

Synchro Food Corporation

FY2016 Third Quarter Financial Results

FY2016 Third Quarter Financial Results Briefing Materials

February 2017 Synchro Food Co., Ltd. <3963>



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4 Growth Strategy

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| | |
|--------------------|--|
| Company Name | Synchro Food Co., Ltd. |
| Representative | President and CEO Shinichi Fujishiro |
| Established | April 24, 2003 |
| Head office | 7F, SouthOne Bldg. 1-7-8, Ebisu Minami, Shibuya-ku, Tokyo, 150-0022, Japan |
| Osaka sales office | Kita-ku, Osaka-shi |
| No. of employees | 47 (as of the end- January 2017) |
| Business | Producing and running a media platform for restaurant owners and related businesses |

“Connecting the World of Food”

Our management philosophy is “to connect the world of food,” and “connect people within the food industry”.

Our company and its name originate from this philosophy and drive to “synchro-nize” the people in the world of food and bring them to a new level of happiness.

While the food and drink industry in Japan has relatively more employed workers, labor productivity leaves much room for improvement, because it is far below the level of productivity in the United States. (Source: “Productivity of service industry”, Cabinet Office, April 18, 2008)

Within these circumstances, we maximize the power of the Internet and technology and synchronize “Humans, Things, and Services” with the right timing for opening and operating and closing a restaurant.

We believe that by continuing to provide the necessary services from people involved in food, we can improve the food industry’s labor productivity and contribute to further development and growth of the industry as a whole.

President and CEO

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 Business Department

Yasuhito Ohsuga

- Jun.1999 Joined Andersen Consulting
(currently Accenture Japan Ltd)
- Apr.2003 Director of Synchro Food Co., Ltd.(current office)

Director & Chief of Operating for the Administrative Department

Masaki Morita

- May.1999 Joined Consulting(currently Accenture Japan Ltd)
- Apr.2003 Outside Director of Synchro Food Co., Ltd.
- Apr.2015 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)

Audit & Supervisory Board Member

Noboru Nishioka

- Apr.1971 Joined SEIYU Store Ltd.(currently Seiyu GK)
- Sep.1987 Joined FamilyMart Co., Ltd.
- Mar.2001 Member of the executive office, Joined FamilyMart Co., Ltd.
- May.2004 Member of the standing statutory auditors,
Joined FamilyMart Co., Ltd.
- May.2010 Member of the advisory, Joined FamilyMart Co., Ltd.
- May.2011 Member of the advisory, Total Marketing DS Ltd.
- Nov.2011 Member of the Outside director, Total Marketing DS Ltd.
- Jun.2015 Audit & Supervisory Board Member of
Synchro Food Co., Ltd.(current office)

Outside Audit & Supervisory Board Member

Yasutomo Inoue

- Apr.1999 Joined Takahashi Sogo Office
- Apr.2011 Established Nagahama, Mizuno & Inoue(current office)
- Sep.2015 Audit & Supervisory Board Member of
Synchro Food Co., Ltd.(current office)

Outside Audit & Supervisory Board Member

Toshihide Nakayama

- Mar.1991 Joined Deloitte Touche Tohmatsu
(currently Deloitte Touche Tohmatsu LLC)
- Apr.1996 Temporary transfer Japan Securities Dealers Association
- Jun.2000 Joined PwC Consulting Ltd.(currently IBM Japan, Ltd.)
- Sep.2002 Joined Ernst & Young Global Ltd
- Nov.2005 Joined GlobalBrain Ltd.
- Jun.2009 Established mglobal Ltd.(current office)
- Feb.2010 Established Toshihide Nakayama Accounting
(current office)
- Jun.2013 Audit Member, ESCRIT INC.(current office)
- Jun.2015 Audit Member,
Fivestar Asset Management CO.,LTD(current office)
- Jun.2016 Audit & Supervisory Board Member of
Synchro Food Co., Ltd.(current office)

Since our establishment, we have developed multiple media services.

- | | | |
|------|------|--|
| Apr | 2003 | Established Synchro Food Co., Ltd. |
| Sept | 2003 | Started running a restaurant operations support site "Inshokuten.com". |
| Mar | 2005 | Created a recruiting site for interior decoration companies "Tenpodesign.com". |
| Nov | 2005 | Developed a recruitment information site for interior industry "Kyujin@interiordesing". |
| Oct | 2006 | Launched a recruitment information site for food and drink industry "Kyujin@inshokuten.com". |
| Sept | 2007 | Launched a commercial real estate purchase price assessment site "Inukijyouhou.com". |
| May | 2011 | Launched a recruitment information site specialized in KANSAI area "Kyujin@inshokuten.com". |
| Sept | 2013 | Added an ingredients supplier locator section to Inshokuten.com site "Shokuzaishiiresakisagashi". |
| May | 2015 | Launched WEB magazine "Foodist Media". |
| Oct | 2015 | Launched a property information site specialized in KANSAI area "Inshokuten.comtenpobukensagashi". |
| Mar | 2016 | Released food material order system "Place Orders". |
| Dec | 2016 | Started the TOKAI version of our recruitment information site "Kyujin@inshokuten.com". |

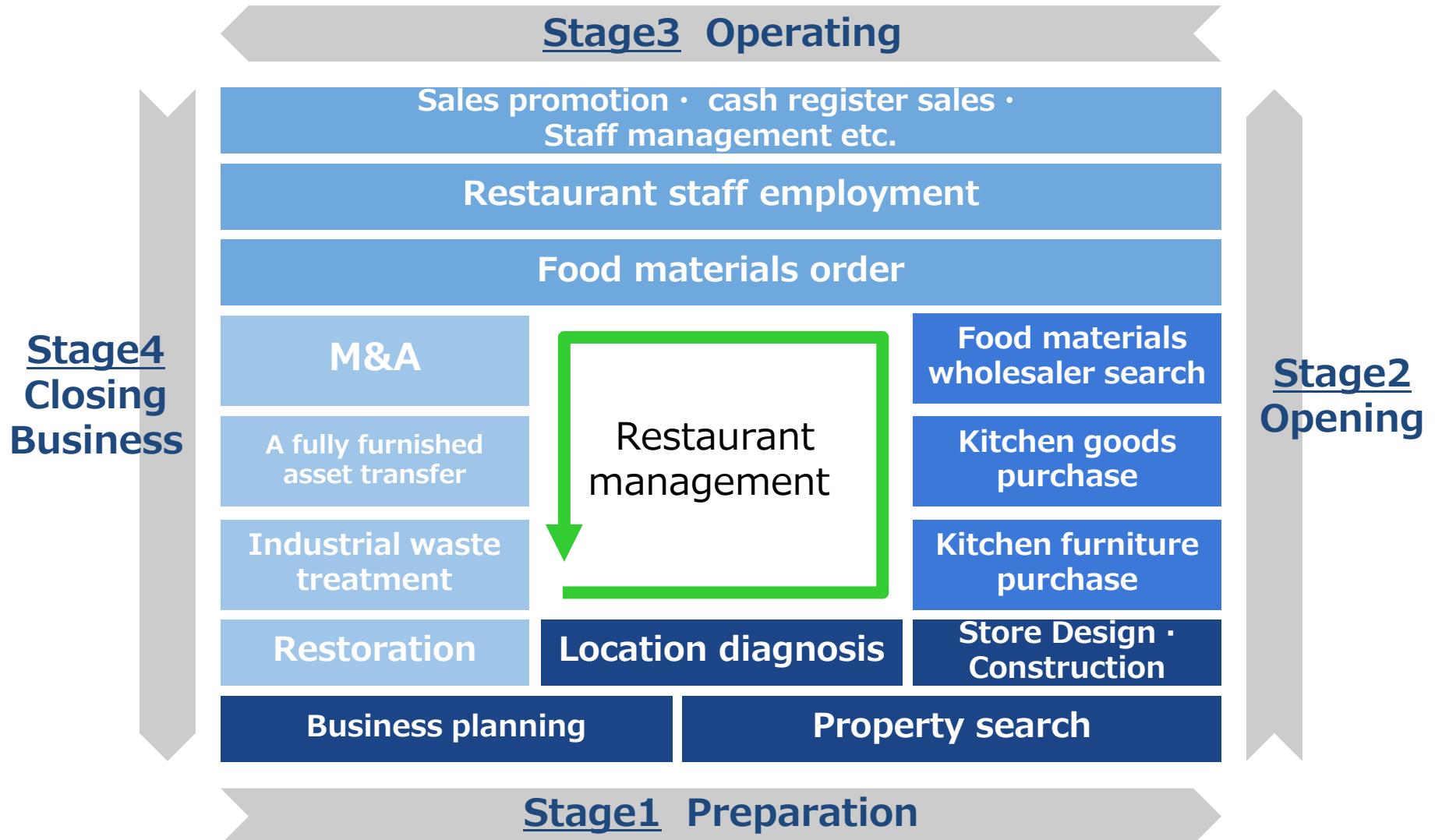
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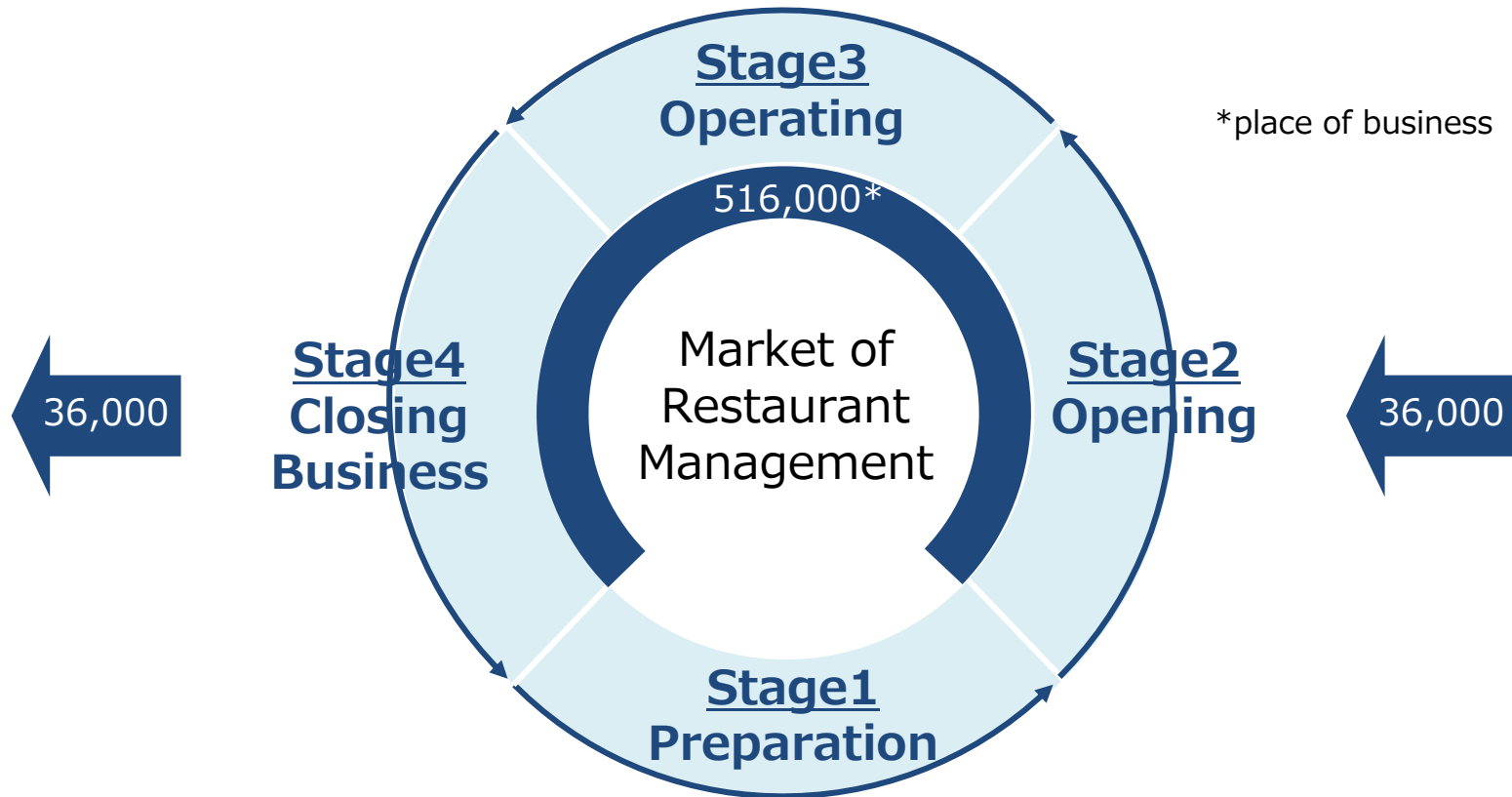
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4 Growth Strategy

There are 4 Stages of restaurant management.



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



*1 Source: Ministry of Internal Affairs and Communications "economic research"2014.

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.

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.

INSHOKUTEN.COM SHOKUZAISHIRESAKISAGASHI

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.



PlaceOrders

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



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.

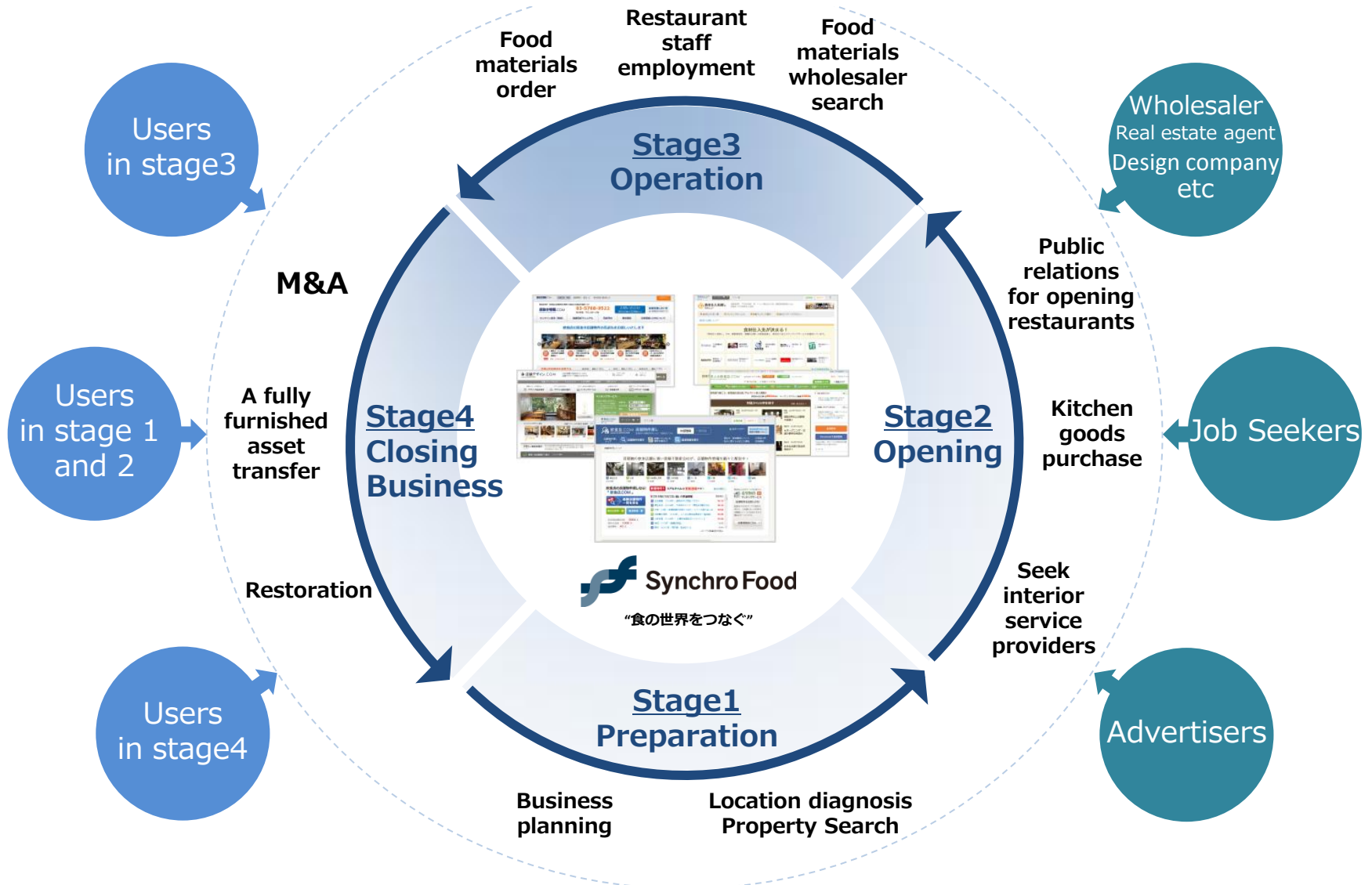


Foodist Media

Foodist Media distributes media distributing important food and drink trends and information to various people involved in the food industry.



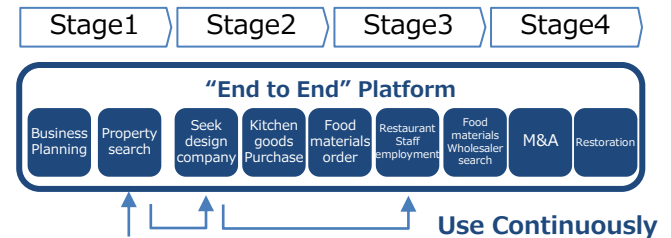
We provide “end-to-end” restaurant management services.
B2B Platform for restaurant management



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



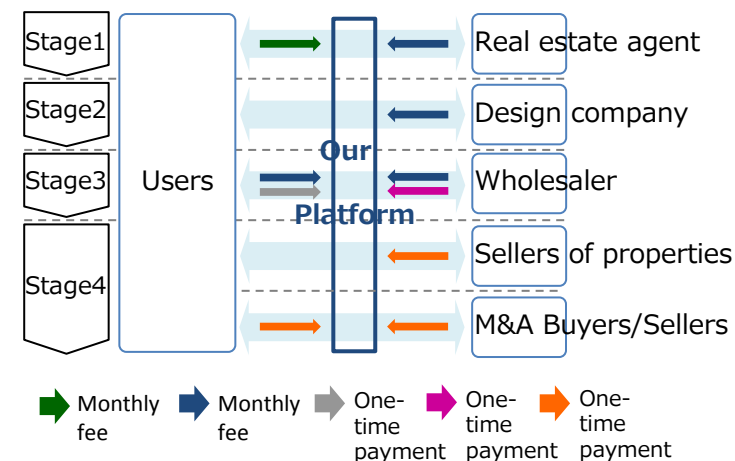
2 Profitability

- 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)



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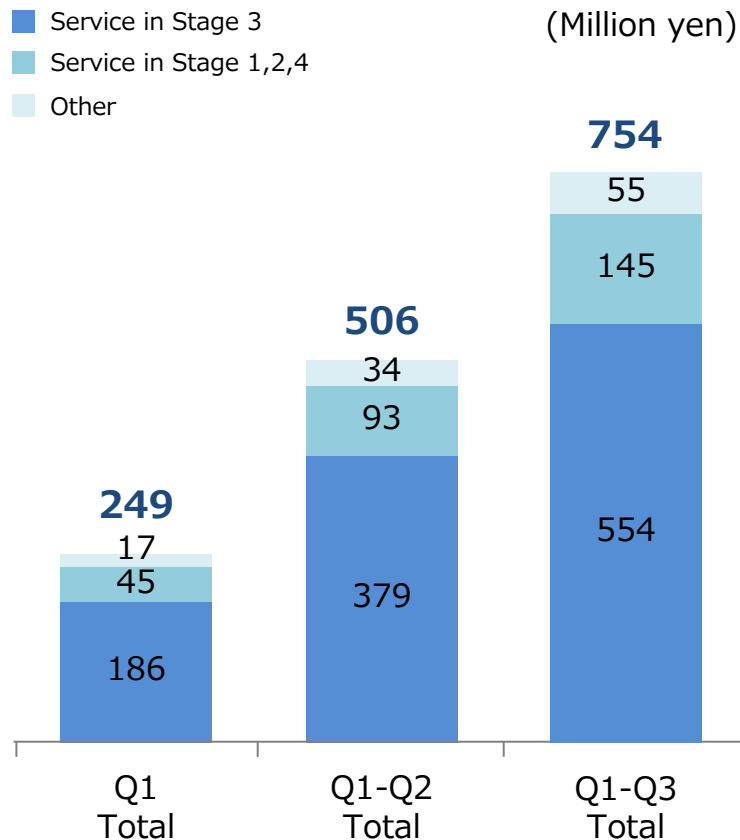
Revenue and operating profit have increased steadily each year.
We are fully on schedule for reaching our target figure.

| (Million yen) | FY16 Q1-Q3 Total Actual | Year On Year (※) | FY16 Q1-Q2 Total Actual | FY16 Q1-Q4 Total Target Figure | Progress Rate |
|-------------------------|-----------------------------------|---------------------|-----------------------------------|--|------------------|
| Revenue | 754 | +23.9% | 506 | 1,013 | 74.5% |
| Gross Profit | 685 | — | 461 | — | — |
| SG&A | 368 | — | 241 | — | — |
| Operating Profit | 316 | +54.6% | 220 | 366 | 86.3% |
| Operating Profit Ratio | 41.9% | — | 43.4% | 36.1% | — |
| Recurring Profit | 289 | — | 197 | 341 | 84.8% |
| Net Income | 182 | — | 121 | 221 | 82.1% |

(※) reference purpose only

All services are progressing according to plan.

Trend of the revenue in FY2016



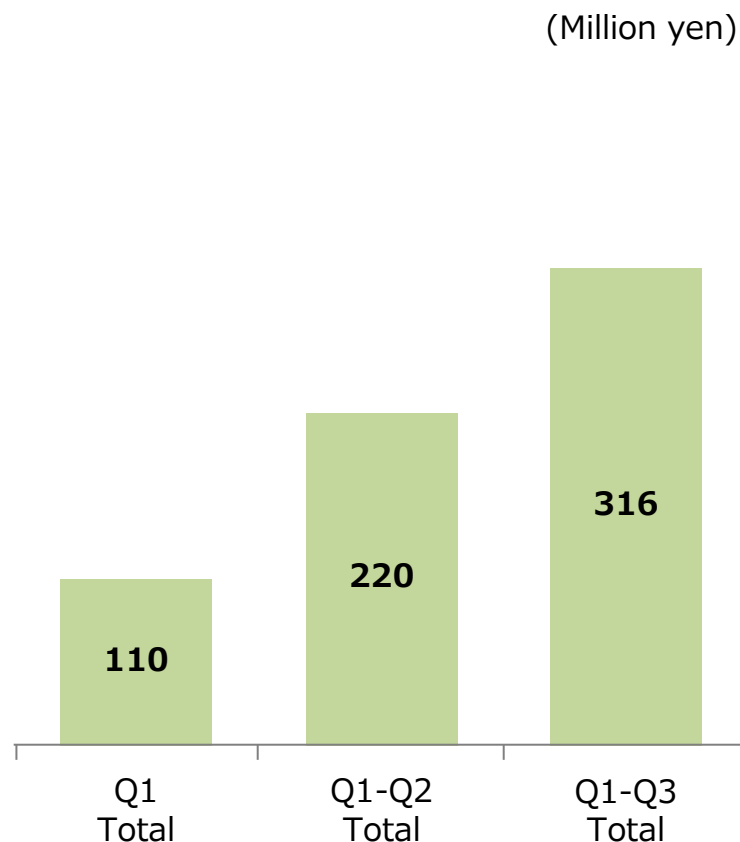
Topics in Q3

- | | |
|------------------|--|
| Existing Service | <ul style="list-style-type: none"> • Inshokuten.COM Bukken-navi(New App) • PlaceOrders(New App) • Bukken premium service (New function) |
| New Service | <ul style="list-style-type: none"> • Started collaborative development with Tokyo Institute Of Technology in using IoT Technology |
| Area Expansion | <ul style="list-style-type: none"> • Started restaurant M&A Service • Started the TOKAI version of our recruitment information site. "Kyujin@inshokuten.com" |

Revenue contribution in FY2017

Operating profit increased mainly due to top-line growth.

Trend of the operating profit in FY2016



Topics in Q3

- SG&A
 - Increased audit fees and Tokyo Stock Exchange fees
 - Increased personnel costs for hiring more staff
- Operating Profit
 - Operating profit increased mainly because of top-line growth

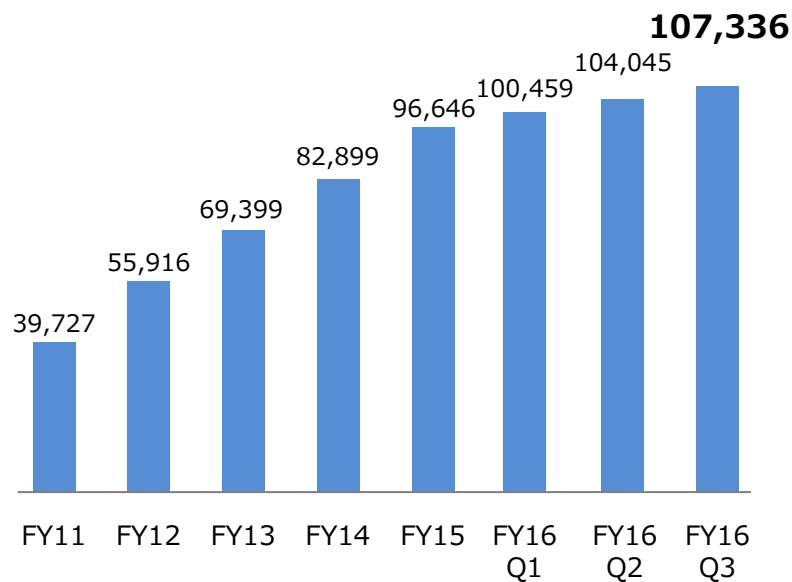
202 million yen increase in cash equivalents
by the over allotment executed on Oct. 28 2016.

| (Million yen) | Dec. 31, 2016 | Sep. 30, 2016 | Q on Q | Mar. 31,2016 |
|---------------------------|---------------|---------------|--------|--------------|
| Current Assets Total | 1,854 | 1,615 | +14.8% | 720 |
| Cash and Bank | 1,792 | 1,546 | +15.9% | 649 |
| Fixed Assets Total | 64 | 61 | +4.8% | 56 |
| Assets Total | 1,918 | 1,676 | +14.4% | 776 |
| Current Liabilities Total | 202 | 224 | -9.5% | 218 |
| Fixed Liabilities Total | 7 | 7 | +0.2% | 7 |
| Net Assets Total | 1,708 | 1,445 | +18.2% | 550 |

The number of both registered and paying users increased steadily.

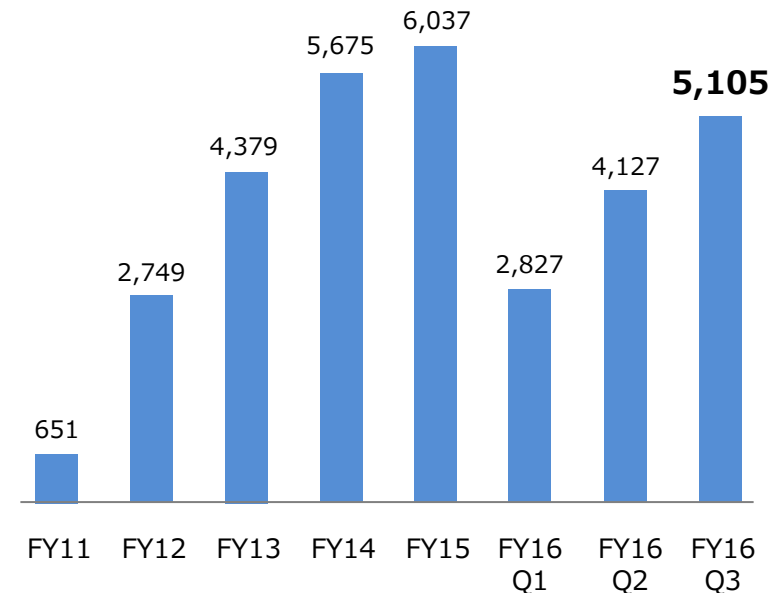
Trend of the Inshokuten.com Registered Users

※End of period (User accounts)



Trend of the paying Users

※Counts during the Period (User accounts)



(※) Kyujin@inshokuten.com Users, Bukken premium Users, and Inshokuten.com Users that purchased kitchen goods

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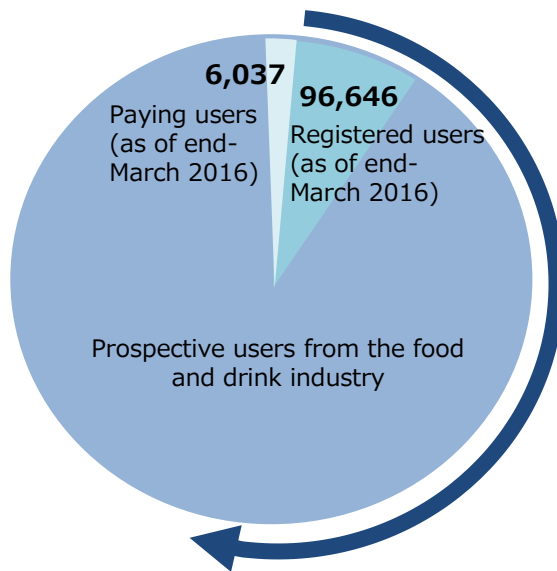
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All images show a massive amount of our company's growth potential.

User growth potential



Our paying users represent merely a tiny portion of the food industry as a whole.

Business and Job seekers growth potential

Store properties



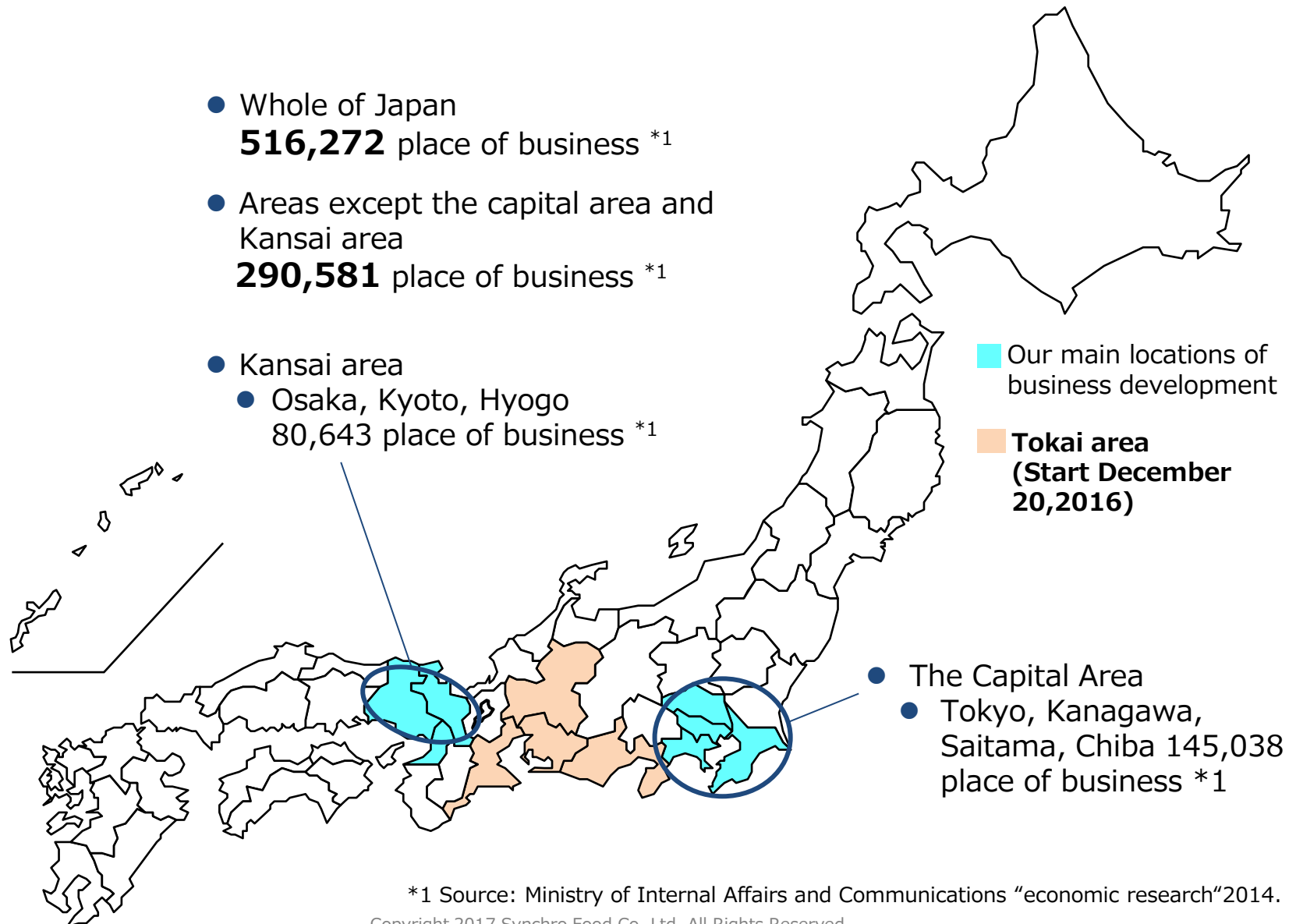
Number of shops in need of design services



Registered job seekers

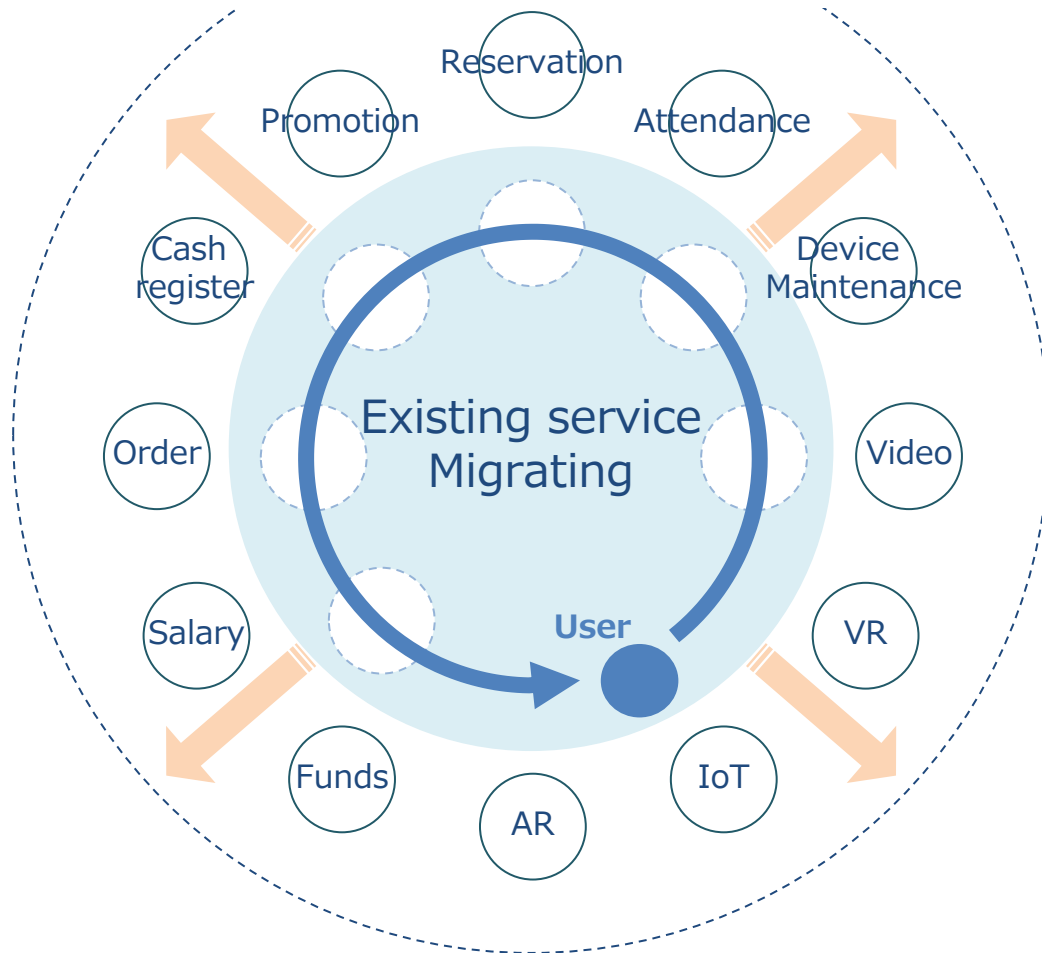


Great potential can be found in the rural area.



Adding new services to our platform is a catalyst for revenue growth.

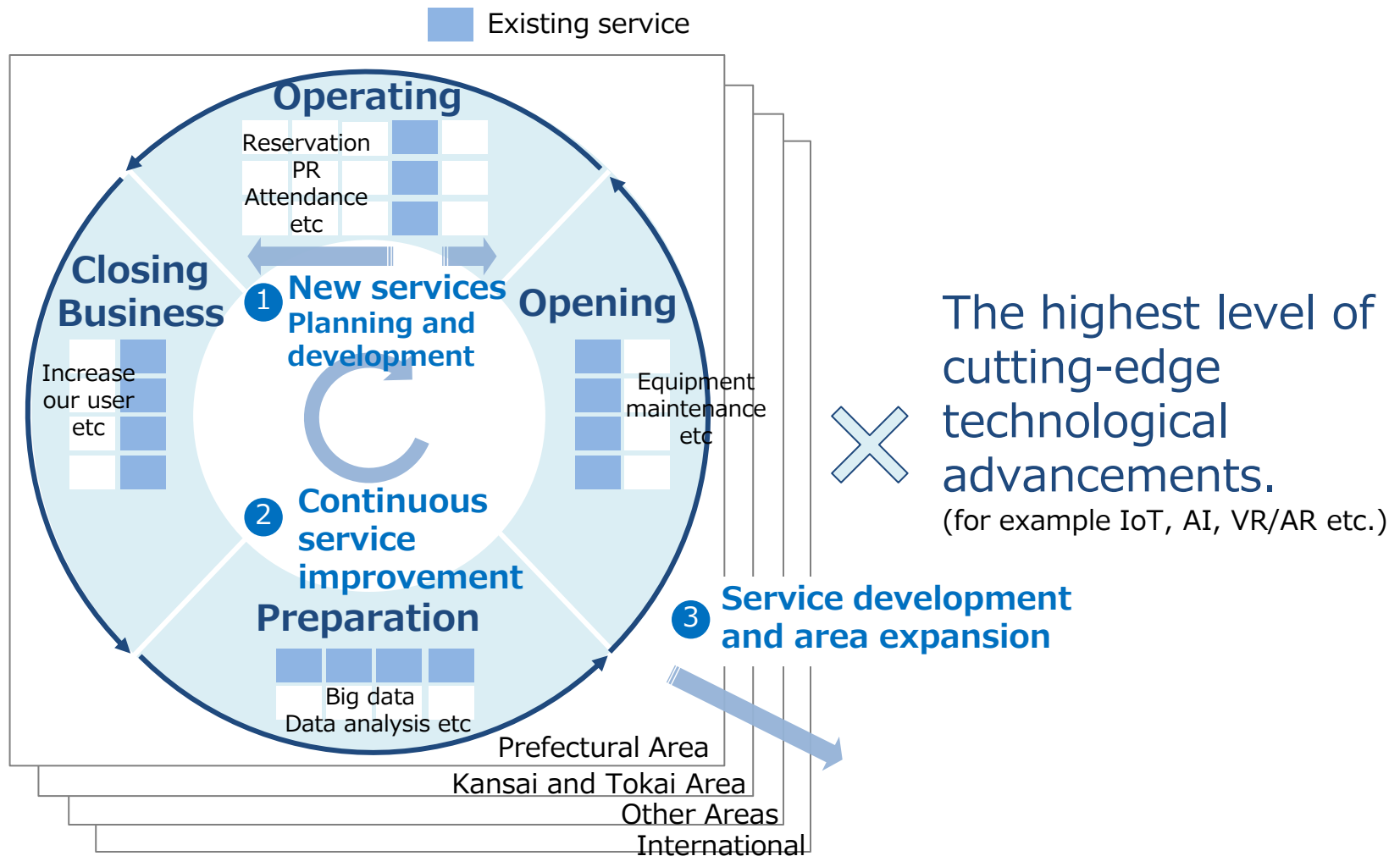
New media and additional deployment services



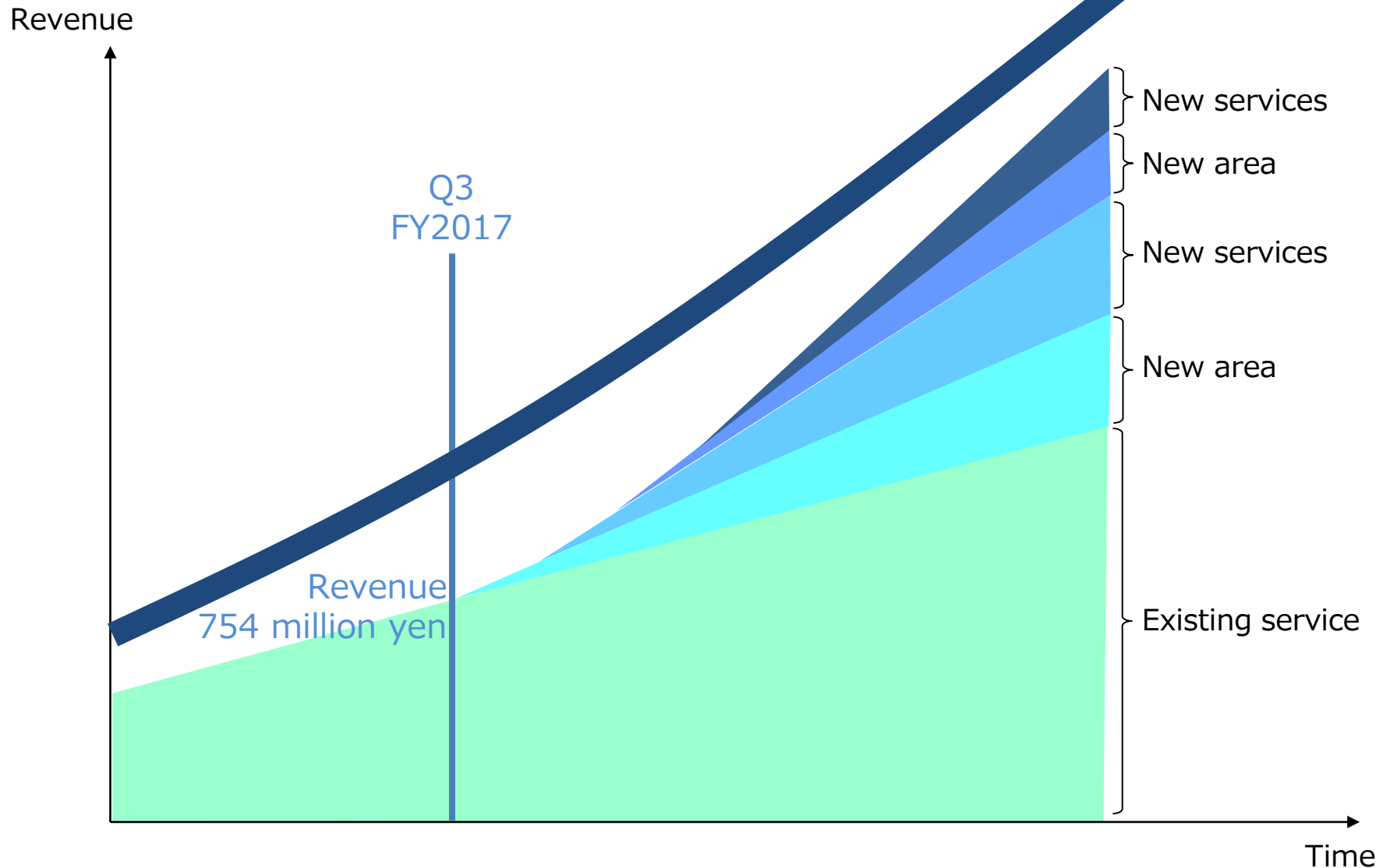
1. New free service development
2. User-base expansion
3. Conversions from free users to paying users

Our company has 13 years of monetization expertise.

We use 100% in-house service creation and development paired with the utilization of cutting edge technological advancements as a base for our 3 point growth strategy.



We can achieve exponential growth via a consistent expansion of services on our media platform.



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.