



Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2021
 <Japanese GAAP>

November 11, 2021

Company name: Retty Inc. Listing: Tokyo
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 Scheduled date of annual general meeting of shareholders: December 23, 2021
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 Preparation of supplementary materials for financial results: Yes
 Holding of financial results presentation meeting: Yes (for institutional investors and securities analysts)

(All amounts are rounded down to the nearest million yen)

1. Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2021 (from October 1, 2020 to September 30, 2021)

(1) Non-consolidated Operating Results (Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended September 30, 2021	1,938	(12.5)	(283)	—	(356)	—	(358)	—
Fiscal year ended September 30, 2020	2,215	(2.3)	(283)	—	(274)	—	(324)	—

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended September 30, 2021	(31.28)	—	(46.5)	(21.8)	(14.6)
Fiscal year ended September 30, 2020	(33.23)	—	(58.3)	(21.2)	(12.8)

(Reference) Equity in earnings of affiliated companies: Fiscal year ended September 30, 2021
 Fiscal year ended September 30, 2020
 _Million yen
 _Million yen

Notes: 1. Retty Inc. conducted an 8-for-1 stock split of common stock on March 10, 2020. "Basic earnings per share" are calculated on the assumption that the said stock split was implemented at the beginning of the preceding fiscal year.

- Diluted earnings per share for the fiscal year ended September 30, 2020, have been omitted, even though there are dilutive securities, as the average number of shares during the period could not be determined since the Company was not listed at that time and also it was a loss per share.
- Diluted earnings per share for the fiscal year ended September 30, 2021, have been omitted, even though there are dilutive securities, as it was a loss per share.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2021	1,727	1,114	64.5	95.80
As of September 30, 2020	1,533	429	28.0	40.45

Reference: Equity Fiscal year ended September 30, 2021 1,113 Million yen Fiscal year ended September 30, 2020 429 Million yen

Note: Retty Inc. conducted an 8-for-1 stock split of common stock on March 10, 2020. "Net assets per share" are calculated on the assumption that the said stock split was implemented at the beginning of the preceding fiscal year.

(3) Non-consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended September 30, 2021	(439)	(61)	671	629
Fiscal year ended September 30, 2020	(626)	(36)	731	459

2. Dividends

	Annual dividends					Total dividends Total	Payout ratio	Dividends to net assets
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended September 30, 2020	—	—	—	0.00	0.00	—	—	—
Fiscal year ended September 30, 2021	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending September 30, 2022 (forecast)	—	0.00	—	0.00	0.00		—	

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2022 (from October 1, 2021 to September 30, 2022)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,810	(6.6)	(764)	—	(770)	—	(772)	—	(66.43)

Note: The earnings forecasts for the fiscal year ending September 2022 were calculated based on the information regarding spread of COVID-19 the Company has obtained to date. For details, see “1. Overview of Business Results, etc. (4) Future Outlook” on page 3 of Accompanying Material.

*Notes

- (1) Changes in accounting principles and estimates, and retrospective restatement
- (a) Changes due to revision of accounting standards: None
 - (b) Changes other than in (a): None
 - (c) Changes in accounting estimates: None
 - (d) Retrospective restatement: None

(2) Number of shares outstanding (common stock)

(a) Shares outstanding at the end of the period (including treasury shares)	Fiscal year ended September 30, 2021	11,627,804 shares	Fiscal year ended September 30, 2020	10,612,504 shares
(b) Total number of treasury shares at the end of the period	Fiscal year ended September 30, 2021	121 shares	Fiscal year ended September 30, 2020	— shares
(c) Average number of shares outstanding during the period	Fiscal year ended September 30, 2021	11,462,197 shares	Fiscal year ended September 30, 2020	9,750,371 shares

Notes: 1. Retty Inc. conducted an 8-for-1 stock split of common stock on March 10, 2020. “Average number of shares outstanding during the period” is calculated on the assumption that the said stock split was implemented at the beginning of the preceding fiscal year.

*This report is exempt from the audit procedure by certified public accountants or accounting firms.

*Cautionary statement regarding forecasts of operating results and special notes

Forward-looking statements including earnings forecasts in these materials are based on information available to the management at the time this report was prepared and assumptions that management believes are reasonable, and do not represent a guarantee from the Company that they will be achieved. Actual results may differ significantly from these statements for several reasons.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Fiscal Year Under Review

The restaurant industry, to which the Company belongs, was hit hard by the increase in the number of COVID-19 patients since March 2020 and its outlook continues to be unclear. Under such circumstances, the number of monthly users of the Company's Retty restaurant review service continues to be affected by the impact of COVID-19 to a certain extent. Coupled with the damage to the restaurant industry, the FRM business supporting restaurants to attract customers through Retty and the advertisement and contents business, which posts ads on the Retty website and offers dining data to other companies, are also affected by the COVID-19.

The Fan Relationship Management (FRM) service also could not avoid the impact of the state of emergency and focused anti-infection measures, declared multiple times since January 2021, and the number of new paying member restaurants in the fiscal year under review totaled about 392. The number of member restaurants declined 1,380 from a year earlier to 8,350 as of the end of the fiscal year under review due to irregular cancellations of the trial contracts for large corporations led by izakaya (Japanese-style dining bars) chain operators caused by restaurant closures. Meanwhile, of the said decline of 1,380 restaurants, 1,172 were from the above trial contracts, while the decline in regular contracts, primarily for individual restaurants on which the Company has been focusing, was limited at 208, and the Company believes that it was able to stem the decline in the number of member restaurants despite the external environment where the state of emergency and focused anti-infection measures were repeatedly issued. The Company waived a total of 52 million yen in monthly fees from some restaurants which were forced to remain closed during the duration of the state of emergency and focused anti-infection measures.

As for advertisement and contents, the unit price of advertisement continued to decline since the declaration of the first state of emergency in April 2020. The number of users also showed a declining trend temporarily due to the impact of the state of emergency and focused anti-infection measures. In terms of expenses, measures to control various costs, including server expenses, were tightened further, facilitating optimized business efficiency. As a result, net sales totaled 1,938 million yen (down 12.5% year on year), cost of sales totaled 678 million yen (down 15.2%), and the selling, general and administrative expenses came to 1,543 million yen (down 9.2%).

In addition, the Company posted non-operating expenses of 75 million yen (up 1,576.8% year on year) due to the share issuance costs on issuing new shares for the listing of its stock on the Mothers section of the Tokyo Stock Exchange in October 2020 and allowance for doubtful accounts for loans to ZINEYOU, Inc., regarding which the Company made a timely disclosure on April 2, 2021, as well as interest expenses.

As a result of the above, the Company, in the fiscal year under review, reported an operating loss of 283 million yen (an operating loss of 283 million yen a year ago), an ordinary loss of 356 million yen (an operating loss of 274 million yen a year ago), and a net loss of 358 million yen (a net loss of 324 million yen a year ago). The Company has a single business segment, which operates Retty business, a restaurant review service with reviewers using real names, and therefore it omits description of business by segment.

(2) Overview of Financial Condition for the Fiscal Year Under Review

(Assets)

Current assets at the end of the period under review increased by 287 million yen compared with the end of the previous fiscal year to 1,422 million yen. This was mainly due to an increase of 169 million yen in cash and deposits as a result of an increase in cash and deposits from the issuance of new shares due to the listing of its stock on the Mothers section of the Tokyo Stock Exchange in October 2020 and the issuance of new shares in a third-party allotment to Daiwa Securities Co., Ltd. related to share sale in over-allotment as well as a decline in cash and bank deposits due to repayment of short-term borrowings. Non-current assets at the end of the period decreased by 93 million yen compared with the end of the previous fiscal year to 305 million yen. This was mainly due to a decrease of 82 million yen in the long-term prepaid expenses due to decreased long-term prepayment of sales fees to the Company's sales agents.

As a result of the above, total assets at the end of the period under review increased by 194

million yen compared with the end of the previous fiscal year to 1,727 million yen.

(Liabilities)

Current liabilities at the end of the period under review declined by 421 million yen compared with the end of the previous fiscal year to 334 million yen. This was mainly due to a decrease of 316 million yen in short-term borrowings and a decline of 145 million yen in accounts payable from payment of promotion expenses of the "Go To Eat" program posted in the previous fiscal year and payment of costs for building the framework for sales agents. In addition, the non-current liabilities at the end of the period under review declined by 69 million yen compared with the end of the previous fiscal year to 279 million yen. This was due to a decline of 69 million yen in long-term borrowings as a result of some long-term borrowings being transferred to current portion of long-term borrowings.

As a result of the above, total liabilities decreased by 490 million yen compared with the end of the previous fiscal year to 613 million yen.

(Net assets)

Net assets at the end of the period under review increased by 684 million yen compared with the end of the previous fiscal year to 1,114 million yen. The main factors were a 521 million yen increase in share capital, and another 521 million yen increase in capital surplus as a result of the new share issuance and a capital increase through a third-party allotment described above as well as a decline of 358 million yen in retained earnings from recording of net loss.

(3) Overview of Cash Flows for the Fiscal Year Under Review

Non-consolidated cash and cash equivalents (hereinafter the “Funds”) at the end of the fiscal year under review were 629 million yen.

The status of cash flows from operating, investing, and financing activities for the fiscal year under review and the underlying factors are explained below.

(Cash flows from operating activities)

Net Funds used in operating activities were 439 million yen. The main contributing factors are 356 million yen in loss before income taxes and a decline of 145 million yen in accounts payable.

(Cash flows from investing activities)

Net Funds used in operating activities were 61 million yen. This was mainly due to 55 million yen in expenditure from loans to ZINEYOU, Inc.

(Cash flows from financing activities)

Net Funds gained in operating activities were 671 million yen. This primarily owes to an increase of 1,032 million yen in the issuance of new shares due to the listing of its stock on the Mothers section of the Tokyo Stock Exchange and a decline of 316 million yen in short-term borrowings.

(4) Future Outlook

The impact of COVID-19 continues to affect the Company at present, but it believes that the number of customers visiting restaurants is gradually recovering as the state of emergency was cancelled. Moreover, with some uncertainties still remaining regarding the impact of COVID-19 on the external environment, the Company, while assuming a resurgence in COVID-19, in the next fiscal year, with a sixth wave through the winter of 2021, anticipates a recovery in restaurants’ sales promotion appetite from spring 2022, which in turn would fuel a recovery in the number of new member restaurants using the Company’s service. Based on this assumption, the Company expects net sales of 1,810 million yen (down 6.6% compared with the fiscal year under review), operating loss of 764 million yen (operating loss of 283 million yen in the fiscal year under review), and net loss of 772 million yen (net loss of 358 million yen in the fiscal year under review).

Regarding net sales, the Company has incorporated, in the net sales forecast, the increase in the number of new member restaurants driven by the rise in the number of people acquired through investment in sales agents and enhancement of the direct sales structure, in addition to an assumption of recovery in the number of new member restaurants along with improvement in restaurants’ appetite for sales promotion from spring 2022 as mentioned earlier. At the same time, the Company expects net sales to decline 6.6% compared with the fiscal year under review. This is primarily due to the facts that its core business of FRM business is a stock-type business based on accumulation of the number of member restaurants; that it takes a certain period of time for the number of member restaurants to recover to the level of the beginning of the fiscal year under review assuming the sixth wave of infection expected in winter 2021, which could reduce the number of the member restaurants from 9,730 in the fiscal year under review to 8,350; and that the Company expects that an increase in the number of new member restaurants from investment would start contributing in the fourth quarter on considering hiring and education. Moreover, given the uncertainties regarding the timing of receiving the order for advertisement and contents from a large-scale client, the Company prepared a conservative sales plan taking into consideration a possibility that the sales plan from the order may be moved back to the fiscal year ending September 2023.

The Company expects operating loss to expand from 283 million yen in the fiscal year under review to 764 million yen in the next fiscal year, as the Company, in addition to the above-described net sales decline, makes investment worth 184 million yen including regular investment in sales agents and further strengthening of sales structure by enhancing the Company’s own direct sales system as well as investment of 282 million yen for enhancement of the development structure to enrich the Company’s service lineup and strengthen product attractiveness ultimately to maximize sales from the next fiscal year. The Company gives priority to maximizing sales in the medium to long term over the pursuit of short term profits, and it positions the next fiscal year as a period for implementing

investment for the said maximization of net sales. The above-described investment in sales staff and development structure does not directly result in an increase in net sales in the next fiscal year given the fact that the FRM business is stock business and that there is a certain period of time lag between investment in development structure and enhancement of product attractiveness. Even then, it believes the said investment will make significant contributions to growth of net sales from the fiscal year ending September 2023 on.

The above earnings forecast was prepared based on information available to the Company as of the announcement of this report and actual results may differ from the forecast figures due to various factors.

2. Basic Approach to the Selection of Accounting Standards

The Company does not prepare consolidated financial statements and it adopts the Japanese accounting standards by taking into consideration the burden of parallel disclosure in the Japanese and international accounting standards.

3. Non-consolidated Financial Statements and Notes

(1) Non-consolidated Balance Sheet

(Thousands of yen)

	As of September 30, 2020	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	459,205	629,158
Accounts receivable	244,938	278,964
Advances paid	64,973	124,197
Prepaid expenses	393,856	358,688
Other	9,264	57,525
Allowance for doubtful accounts	(37,417)	(25,770)
Total current assets	1,134,820	1,422,763
Non-current assets		
Property, plant and equipment		
Buildings	114,520	114,520
Accumulated depreciation	(15,804)	(21,980)
Buildings, net	98,715	92,539
Tools, furniture and fixtures	39,038	40,160
Accumulated depreciation	(28,189)	(30,349)
Tools, furniture and fixtures, net	10,849	9,811
Total property, plant and equipment	109,564	102,350
Intangible assets		
Software	3,496	1,779
Total intangible assets	3,496	1,779
Investments and other assets		
Distressed receivables	1,825	57,298
Long-term prepaid expenses	115,623	32,902
Leasehold and guarantee deposits	170,318	167,924
Other	10	10
Allowance for doubtful accounts	(1,825)	(57,140)
Total investments and other assets	285,951	200,994
Total non-current assets	399,011	305,124
Total assets	1,533,832	1,727,887

(Thousands of yen)

	As of September 30, 2020	As of September 30, 2021
Liabilities		
Current liabilities		
Short-term borrowings	346,000	30,000
Current portion of long-term borrowings	44,664	69,324
Accounts payable	201,791	55,963
Accrued expenses	20,531	38,647
Income taxes payable	530	21,307
Deposits received	16,652	16,652
Unearned revenue	42,151	10,811
Provision for bonuses	68,882	66,317
Other	14,431	25,381
Total current liabilities	755,634	334,407
Non-current liabilities		
Long-term borrowings	348,668	279,344
Total non-current liabilities	348,668	279,344
Total liabilities	1,104,302	613,751
Net assets		
Shareholders' equity		
Share capital	95,000	616,711
Capital surplus		
Legal capital surplus	658,279	1,179,991
Total other capital surplus	658,279	1,179,991
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(324,030)	(682,620)
Total other retained earnings	(324,030)	(682,620)
Treasury shares	—	(197)
Total shareholders' equity	429,249	1,113,884
Share acquisition rights	280	252
Total net assets	429,529	1,114,136
Total liabilities and net assets	1,533,832	1,727,887

(2) Non-consolidated Statement of Income

(Thousands of yen)

	Fiscal year ended September 30, 2020 (from October 1, 2019 to September 30, 2020)	Fiscal year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)
Net sales	2,215,551	1,938,488
Cost of sales	799,416	678,133
Gross profit	1,416,135	1,260,355
Selling, general and administrative expenses	1,699,610	1,543,459
Operating profit (loss)	(283,474)	(283,104)
Non-operating income		
Interest income	19	23
Subsidy income	13,761	1,941
Recoveries of written off receivables	125	30
Other	—	56
Total non-operating income	13,906	2,051
Non-operating expenses		
Interest expenses	3,576	7,782
Provision of allowance for doubtful accounts	—	55,606
Share issuance costs	—	11,050
Foreign exchange losses	910	806
Other	—	0
Total non-operating expenses	4,487	75,246
Ordinary profit (loss)	(274,055)	(356,299)
Extraordinary income		
Gain on reversal of share acquisition rights	8,795	—
Total extraordinary income	8,795	—
Profit (loss) before income taxes	(265,260)	(356,299)
Income taxes - current	530	2,290
Income taxes - deferred	58,238	—
Total income taxes	58,769	2,290
Profit (loss)	(324,030)	(358,590)

(3) Non-consolidated Statement of Changes in Net Assets

Fiscal year ended September 30, 2020 (from October 1, 2019 to September 30, 2020)

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total other capital surplus	Other Retained earnings Retained earnings brought forward	Total other retained earnings	
Balance at beginning of period	100,000	1,084,612	—	1,084,612	(501,949)	(501,949)	682,662
Changes during period							
Capital reduction	(40,308)	(461,640)	501,949	40,308			—
Deficit disposition			(501,949)	(501,949)	501,949	501,949	—
Issuance of new shares	35,308	35,308		35,308			70,617
Profit (loss)					(324,030)	(324,030)	(324,030)
Net changes in items other than shareholders' equity							
Total changes during period	(5,000)	(426,332)	—	(426,332)	177,919	177,919	(253,412)
Balance at end of period	95,000	658,279	—	658,279	(324,030)	(324,030)	429,249

	Share acquisition rights	Total net assets
Balance at beginning of period	10,092	692,754
Changes during period		
Capital reduction		—
Deficit disposition		—
Issuance of new shares		70,617
Profit (loss)		(324,030)
Net changes in items other than shareholders' equity	(9,812)	(9,812)
Total changes during period	(9,812)	(263,225)
Balance at end of period	280	429,529

Fiscal year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total other capital surplus	Other Retained earnings Retained earnings brought forward	Total other retained earnings		
Balance at beginning of period	95,000	658,279	658,279	(324,030)	(324,030)	—	429,249
Changes during period							
Issuance of new shares	521,711	521,711	521,711				1,043,422
Profit (loss)				(358,590)	(358,590)		(358,590)
Purchase of treasury shares						(197)	(197)
Net changes in items other than shareholders' equity							
Total changes during period	521,711	521,711	521,711	(358,590)	(358,590)	(197)	684,634
Balance at end of period	616,711	1,179,991	1,179,991	(682,620)	(682,620)	(197)	1,113,884

	Share acquisition rights	Total net assets
Balance at beginning of period	280	429,529
Changes during period		
Issuance of new shares		1,043,422
Profit (loss)		(358,590)
Purchase of treasury shares		(197)
Net changes in items other than shareholders' equity	(28)	(28)
Total changes during period	(28)	684,606
Balance at end of period	252	1,114,136

(4) Non-consolidated Cash Flow Statement

(Thousands of yen)

	Fiscal year ended September 30, 2020 (from October 1, 2019 to September 30, 2020)	Fiscal year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)
Cash flows from operating activities		
Profit (loss) before income taxes	(265,260)	(356,299)
Depreciation	14,679	13,879
Increase (decrease) in allowance for doubtful accounts	31,026	43,668
Increase (decrease) in provision for bonuses	11,702	(2,564)
Interest and dividend income	(19)	(23)
Subsidy income	(13,761)	(1,941)
Interest expenses	3,576	7,782
Foreign exchange losses (gains)	724	609
Share issuance costs	—	11,050
Gain on reversal of share acquisition rights	(8,795)	—
Decrease (increase) in trade receivables	(82,038)	(33,891)
Decrease (increase) in advances paid	(64,973)	(59,223)
Decrease (increase) in prepaid expenses	(246,126)	34,956
Decrease (increase) in long-term prepaid expenses	(83,544)	82,720
Increase (decrease) in long-term accounts payable - other	115,788	(145,828)
Increase (decrease) in accounts payable - other, and accrued expenses	3,611	18,116
Increase (decrease) in deposits received	3,317	0
Increase (decrease) in unearned revenue	(30,779)	(31,339)
Decrease (increase) in other assets	(4,126)	(48,260)
Increase (decrease) in other liabilities	(20,719)	29,968
Other	2,389	3,024
Subtotal	(633,330)	(433,595)
Interest and dividends received	19	23
Proceeds from subsidy income	13,761	1,941
Interest paid	(4,200)	(7,572)
Income taxes (paid) refund	(2,290)	(530)
Cash flows from operating activities	(626,039)	(439,734)
Cash flows from investing activities		
Purchase of property, plant and equipment	(33,568)	(4,948)
Loan advances	—	(55,606)
Payments of leasehold and guarantee deposits	(3,268)	(714)
Proceeds from refund of leasehold and guarantee deposits	—	84
Other	(10)	—
Cash flows from investing activities	(36,847)	(61,185)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	268,500	(316,000)
Proceeds from long-term borrowings	400,000	—
Repayments of long-term borrowings	(6,668)	(44,664)
Purchase of treasury shares	—	(197)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	69,600	1,032,344
Cash flows from financing activities	731,432	671,482
Effect of exchange rate change on cash and cash equivalents	(724)	(609)
Net increase (decrease) in cash and cash equivalents	67,820	169,953
Cash and cash equivalents at beginning of period	391,384	459,205
Cash and cash equivalents at end of period	459,205	629,158