

# Retty

FY2022.9 1Q

# Presentation Material

Retty Inc.

February 2022

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- 1** First Quarter Results for the Fiscal Year Ending September 30, 2022
- 2** Growth strategy
- 3** Full-Year Results Forecast for the Fiscal Year Ending September 30, 2022

(Supplementary Material)

# Executive Summary

## 1Q results

- ✓ In 1Q results, sales progressed as planned, at 23% of budget
- ✓ December 2021 recorded a net monthly increase in the number of fee-paying member restaurants for the first time in 12 months
- ✓ A steady increase was also seen in the number of restaurants offering the premium booking service under the performance fee model

## FY2022 full-year forecast

- ✓ Current "Semi-state of emergency COVID-19 measures" are within expectations. No change to full-year results forecast.

## Growth strategy

- ✓ Steady progress in investments in sales channels and investments in DX products
- ✓ Secure funds necessary for future business growth by securing new credit facilities totaling ¥400 million for capital loans, etc.

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- 1** **First Quarter Results for the Fiscal Year Ending September 30, 2022**
- 2 Full-Year Results Forecast for the Fiscal Year Ending September 30, 2022
- 3 Growth strategy

(Supplementary Material)

## 1 Results Highlight

- ▶ In the first quarter, sales came to 428 million yen and operating loss to -163 million yen.
- ▶ The number of paying member restaurants totaled 8668, including those offering the premium booking service. **The monthly trend shows that December 2021 saw the first net increase in twelve months.**
- ▶ Transferred business currently operating in the Kingdom of Thailand to Geo Brain Corporation. After significantly reducing the cost burden, we will be positioned as an advisor in the future.

# 1 Summary of the First Quarter Results

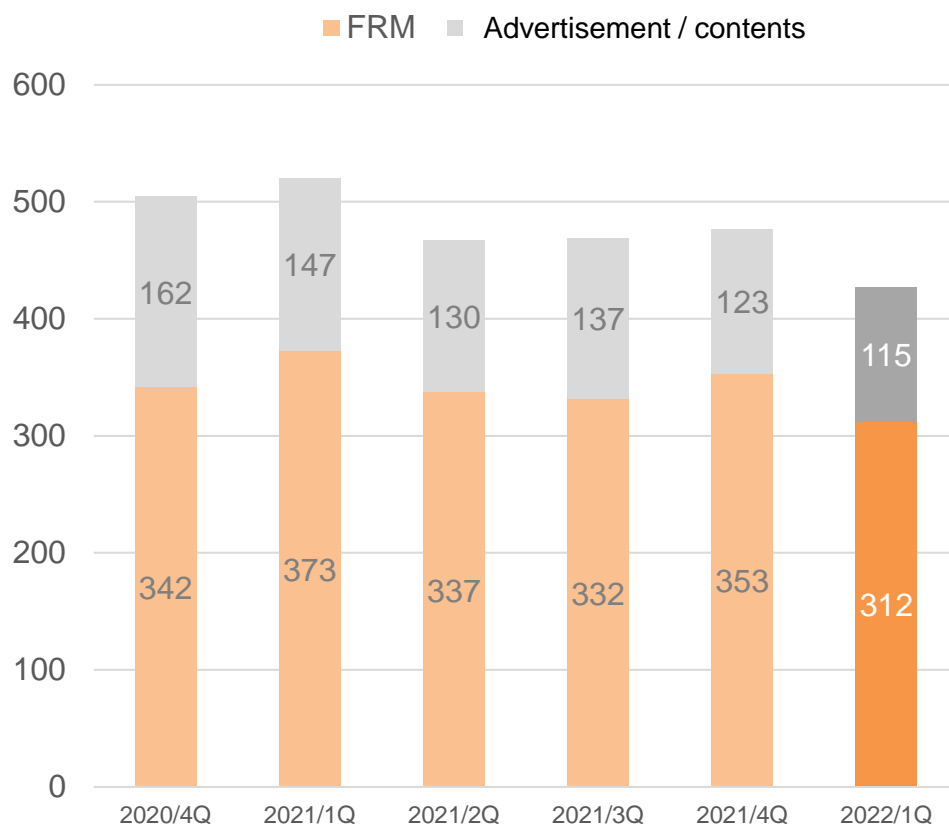
Net sales were 428 million yen and operating loss came to 163 million yen

(million yen)	Results for Fiscal Year Ended Sept. 2021	
	1Q results	Full Year Forecast
Net sales	428	1,810
Gross profit	239	-
Gross profit to net sales ratio		-
Operating loss	-163	-674
Operating profit to net sales ratio		-
Ordinary loss	-164	-
Net loss	-164	-

# 1 Quarterly Net Sales Composition

Sales of FRM were 312 million yen for the first quarter, while those of advertisement / contents came to 115 million yen.

Quarterly Net Sales Composition (million yen)



Advertisement / contents

- Sales were generally in line with plan, while part of them were carried over to the next quarter.

FRM

- Gave 5 million yen worth of payment exemptions for the first fiscal year to restaurants that remained closed in 1Q
- The number of newly member restaurants gradually recovered in the first quarter. Although the number of new participating stores gradually recovered, it still fell short of the normal level of 500.

\*1 FRM is an abbreviation for Fan Relationship Management. It is a business that provides restaurants with solutions with functions for attracting customers and managing customers for a monthly fee.

# 1 Composition of FRM's products and member stores

## Product outline

Paying restaurant membership	<b>“Regular contract”</b>	<div style="border: 1px solid orange; padding: 5px; display: inline-block; margin-bottom: 5px;">Performance fee targets</div> <div style="border: 1px solid gray; padding: 5px; display: inline-block; margin-top: 5px;">No performance fee</div>	<p>Products to attract customers based on fixed + performance fees targeting individual stores, the product for new regular contracts in the future.</p> <p>Traditional monthly fixed fee-based products to attract customers that are basically not or sale at present.</p>
	<b>“Trial contract for chain restaurants”</b>	<p>A fixed price products to attract customers which collectively receive orders from a large number of restaurants as a trial at a low price for major food and beverage companies</p>	
Premium booking	<p>Performance fee-based products to attract customers with no fixed monthly fee for some popular restaurants and exclusive restaurants Newly disclosed from this quarter</p>		
Non-paying restaurant membership	<p>A product that allows the use of minimum functions such as modifying basic information on Retty. For us, it is positioned as a potential customer for paid restaurants membership.</p>		

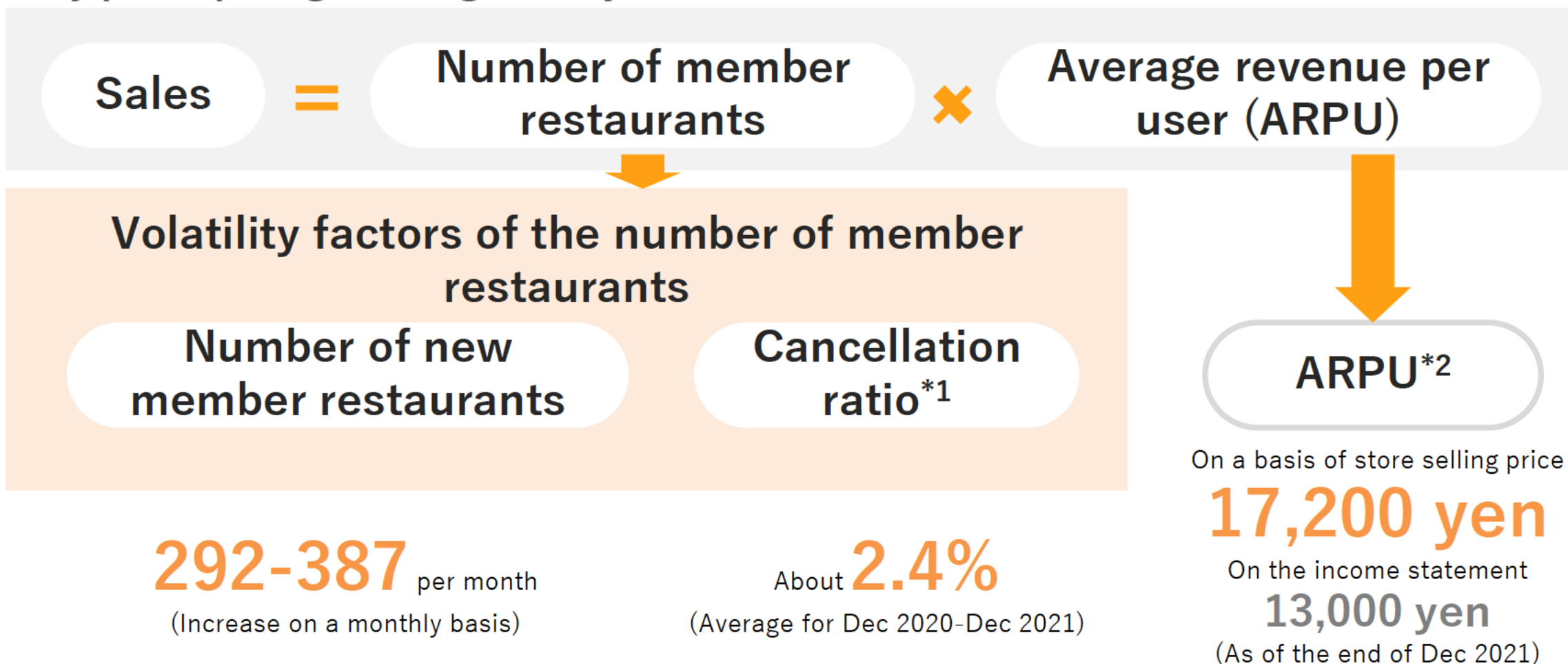
## Target restaurants (Number of target customer restaurants)

- Individual stores  
(Several hundred thousand restaurants)
- Chain restaurants  
(About 50,000 restaurants)
- Exclusive and popular stores  
(About 30,000 restaurants)
- All restaurants



# 1 Oct.-Dec. operating conditions

Oct.-Dec. was the period when the emergency declaration was lifted, and the number of newly participating stores gradually increased



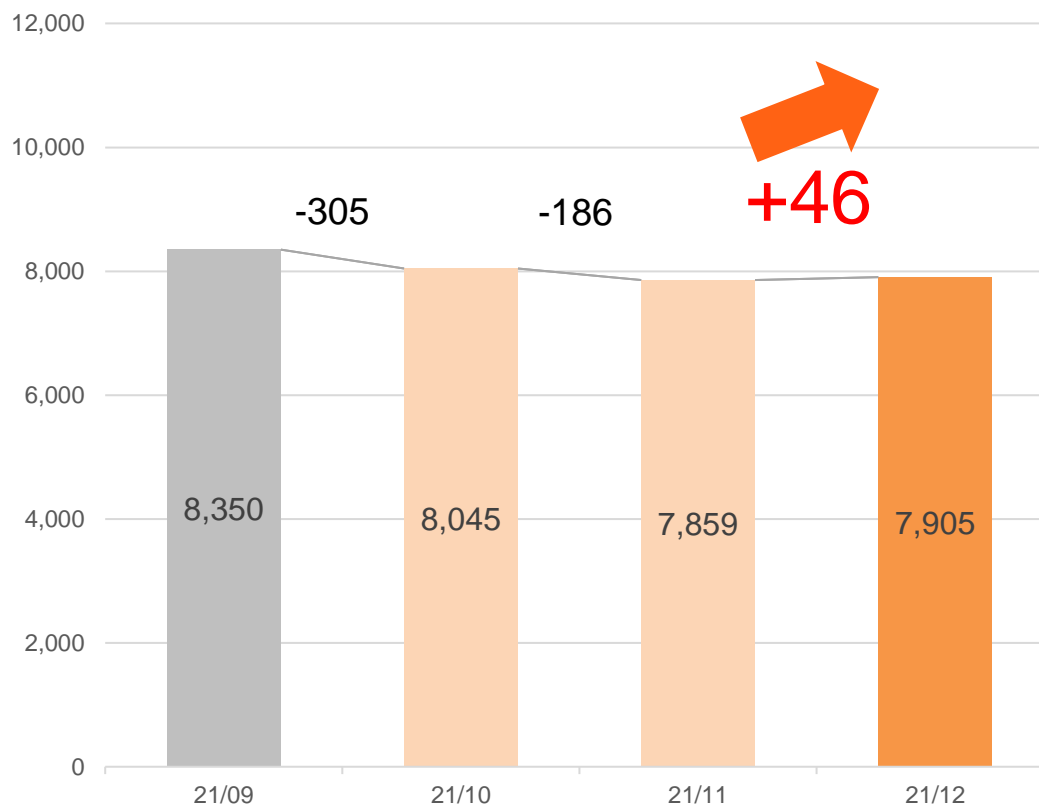
\*1 The average of the number of restaurants that cancelled their contracts at the end of the contract period and at the time of renewal, as a percentage of the total number of member restaurants.

\*2 ARPU based on store billing (including options), excluding trial stores (in which we receive orders for a large number of restaurants as a trial at a low price and in bulk for major restaurant operators).

# 1 Recovery in the number of FRM member restaurants per month (excluding premiums)

On a monthly basis, December saw the first net increase in 12 months (+46), confirming that the number of paying member restaurants will start to increase once the state of emergency is lifted.

Monthly trends in the number of paying member restaurants (number of restaurants)



※A trial contract for chain restaurants collectively receives orders from a large number of restaurants as a trial and at a low price for major food and beverage companies.

# 1 Premium booking products (Performance fee system)

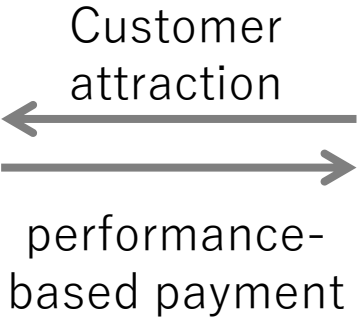
Premium bookings are a performance fee-based customer attraction support service developed for restaurants in areas not traditionally targeted as restaurant members

## Online booking Performance fee model



**Restaurants**

(Popular restaurants and high-end restaurants)



# Retty

### Target restaurants

- Some restaurants, such as exclusive restaurants and popular restaurants with booking system
- Many restaurants that are not targeted for traditional fixed-price products are also included.

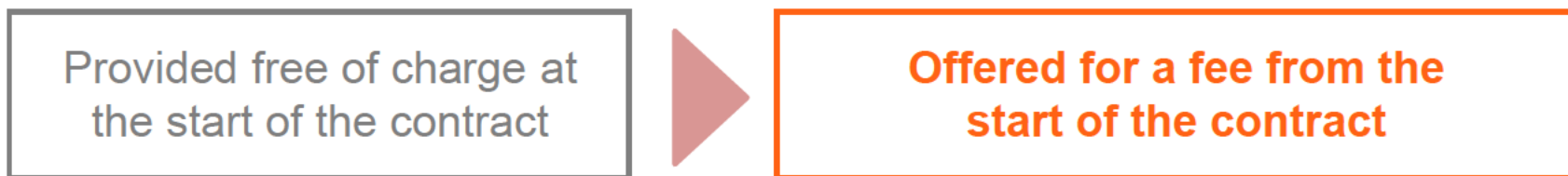
### Product outline

- Performance fee-based products
- 8% of a course price is charged per person who books online (500 yen for no course)

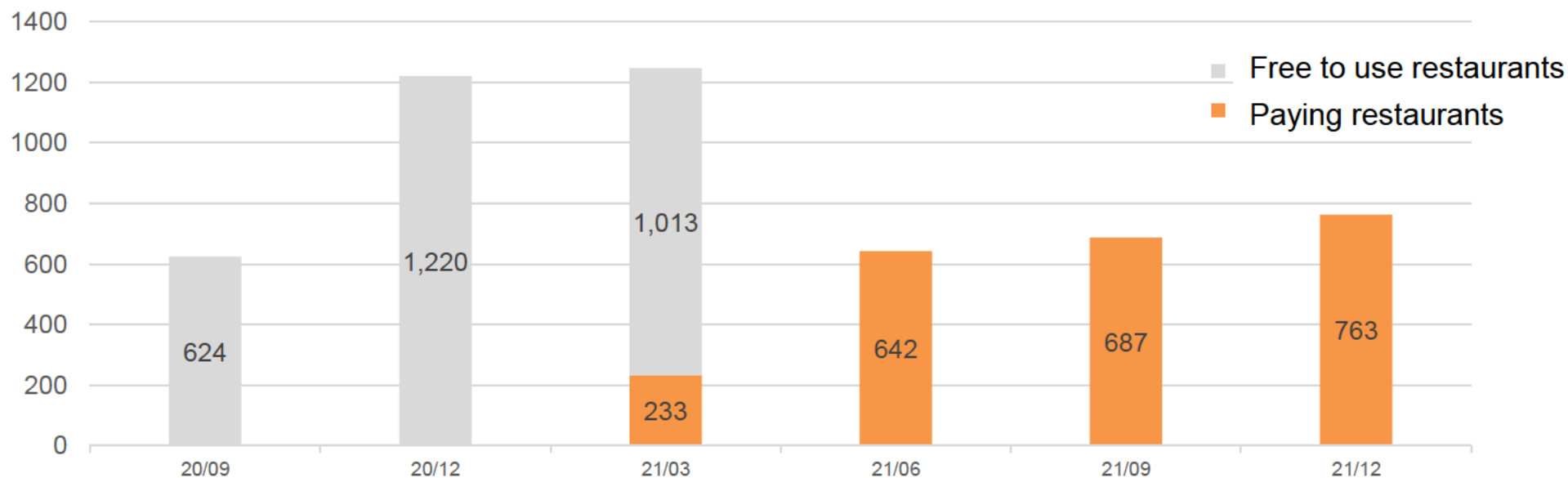
# 1 Increase in the number of premium-booking restaurants

Initially, the strategy for premium-booking restaurants was to offer the system free of charge and then gradually shift to a fee-based system, but the strategy was changed to a fee-based system from the start of the contract, **resulting in a steady increase in the number of fee-paying restaurants.**

Strategy changed



Number of premium booking restaurants

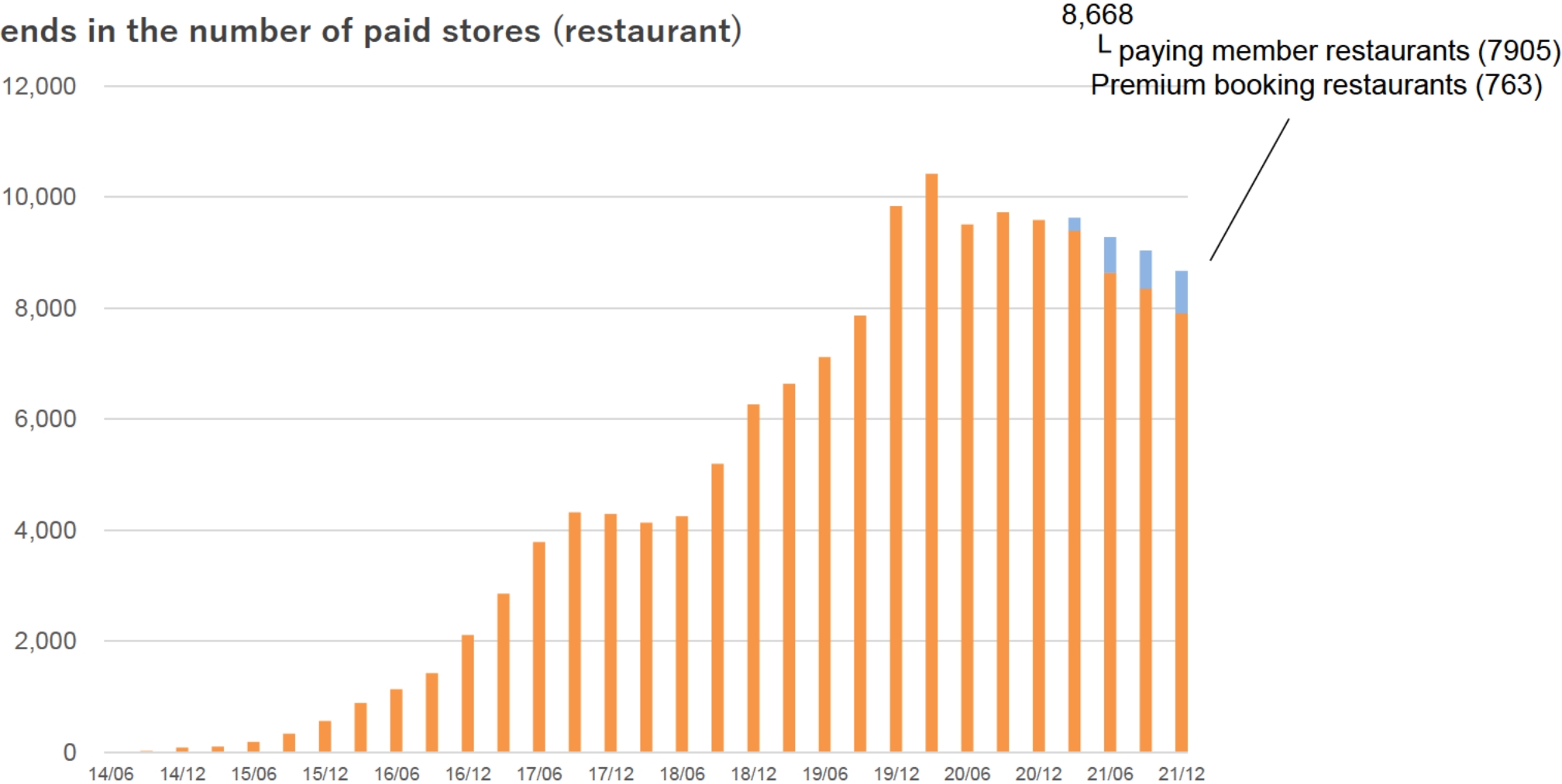


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# Number of FRM paying restaurants (including premium-booking restaurants)

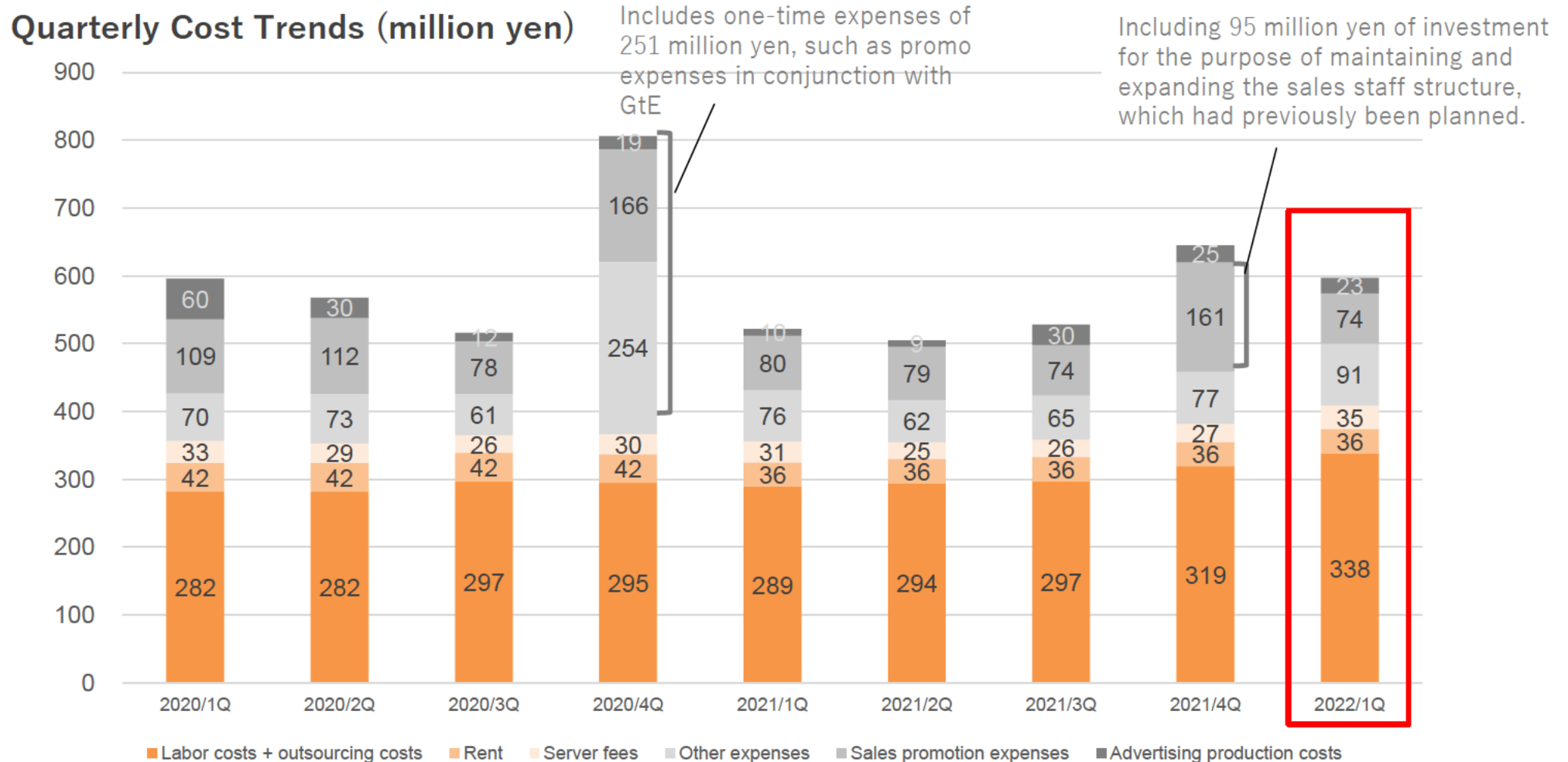
In 1Q 2022, the number of paying restaurants totaled 8668, including premium booking restaurants

Quarterly trends in the number of paid stores (restaurant)



# 1 Trends in Cost Structure

Costs in the first quarter were higher than in the same period of the previous fiscal year, but this was due to higher personnel and recruiting costs resulting from investments and one-time costs (shareholder meeting expenses), which are under control.



# 1 Structural change of Thai business through selection and concentration

We have established a new cooperative structure with GeoBrain, and we will be involved in the promotion of the Thai business as an advisor, focusing our resources on the recovery of business performance in Japan for the time being.

Transferee	Geo Brain Corporation
Transferee's business	The company is mainly involved in promotion support business such as advertising agency business, and has extensive experience in service development and business acquisition in Southeast Asia..
Upcoming events	Agreement entered into on January 31. Scheduled to transfer business as of the end of March. We also plan to make a small investment in a subsidiary newly established by Geo Brain Corporation in the Kingdom of Thailand.
Impact on business results	There is no impact on the results forecast.

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- 2 Full-Year Results Forecast for the Fiscal Year Ending September 30, 2022**
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(Supplementary Material)



## 2 Semi-state of emergency COVID-19 measures

During the declaration of a semi-state of emergency, the following effects are expected, but for the current declaration of a semi-state of emergency (1/21-2/13), the risk scenario is already assumed for the one currently in effect.

- ✓ The number of newly participating restaurants is expected to fall to a **Same level (250 to 300 cases)** level during the previous state-of-emergency declaration periods.
- ✓ Payment exemptions are expected to occur for restaurants that are closed, but are expected to **have only a small impact** due to a decrease in the number of restaurants choosing to close and a decrease in trial contracts for restaurant chains among paying restaurant members
- ✓ Cases in the U.S. and U.K. indicate that although the infection rate of the Omicron variant is high, the time to peak out is also expected to be relatively short, about 1-2 months.

## 2 Full-Year Forecast for Fiscal Year Ended September 2021

Full-year earnings forecasts are maintained because the company has factored into semi-state of emergency Covid-19 measures.

FY 2021/09  
Results

Net sales  
**1,938** million yen

Operating loss  
**-283** million yen

Premise of the plan

**Spring 2022**  
Full-scale sales  
promotion recovery

- The number of customers at restaurants has began recovering.
- At the same time, we also incorporate the possibility of a resurgence of COVID-19 infections through this winter.
- Based on these, we have made an assumption that restaurants' appetite for sales promotion will fully recover from around spring 2022.

FY2022/09  
Results forecast

Net sales  
**1,810** million yen

Operating loss  
**-764** million yen

Including investment of 471

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### 3 Purpose of this year's investment

Although a state of semi-emergency is currently in effect, this has been factored into our risk scenario and we plan to make investments this fiscal year as planned.

Investment in  
restaurant sales channels

**150** million yen

Hiring of direct sales  
staff

External sales  
Establishment of a  
system



Increase in the  
number of newly  
participating  
restaurants

Investment in DX products

**320** million yen

Improve convenience  
of existing services

Develop  
new products



Improve convenience  
Improve ARPU

### 3 Progress in investment in restaurant sales channels

Steady progress in investments in restaurant sales channels, including successful recruitment of direct sales personnel and successful launch of new outsourcing contracts

#### Investment in direct sales

(73 million yen)

- Very high rate of member restaurant acquisition per person
- To hire about 30 new graduates for the current fiscal year



Recruitment is going well with  
**22 employees scheduled to  
join the company**  
in April 2022.

#### Investment in establishment of an external sales system (80 million yen)

- Aim for significantly expanding the scale with the introduction of a new outsourcing contract\* with an initial lump-sum payment



**Several companies started  
operations**  
in the first quarter, progressing as  
planned

### 3 Increase in the number of performance fee-based restaurants among paying restaurants

The number of restaurants subject to performance fee (fixed charge plus performance fee-based charge) increased steadily to about 2500. This will be an upside factor for sales by boosting the number of users in the future.

#### Overview

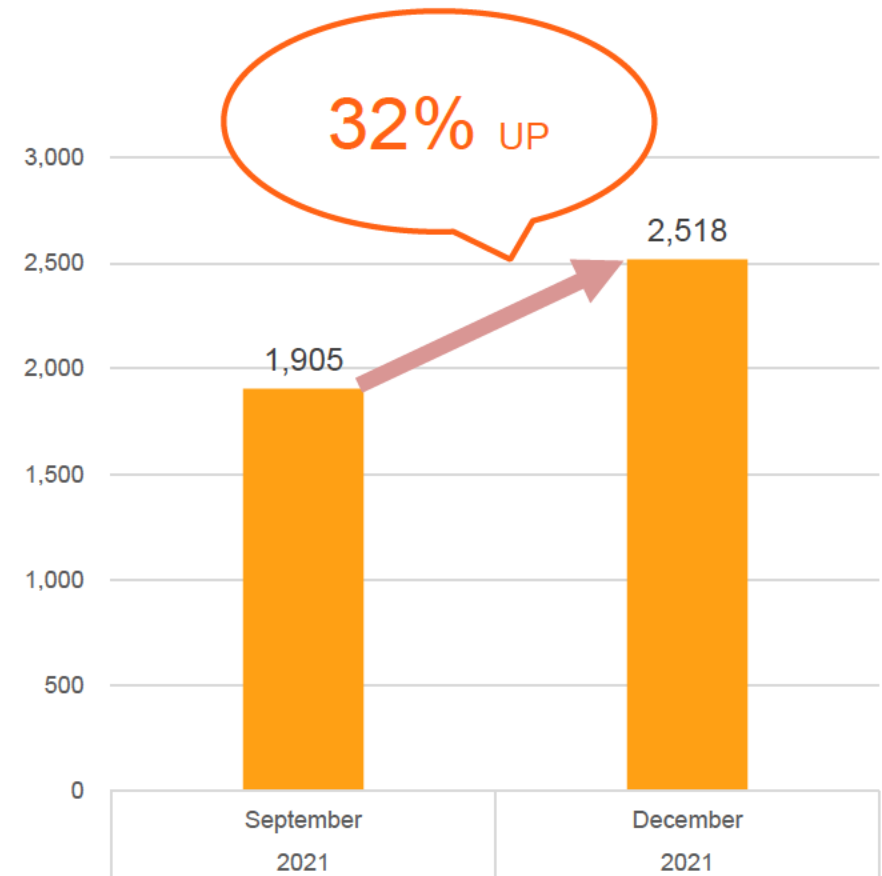
- A scheme that adds on a fixed price
- Unit cost is 200 yen per dinner booking
- Of the paying members, it has been incorporated into more than 2,500 restaurants

#### User

- Users will receive a PayPay bonus when they make online reservations at participating stores.

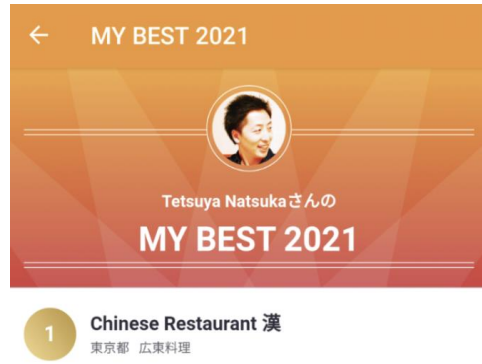
#### Restaurants

- Since it is linked to the PayPay bonus, restaurants can expect to attract customers from the PayPay economic zone.



# 3 Progress of product development in the first quarter (excerpt)

Various developments are underway to improve user convenience and increase bookings accordingly.



**PayPay Bonus Campaign**  
to increase the number of online reservations

**Renewal of popular restaurant labels**  
to strengthen the restaurant search

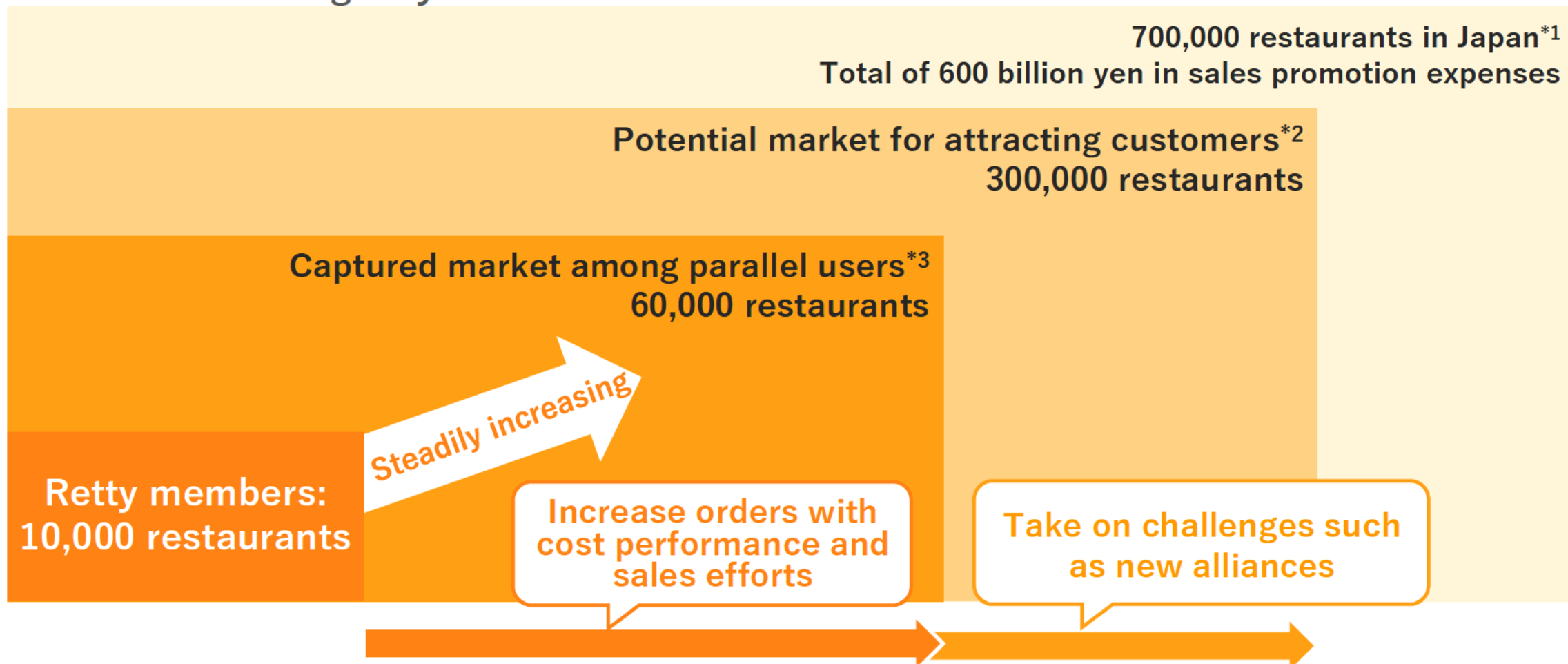
**Improving application functions**  
to enhance the online reservation experience

**DX of sales management operations**  
to expand the sales staff organization



### 3 Target Market of FRM

Focus on swiftly converting 60,000 potential restaurants to member restaurants once the state of emergency is lifted



\*1 Based on figures from Ministry of Economy, Trade and Industry (METI): Food Business Index 2016 (Food Service Operations [as of 2014])

\*2 Calculated by multiplying the number of restaurants located in Tokyo and other prefectures with ordinance-designated cities by the ratio of restaurants who responded "monthly expense for new and repeat customer attraction is 5,000 yen or more" to the survey (survey on sales promotion [as of March 2018]) by LINE Corporation.

\*3 Calculated based on number of members at the end of June stated on the earnings result materials of competitors by taking into consideration the rate of parallel users.



### 3 Current cash margin

Secured a total of 400 million yen in capital loans and other loans from the Shoko Chukin Bank and Mizuho Bank to provide ample funds for investment in future growth.

[As of the end of December, Unit  
Millions of yen]

Existing credit facility

**320** million yen



New credit facility

**400** million yen

Shoko Chukin Bank: **300** million yen

Mizuho Bank: **100** million yen

Cash and deposits	1,026	Current liabilities	757
Other current assets	670	Non-current liabilities	262
Non-current assets	297	Net assets	974
Assets		Liabilities, net assets	

### 3 Vision update for long-term growth

#### New Vision

## Shaping a new food experience for a happier future.

As the environment surrounding the restaurant industry changes drastically in the COVID-19 disaster, Retty has updated its vision to provide a wide range of value by using technology to create new dining experiences and support restaurant management, in addition to providing the value of restaurant search and customer attraction support that we have been providing.

### 3

## Introduction of New Director

Outside Director (Audit and Supervisory Board Member)

# Yuka Uehara

Graduated from Keio University, Faculty of Law. After joining Goldman Sachs Securities Co., Ltd. as a new graduate, she held positions of responsibility at several US and Japanese securities companies including Merrill Lynch Securities Co., Ltd. (currently BofA Securities Co., Ltd.), in charge of IPOs and fundraising through the stock market, etc. She specializes in providing advice on capital markets and dialogues with investors.

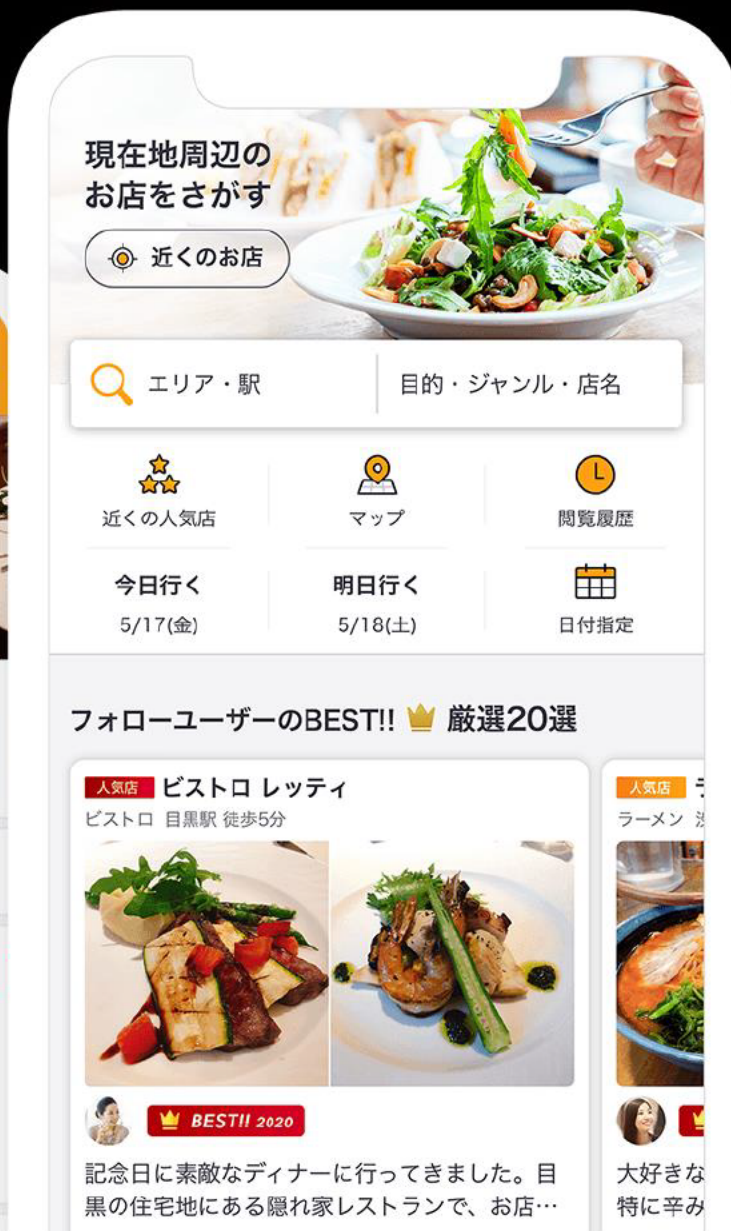


# Supplementary Materials

# Service Image



Find the BEST  
restaurant for you



# Retty Inc.

Real-name  
type



Recommended  
Reviews  
without score rating



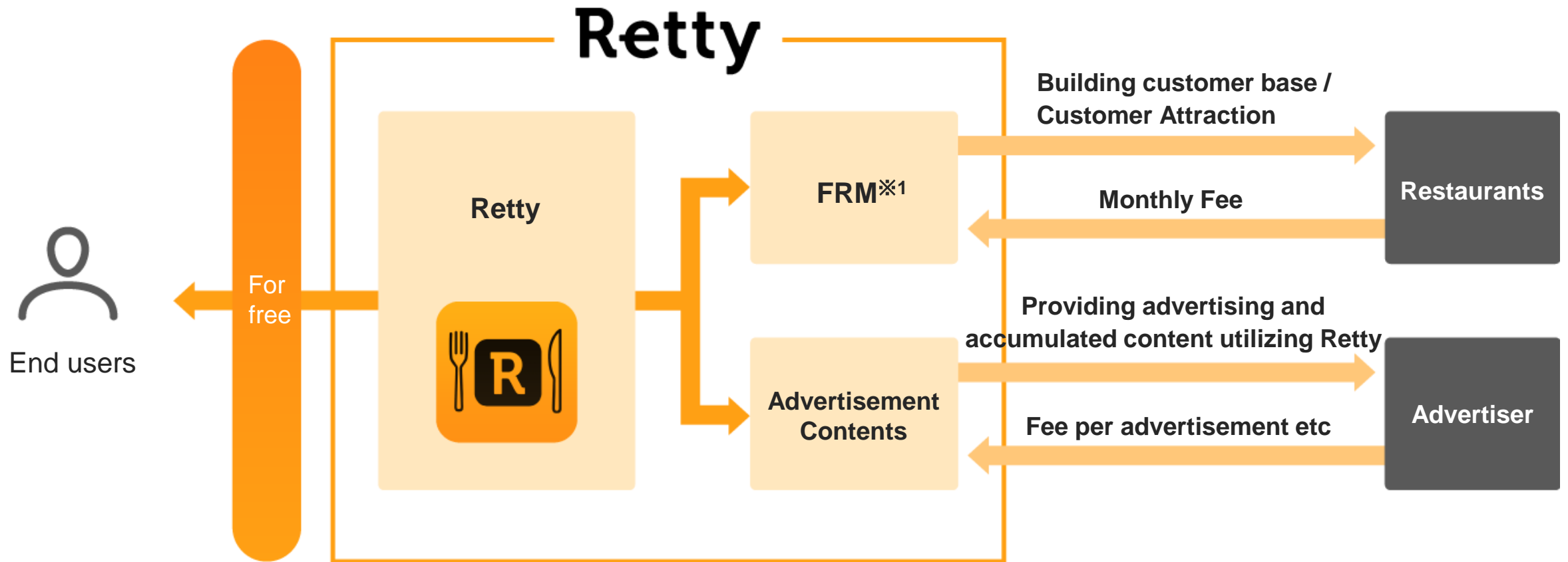
Look for "people"



You can find a restaurant suitable for yourself from a reliable person.

**Real name-based gourmet platform**

# Business model



※1 FRM: Fan Relationship Management

# Platform enabling stable customer attraction



New customers

Stock

Increased access

Dine

Customer management

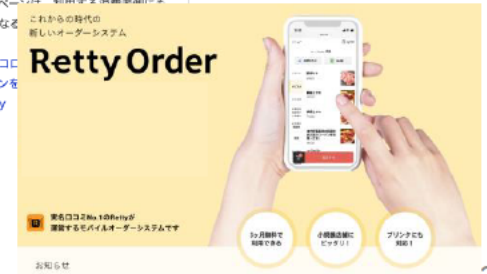
Repeat customer



# Approach and Initiatives Regarding Restaurant Industry Amid COVID-19 Crisis

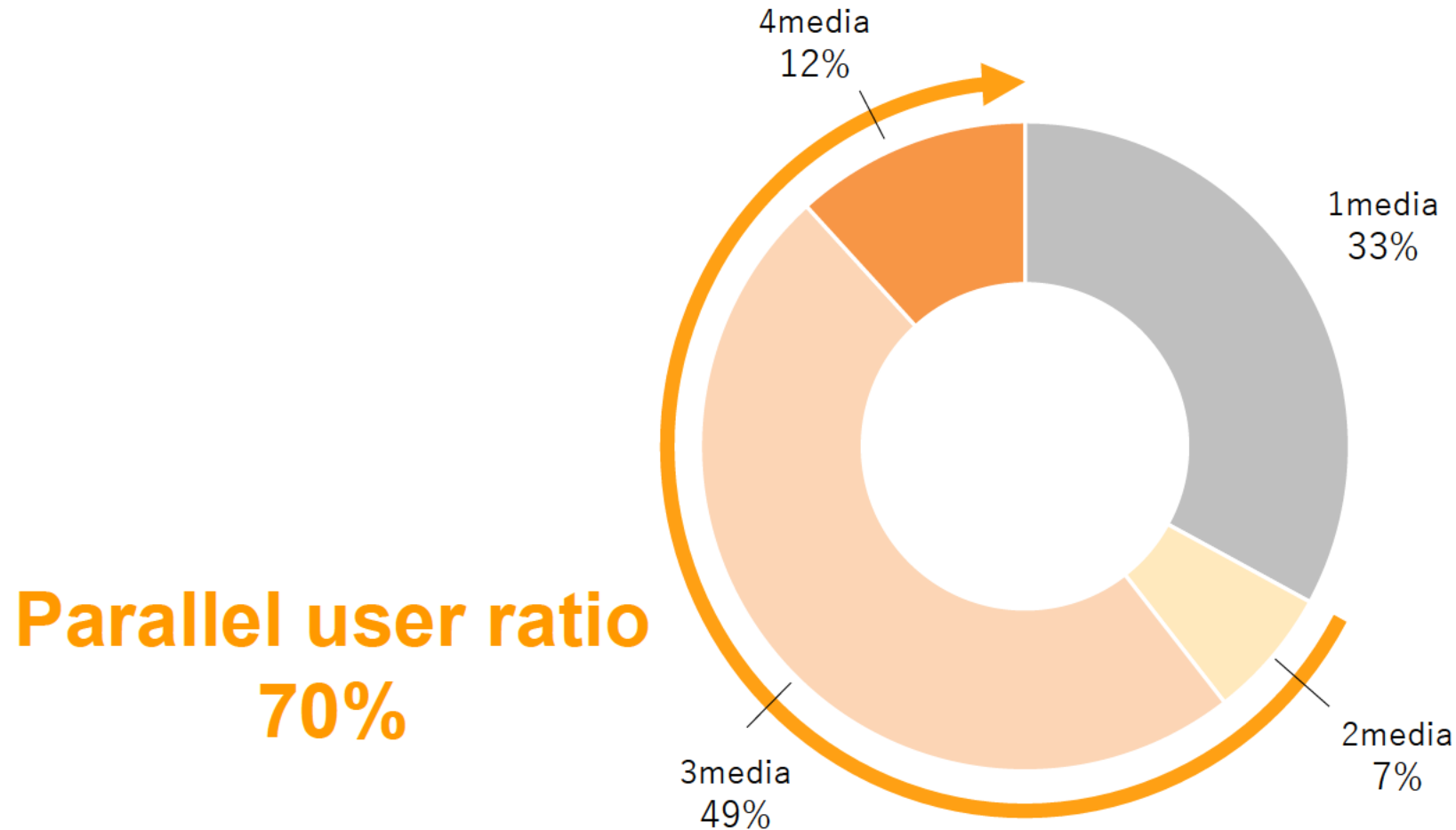
We will implement the following initiatives with top priority on the revival of the restaurant industry

- Waive fees for restaurants in Go to Eat Campaign
- Use SNS as a public relations tool for Restaurant Support Project
- Waive fees of cloud funding for restaurants in a joint effort with CAMPFIRE
- Launch takeout products in response to requests by restaurants
- Develop Mobile Order products, which optimize restaurant operations in COVID-19 crisis.



# Parallel User Market, Where Many Restaurants Use Multiple Restaurant Review Services

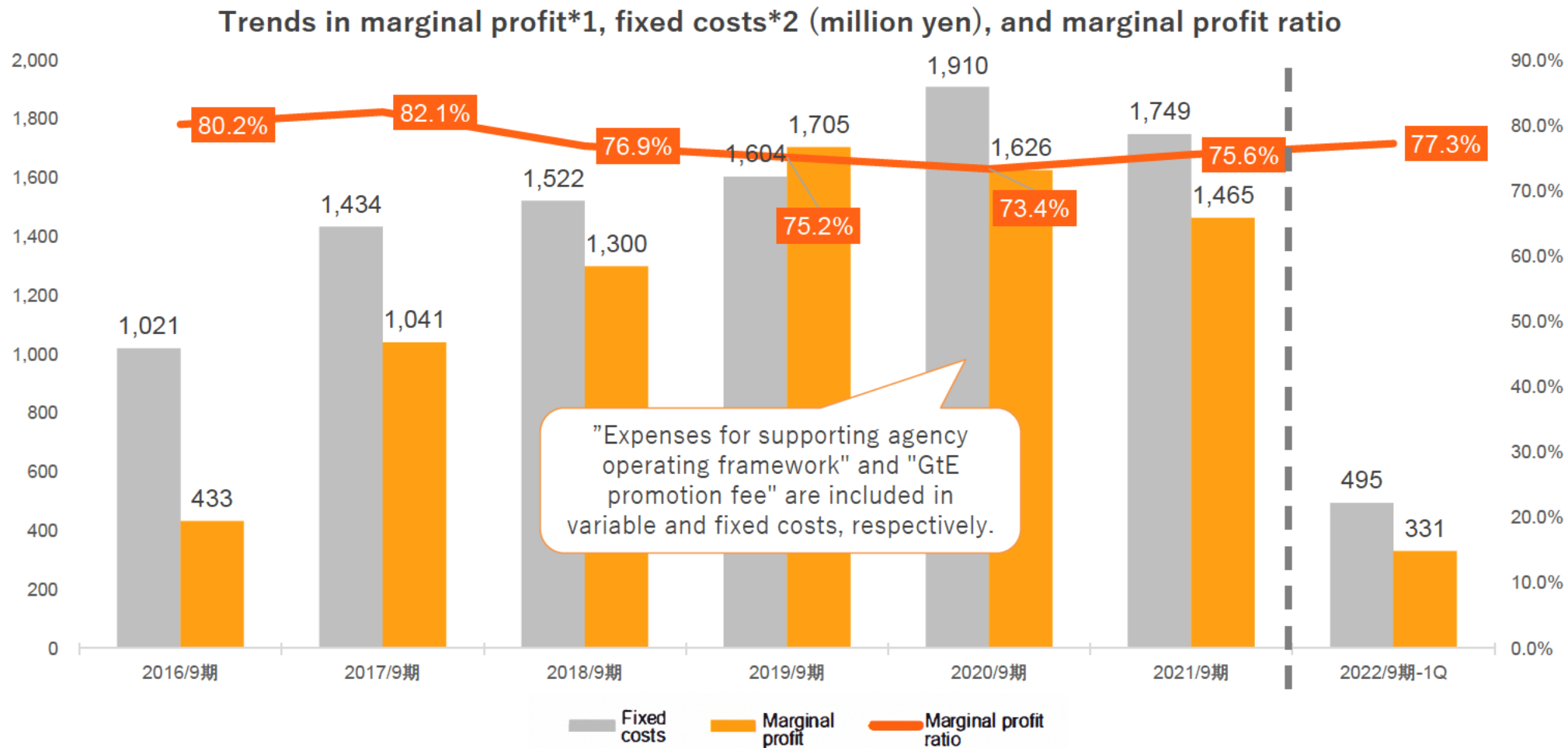
The number of services used by restaurants to attract customers\*1



\*1 Agencies conducted a questionnaire survey of restaurants including non-Retty users in July and August 2017.

# Trend in Marginal Profit Ratio

We maintained marginal profit ratio at a similar level



# Type of Agencies

## Agency concurrently selling other products

- Agencies with sales persons who sell products of both Retty and other companies.
- Restaurants sign a contract with the agencies
- Sales are **recorded net** after deducting the agencies' fees. ARPU appears low.

## Exclusive agency

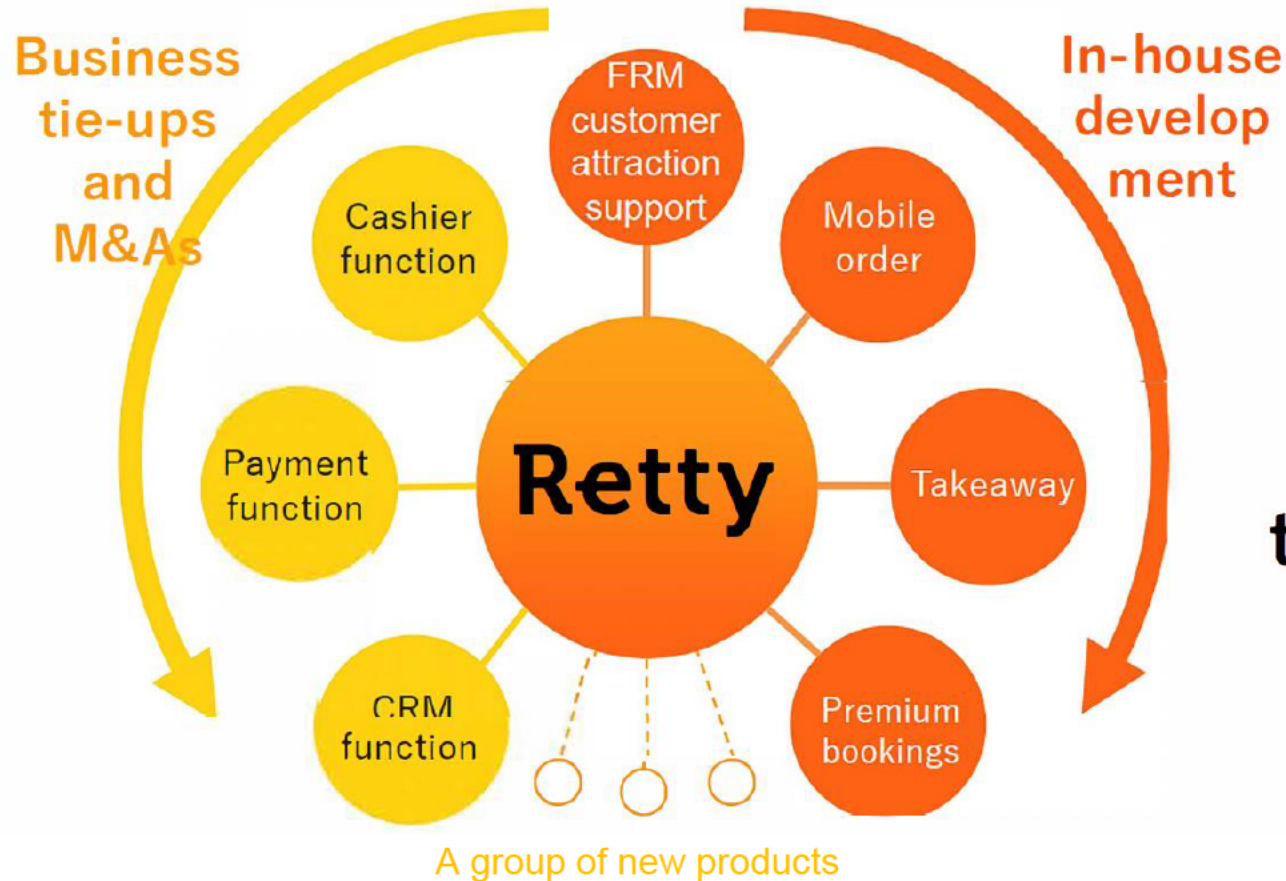
- Agencies that have secured sale persons dedicated to selling Retty products
- Retty directly signs contract with restaurants
- Sales are **recorded gross**, and fees to the agencies are recorded as sales promotion cost

## Direct sales

- Sales persons directly employed by Retty
- Started hiring new graduates exclusively for sales in April 2019

# Expanding the range of value provided to restaurants by expanding DX products

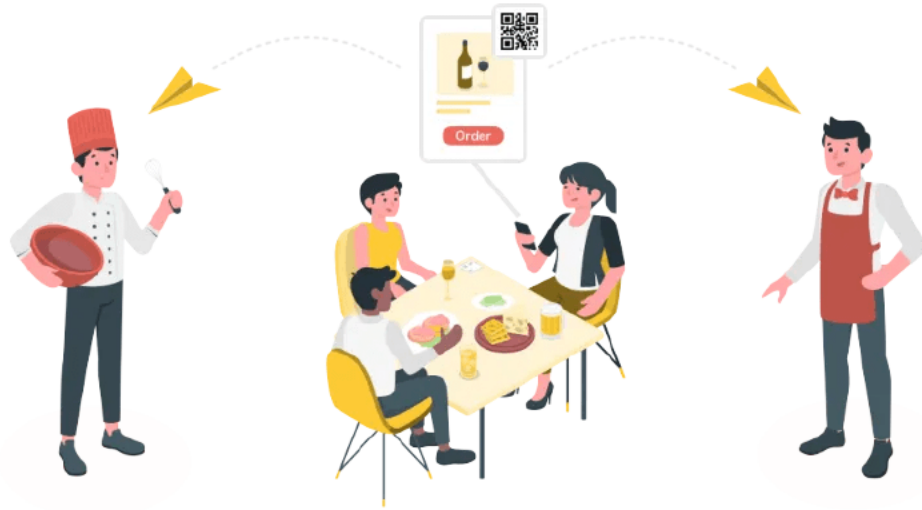
Investing approximately 320 million yen, the company aims to increase ARPU by providing a group of products that can be customized by restaurants to meet their needs.



Aiming to provide an **integrated package** to DX restaurant management

# Mobile Ordering Helps Restaurants Improve Operational Efficiency

Comparison of order taking workflow



お客様自身のスマホから注文



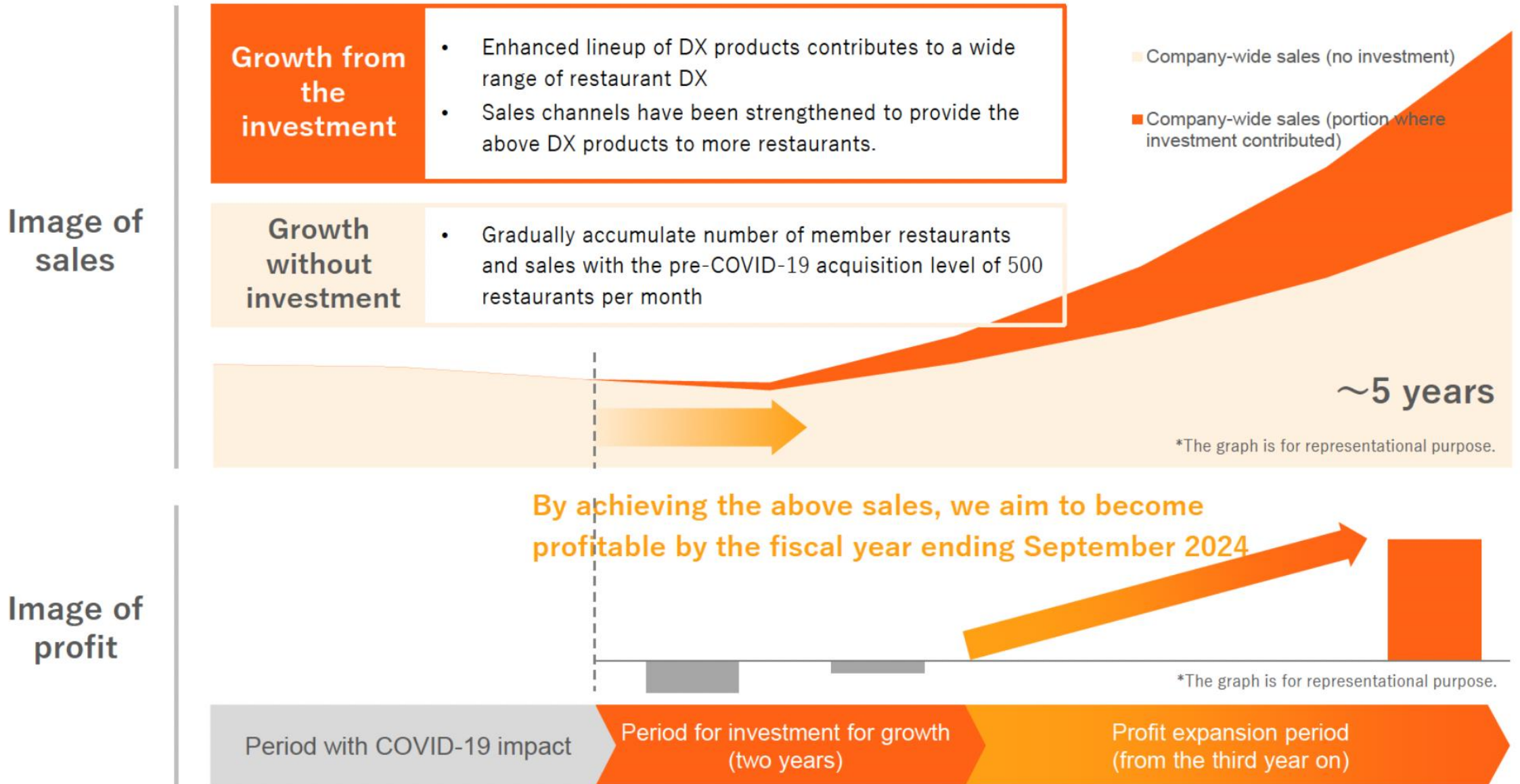
Capture offline data

	Existing Order system	Mobile Order system
1. Take orders	Store	Customer
2. Communicate order to kitchen	Store	Auto
3. Bring out food	Store	Store
4. Payment	Store	Customer

**Significantly reduce tasks by restaurant**  
(Enables better pricing/investment in quality of food)

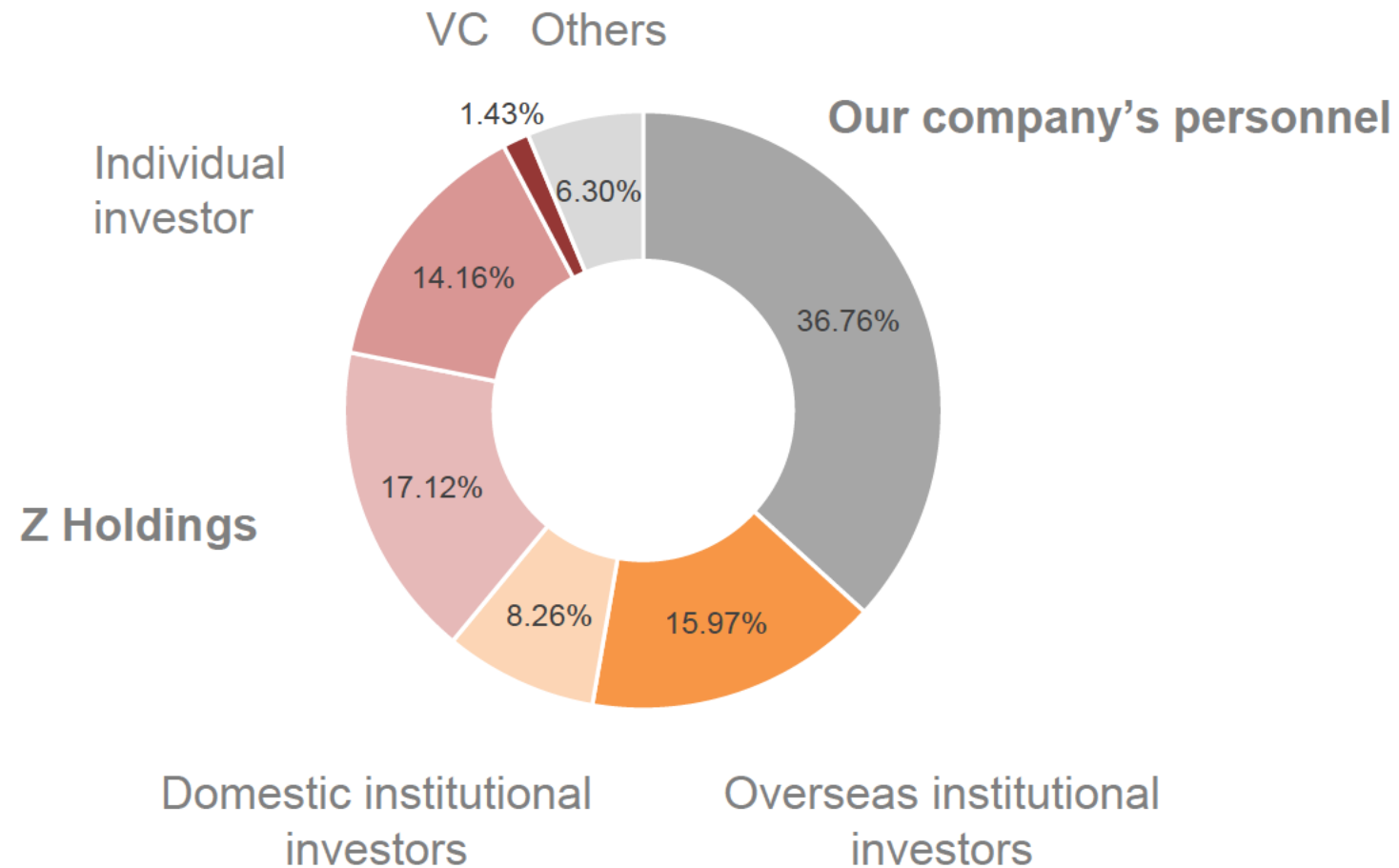


# Image of growth to be achieved through this investment



# Shareholder's composition

Shareholder's composition (as of Sept. 2021)





# Company Profile

Company name	Retty Inc.
Headquarters	Sumitomo Fudosan Azabujuban Building 3F, 1-4-1 Mita, Minato-ku, Tokyo
Established	November 2010
Capital	629 million yen
Employees	141
Stock exchange	Tokyo Stock Exchange Mothers
Securities code	7356

# Retty

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