary of Business Acquisition (2) Food Accounting Association

Wit Co., Ltd. acquired the entire business of Food Accounting Association, a general incorporated association

Aim to generate synergies based on a network of tax accountant firms

※ As announced in the “Notice regarding the business acquisition by a consolidated subsidiary of the Company” on May 12, 2023, the business is scheduled to be acquired on June 1, 2023.

Summary of Business Acquisition

Entity name	General Incorporated Association Food Accounting Association
Overview of the association	<ul style="list-style-type: none"> Composed of tax accountant firms helping restaurants thrive in business Provide support for preparation of promotional goods and hold seminars/consultation meetings for clients of tax accountant firms
Representative	Hideki Wakao
Established	February 2016
Schedule	Date of business acquisition: June 1, 2023 (scheduled)

Line of business and future outlook

Line of business	<ul style="list-style-type: none"> Prepare promotional goods (for clients of tax accountant firms) <ul style="list-style-type: none"> ✓ Menus, handbills and flyers, etc. Help tax accountant firms develop new clients Hold seminars/consultation meetings <ul style="list-style-type: none"> ✓ For clients of tax accountant firms ✓ For financial institution clients
Future outlook	<ul style="list-style-type: none"> Expand the scheme of mutual customer referral <ol style="list-style-type: none"> From Tax accountant firms to Wit <ul style="list-style-type: none"> ✓ Collaboration and closing in M&A deals From Wit to tax accountant firms <ul style="list-style-type: none"> ✓ Launch “Inshokuten.com Find Your Tax Consultant” service (β edition) Expand the number of registered members

Service Development Utilizing Generative AI

Started a service development project with the use of generative AI in April 2023

※ See “Inshokuten.com started service development using generative AI” on April 21, 2023



FY2023 Objectives

Surely implement the 5 business strategies
Focus on synergy generation from the 2 businesses we acquired

1

Surely implement the new Medium-Term Management Plan

- Carry out the updated five business strategies without delay
- Make sure to implement strategic investment
 - ✓ Recruit personnel and allocate resources, which are prerequisite for the business growth
 - ✓ Soaring advertising costs need to be thoroughly monitored

2

Promote efforts toward dynamic growth

- Appoint and promote dedicated personnel tasked with formulating long-term strategies and M&A strategies
 - ✓ Strengthen sourcing, execution and PMI in M&A and partnering
- Promote projects to study generative AI
 - ✓ Aim to apply in services and streamline the in-house operations

FY2023 Full-year Forecast

Aim to achieve the earnings forecast while making active investments
To satisfy the Prime Market criteria, we must maintain the volume of each profit

(Million yen)	FY2022 Full-year Results (Consolidated)	FY2023 Full-year Forecast (Consolidated)	Year on Year
Revenue	2,930	3,500	+19.4%
Operating Profit	876	1,000	+14.1%
Recurring profit	878	1,000	+13.9%
Net Income Attributable to Owners of Parent	628	700	+11.4%

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

Content

1. FY2022 Results
2. Overview of Each Business Segment
3. Review of FY2022
4. Update of Medium-Term Management Plan
5. Appendix

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)



History

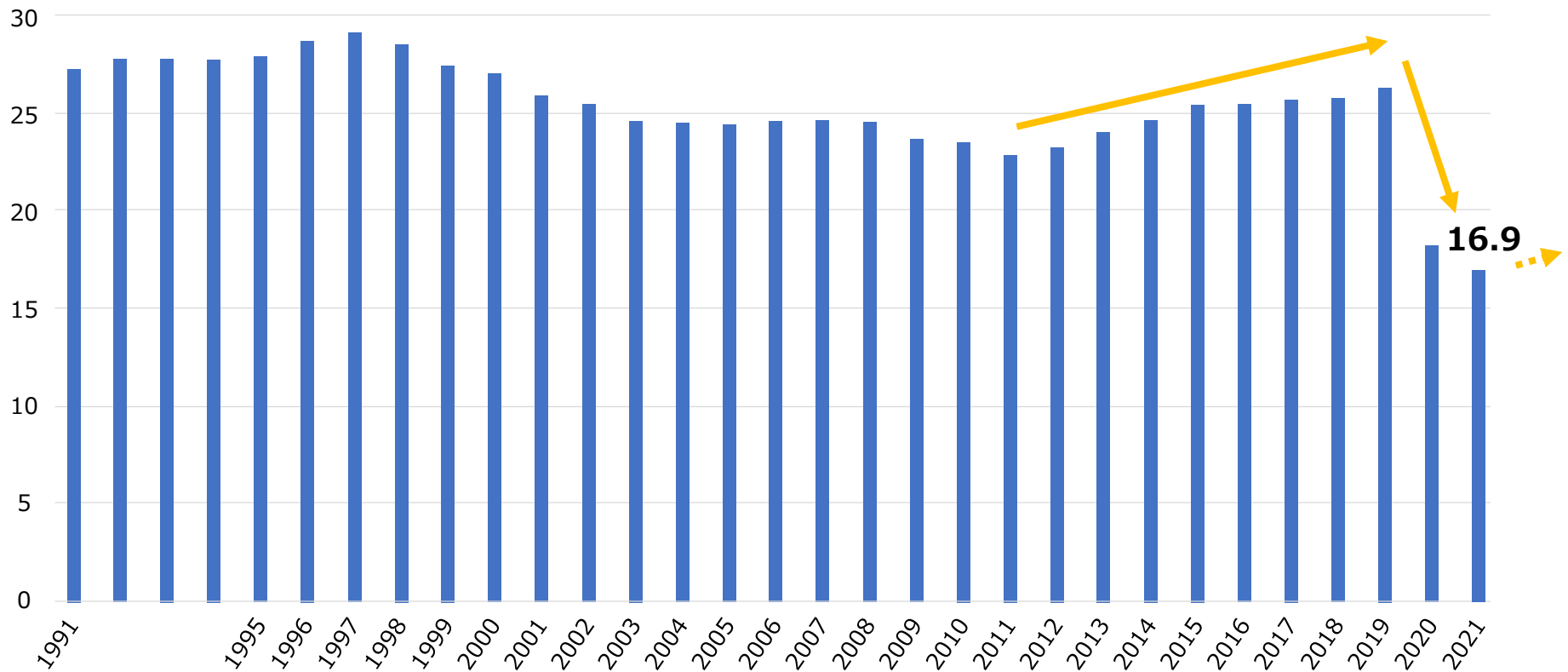
2003	Apr	Established Synchro Food Co., Ltd.
	Sept	Started running a restaurant operations support site "Inshokuten.com".
2005	Mar	Created a recruiting site for interior decoration companies "Tenpodesign.com".
	Nov	Developed a recruitment information site for interior industry "Kyujin@interiordesing".
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)

Size of the Food Service Industry

The size of the food service industry was on an expansion trend from 2011 to 2019, but COVID-19 impact shrank between 2020 and 2021

Trend of estimation of the food service industry market size

(Trillion yen)

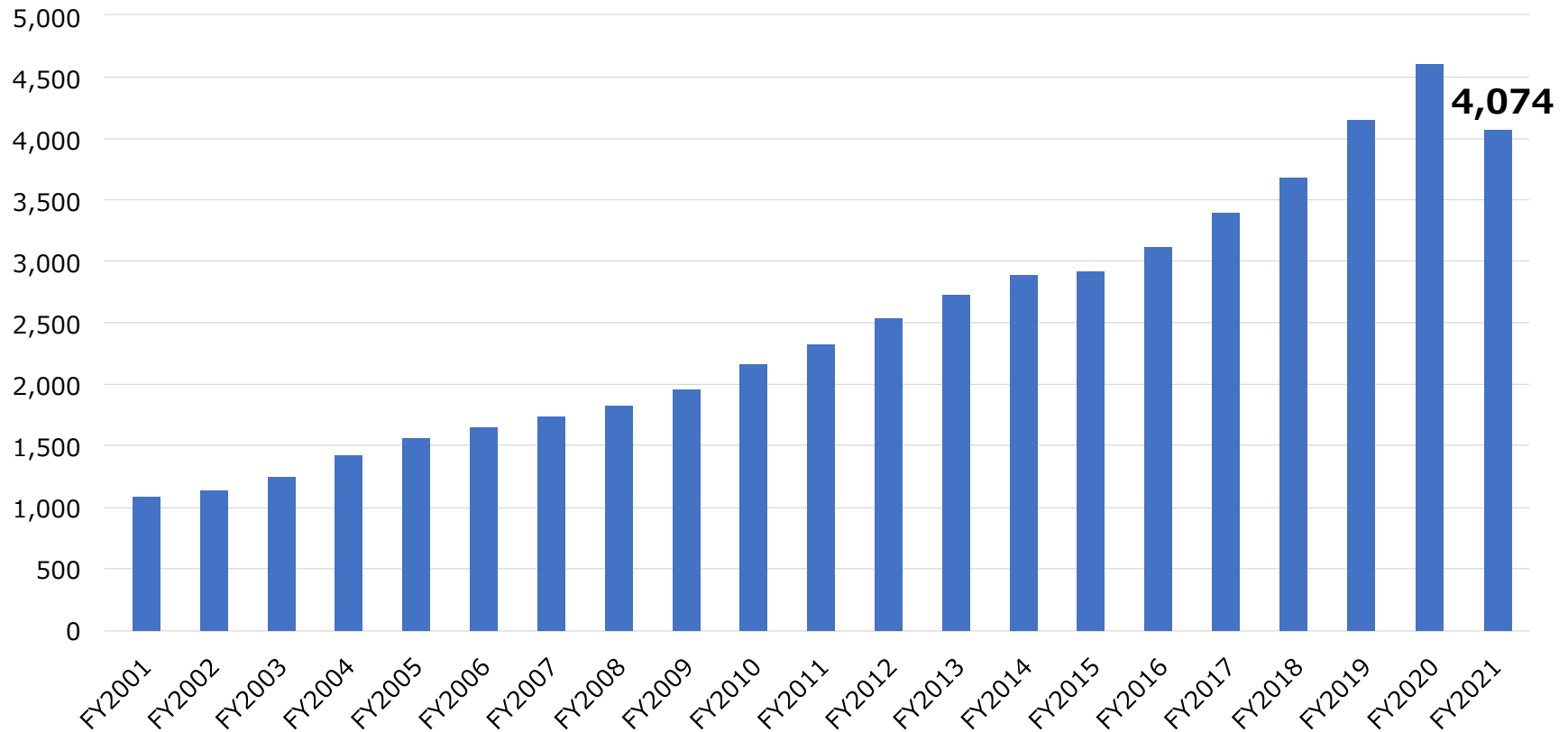


Source: "Trend of estimation of the food service industry market size" by Japan Foodservice Association

The Number of Business Permits for Mobile Shop Truck

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

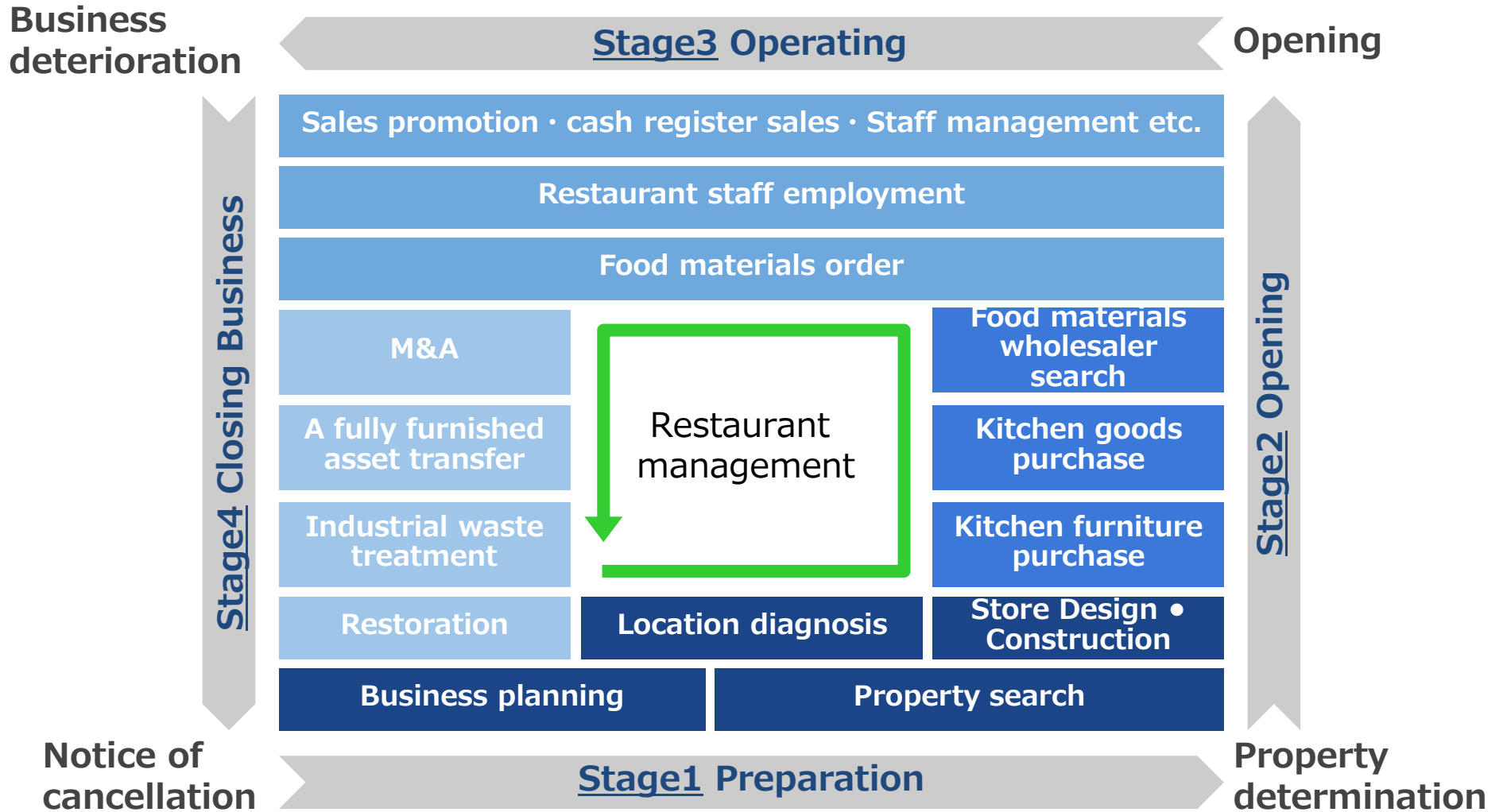
■ Trend of the number of business permits for mobile shop truck in Tokyo (Unit)



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

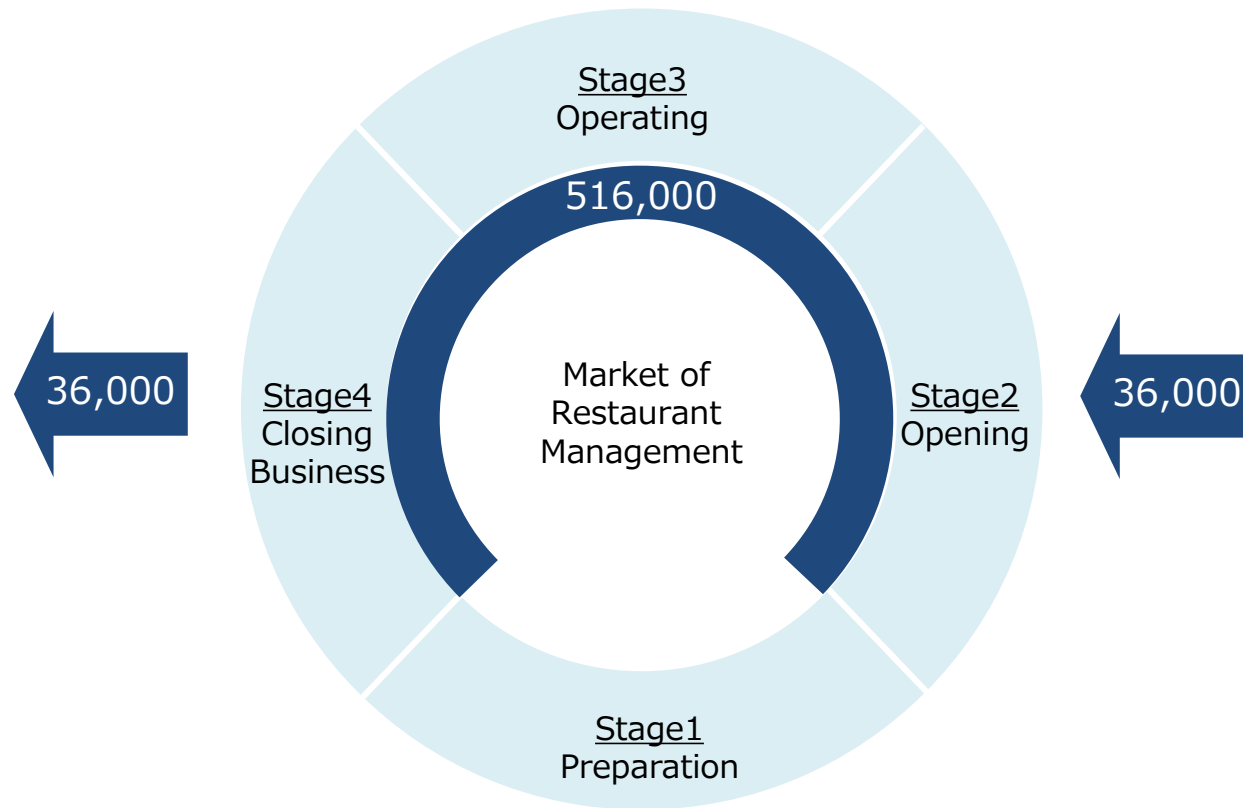
Stage of restaurant management

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

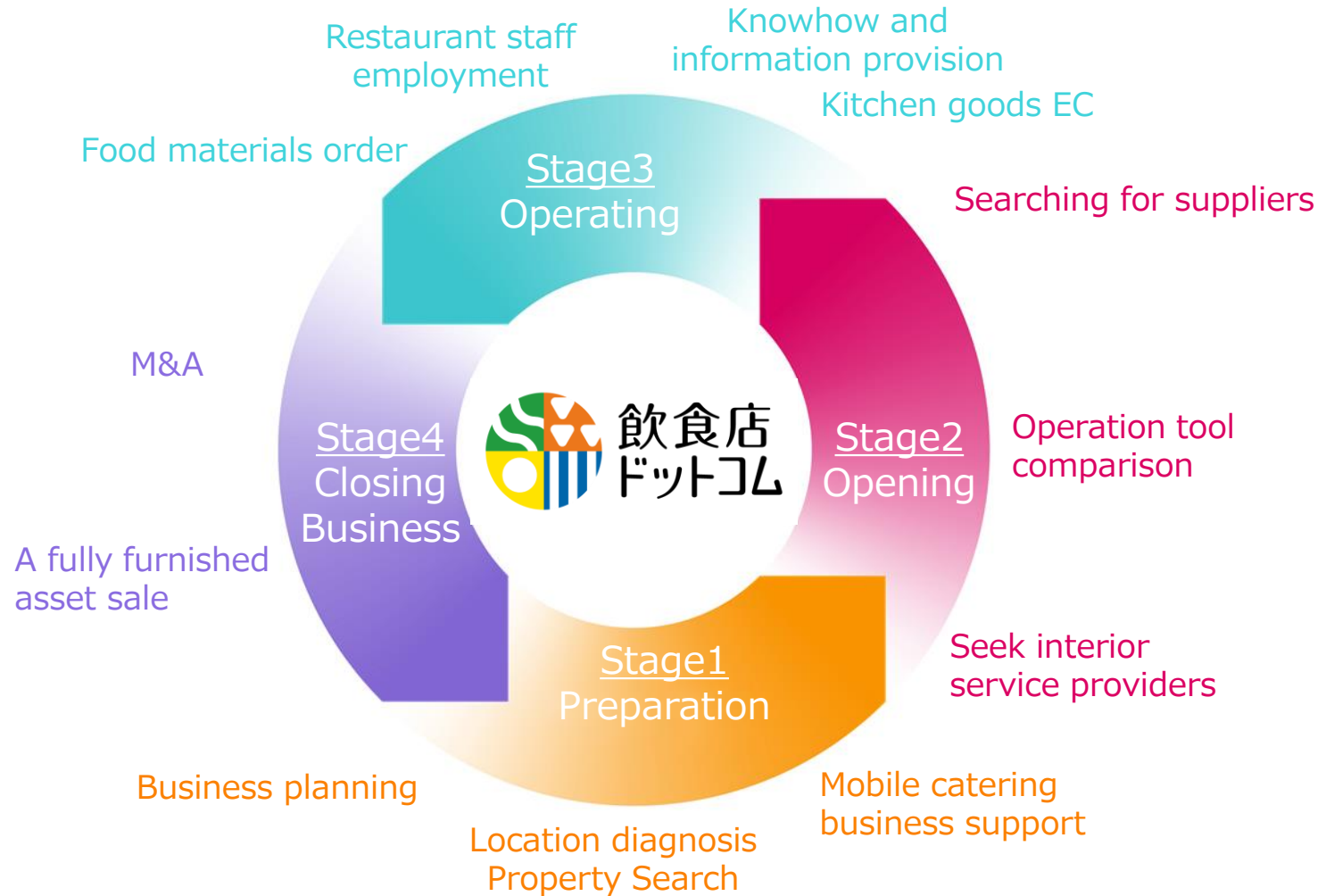
FC Comparison is a website to match restaurant owners/those who plan to open a store with franchise business headquarters.

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.

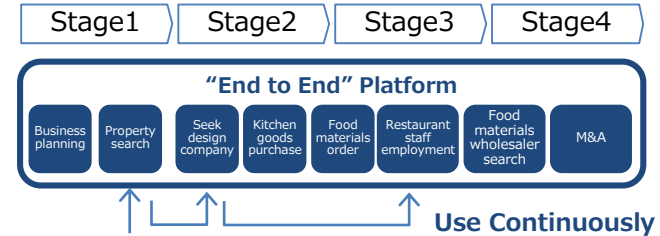


Our Strengths

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



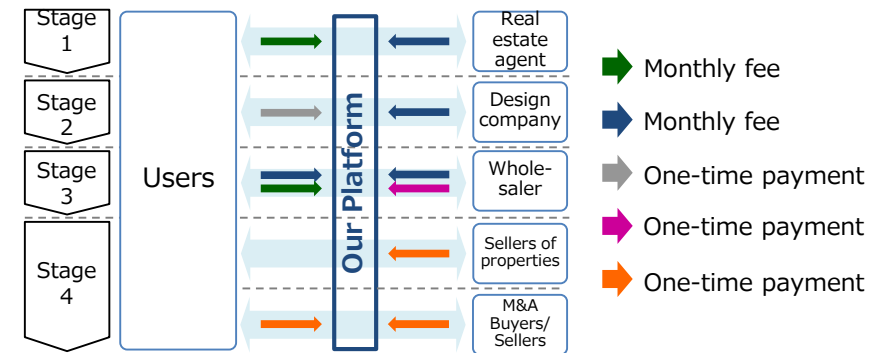
2 Profitability

- ✓ 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)



Sustainability Policy

The corporate website was entirely renewed on which our sustainability policy is published.

<https://www.synchro-food.co.jp/sustainability> (Japanese only)

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.**

Key Themes and SDGs Objectives

Roles to play for society

- Opening opportunities for restaurants to take on challenges
 - ✓ Store property search
 - ✓ TENPODESIGN.COM
 - ✓ KYUJIN@INSHOKUTEN.COM
 - ✓ Inukijyouhou.com



Initiatives for regional revitalization

- Regional revitalization using food trucks
 - ✓ Mobimaru



Creating a rewarding workplace

- No other management resources are as important as human resources.
- Aiming to be a company where various personnel can work actively regardless of their gender and age



Initiatives to reduce environmental burden

- Measures to reduce environmental burden, support for restaurants' sustainable management
 - ✓ Paperless
 - ✓ CO2 reduction
 - ✓ Inukijyouhou.com
 - ✓ Restaurant M&A



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

	FY2021	FY2022
Nationwide	8.4%	10.7%
Tokyo	26.4%	31.8%
Osaka	13.7%	17.3%
Aichi	6.2%	8.1%
Kanagawa	13.7%	17.9%
Fukuoka	4.3%	7.1%
Hyogo	8.9%	11.2%
Hokkaido	0.7%	1.9%

※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.

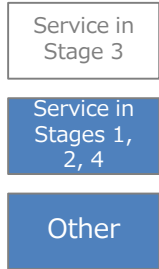
Revenue for FY2024

3,050 million yen



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.



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



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

Business Strategy (3) Promoting and expanding the mobility service

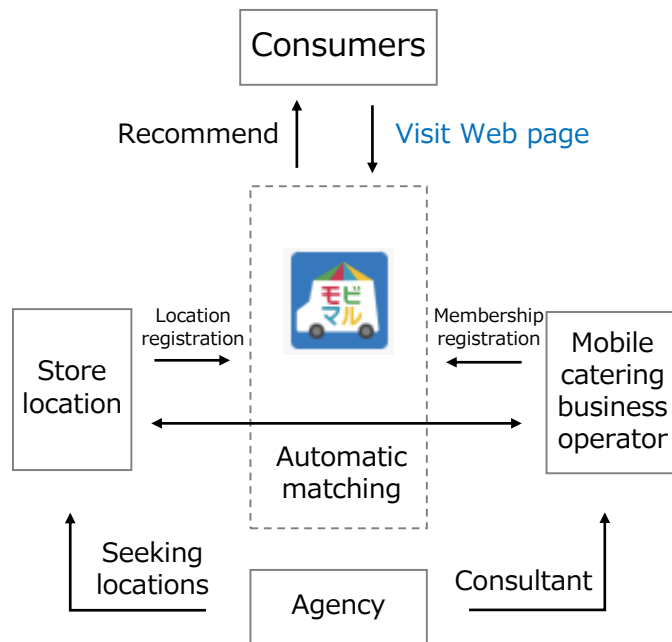
- The number of inquiries on the mobility service has increased as the food and drink businesses are more diversifying.
 - ✓ Expanding profits with automatic matching of locations with mobile catering business operators, as well as transformation to the industry's first subscription model
 - ✓ Expanding 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 260,000 user accounts, has a significant value in mediation.

Service in Stage 3

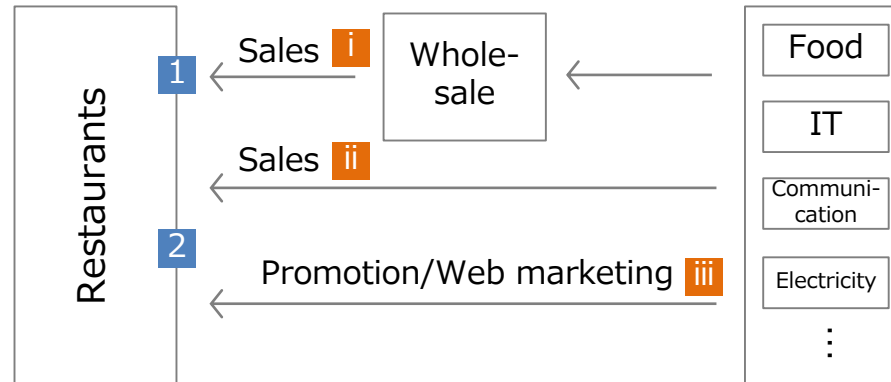
Service in Stages 1, 2, 4

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 260,000 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

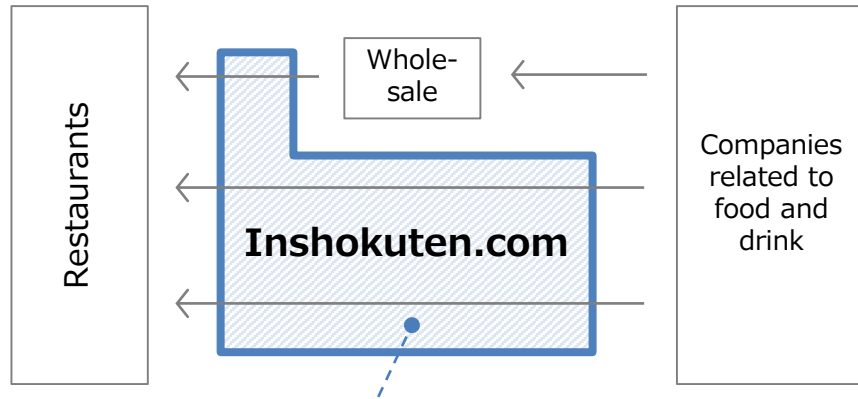
Service in Stage 3

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

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

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

Revenue for FY2024

200 million yen

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.