



Non-consolidated Financial Results for the Three Months Ended December 31, 2021
 < Japanese GAAP >

February 10, 2022

Company name: Retty Inc. Listing: Tokyo
 Share code: 7356 URL http://corp.retty.me/
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 Scheduled date of filing quarterly report February 14, 2022 Scheduled date of commencing dividend - payments

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 Three Months Ended December 31, 2021 (from October 1, 2021 to December 31, 2021)

(1) Result of operations (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended December 31, 2021	428	(18.0)	(163)	-	(164)	-	(164)	-
Three months ended December 31, 2020	521	-	(3)	-	(16)	-	(14)	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended December 31, 2021	(14.07)	-
Three months ended December 31, 2020	(1.31)	-

(2) Financial Conditions

	Total assets	Net assets	Equity ratio
	million yen	Million yen	%
As of December 31, 2021	1,993	974	48.9
As of September 30, 2021	1,727	1,114	64.5

Reference: Equity As of December 31, 2021 974 million yen As of September 30, 2021 1,113 million yen

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
As of September 30, 2021	-	0.00	-	0.00	0.00

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ending September 30, 2022	-				
Fiscal year ended September 30, 2022 (forecast)		0.00	-	0.00	0.00

Note: Revision of previously announced dividend forecast during the period under review: None

3. Earnings Forecast for the Fiscal Year Ended September 30, 2022 (from October 1, 2021 to September 30, 2022)

(% indicates changes from the previous corresponding period.)

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

(Note) 1. Revision of previously announced consolidated results forecast during the period under review:
None

*Notes

- (1) Use of special accounting methods for preparation of quarterly consolidated financial statements: Yes
- (2) Changes in accounting policies and estimates, and retrospective restatement
- (a) Changes due to revision of accounting standards: Yes
- (b) Changes other than in (a): None
- (c) Changes in accounting estimates: None
- (d) Retrospective restatement: None

(3) Number of shares outstanding (common share)

(a) Shares outstanding at the end of the period (including treasury shares)	Three months ended December 31, 2021	sh 11,738,404ar es	As of September 30, 2021	sh 11,627,804ar es
(b) Total number of treasury shares at the end of the period	Three months ended December 31, 2021	sh 161ar es	As of September 30, 2021	sh 121ar es
(c) Average number of shares outstanding during the period	Three months ended December 31, 2021	sh 11,701,376ar es	Three months ended December 31, 2020	sh 11,055,196ar es

*These quarterly financial results are exempt from the audit procedure by certified public accountants or accounting firms.

*Cautionary statement regarding earnings forecast and special notes

(Cautionary Statement with Respect to Forward-Looking Statements)

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.

○Accompanying Materials -Table of Contents

1. Qualitative Information on Quarterly Financial Results for the Period under Review.....	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position.....	2
(3) Explanation of Non-consolidated Financial Results Forecast and Other Forward-looking Information	3
2. Quarterly Non-consolidated Financial Statements and Primary Notes.....	4
(1) Quarterly Non-consolidated Balance Sheet	4
(2) Quarterly Non-consolidated Statements of Income	6
(For the three months ended December 31)	6
(3) Notes to the Quarterly Non-consolidated Financial Statements.....	7
(Notes to Going Concern Assumptions)	7
(Notes in the case of significant changes in shareholders' equity).....	7
(Changes in accounting policy).....	7
(Use of special accounting methods for preparation of quarterly consolidated financial statements).....	8
(Segment Information, etc.)	8

1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

The Company's business environment continues to be affected by the new coronavirus infection (hereafter referred to as COVID-19). Although the lifting of the state of emergency declaration at the end of September 2021 has resulted in a certain recovery in customers visiting restaurants, the outlook remains unclear. Under these circumstances, the average number of new paying member restaurants per month for our Fan Relationship Management (FRM) service for the first quarter under review from October to December 2021 totaled 329. The result indicates that restaurants' appetite for sales promotions is still in the process of recovering due to the uncertainty of COVID-19's future, given that the average number of new paying member restaurants for the service is 500 per month in normal times. The number of member restaurants declined by 445 from the end of the previous fiscal year to 7,905 at the end of the first quarter 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. On the other hand, the number of member restaurants from the end of November to the end of December 2021 showed a net increase of approximately 45, due to the strong number of new paying member restaurants in December. This is the first time since December 2020 that the number of participating stores has increased on a monthly basis. The Company believes this indicates that, even under the impact of COVID-19, if a certain number of new member restaurants can be secured due to the lifting of the state-of-emergency declaration, etc., which improves the external environment and recovers the number of customers visiting restaurants, the overall number of member restaurants will also tend to increase along with it.

As for advertisement and contents, the impact of the decline of the advertisement unit price has continued since the declaration of the first state of emergency declaration in April 2020. Although the number of users has been recovering to a certain extent due to the lifting of the state of emergency declaration at the end of September 2021, it has not yet completely recovered compared to the figures prior to the impact of COVID-19.

As a result of the above, net sales for the first three months under review amounted to 428 million yen (down 18.0% year on year).

In terms of expenses, as a result of the recruitment of development personnel and sales personnel to strengthen the development structure and restaurant sales channels disclosed in the full-year financial results briefing materials for the fiscal year ended September 2021, cost of sales was 188 million yen (up 17.9% year on year), and selling, general and administrative expenses were 403 million yen (up 10.4% year on year).

In addition, non-operating income of 1 million yen (up 126.5% year-on-year) was recorded due to interest subsidy related to the new Corona Virus special loan, etc., and non-operating expenses of 1 million yen (down 87.6% year-on-year) were recorded due to interest expenses, etc.

As a result of the above, the Company, in the first three months ended December 31, 2021, reported an operating loss of 163 million yen (an operating loss of 3 million yen for the same period of the previous fiscal year), an ordinary loss of 164 million yen (an ordinary loss of 16 million yen for the same period of the previous fiscal year), and a net loss of 164 million yen (a net loss of 14 million yen for the same period of the previous fiscal year).

Segment information is omitted because the Company is engaged only in the operation of "Retty," a restaurant review platform service with reviewers using real names.

(2) Explanation of Financial Position

(Assets)

Current assets at the end of the first quarter under review increased by 273 million yen compared with the end of the previous fiscal year to 1,696 million yen. This was mainly due to an increase of 396 million yen in cash and deposits due to the implementation of bank loans, a decrease of 58 million yen in prepaid expenses mainly reflecting a decrease in advance payments of sales commissions to sales agents, and a decrease of 50 million yen in accounts receivable. Non-current assets at the end of the first quarter under review decreased by 7 million yen compared with the end of the previous fiscal year to 297 million yen. This was mainly due to a decrease of 8 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, total assets at the end of the period under review increased by 266 million yen compared with the end of the previous fiscal year to 1,993 million yen.

(Liabilities)

Current liabilities at the end of the first quarter under review increased by 423 million yen compared with the end of the previous fiscal year to 757 million yen. This was mainly due to an increase of 446 million yen in short-term loans payable due to the implementation of bank loans. In addition, the non-current liabilities at the end of the first quarter under review declined by 17 million yen compared with the end of the previous fiscal year to 262 million yen. This was due to a decline of 17 million yen in long-term borrowings as a result of their being partially transferred to current portion of long-term borrowings.

As a result, total liabilities at the end of the period under review increased by 405 million yen compared with the end of the previous fiscal year to 1,019 million yen.

(Net assets)

Net assets at the end of the first quarter under review decreased by 139 million yen compared with the end of the previous fiscal year to 974 million yen. This was mainly due to a decrease of 164 million yen in retained earnings resulting from the recording of a quarterly net loss of 164 million yen in the first quarter under review.

(3) Explanation of Future Forecast Information such as Earnings Forecasts

There is no change in the full-year earnings forecasts announced in the Summary of Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2021 [Japanese GAAP] on November 11, 2021. The full-year earnings forecast incorporates the impact of COVID-19, and although COVID-19 also had an impact in the first quarter of the fiscal year under review, The Company believes that it is within the scope of the earnings forecast at this time. However, because there are many uncertain factors, the Company will promptly disclose any revisions to its earnings forecast if it becomes necessary in the future. This earnings forecast is based on the assumption that the desire of restaurants to promote sales will recover from around the spring of 2022 and that the number of new paying member restaurants will recover along with it.

2. Quarterly Non-consolidated Financial Statements and Primary Notes

(1) Quarterly Non consolidated Balance Sheet

(Thousands of yen)

	For the previous fiscal year September 30, 2021	For the first quarter under review (December 31, 2021)
Assets		
Current assets		
Cash and deposits	629,158	1,026,089
Accounts receivable	278,964	228,424
Advances paid	124,197	123,462
Prepaid expenses	358,688	300,051
Other	57,525	29,608
Allowance for doubtful accounts	(25,770)	(11,482)
Total current assets	1,422,763	1,696,153
Non-current assets		
Property, plant and equipment		
Buildings	114,520	116,120
Accumulated depreciation	(21,980)	(23,534)
Buildings, net	92,539	92,585
Tools, furniture and fixtures	40,160	42,461
Accumulated depreciation	(30,349)	(30,844)
Tools, furniture and fixtures, net	9,811	11,617
Total property, plant and equipment	102,350	104,202
Intangible assets		
Software	1,779	1,381
Total intangible assets	1,779	1,381
Investments and other assets		
Distressed receivables	57,298	63,081
Long-term prepaid expenses	32,902	24,403
Leasehold and guarantee deposits	167,924	167,156
Other	10	10
Allowance for doubtful accounts	(57,140)	(62,398)
Total investments and other assets	200,994	192,253
Total non-current assets	305,124	297,837
Total assets	1,727,887	1,993,991

(Thousands of yen)

	For the previous fiscal year (September 30, 2021)	For the first quarter under review (December 31, 2021)
Liabilities		
Current liabilities		
Short-term borrowings	30,000	476,000
Current portion of long-term borrowings	69,324	75,101
Accounts payable	55,963	67,641
Accrued expenses	38,647	55,559
Income taxes payable	21,307	5,314
Deposits received	16,652	33,298
Unearned revenue	10,811	6,186
Provision for bonuses	66,317	32,392
Other	25,381	6,097
Total current liabilities	334,407	757,591
Non-current liabilities		
Long-term borrowings	279,344	262,013
Total non-current liabilities	279,344	262,013
Total liabilities	613,751	1,019,604
Net assets		
Shareholders' equity		
Share capital	616,711	629,188
Capital surplus	1,179,991	1,192,468
Retained earnings	(682,620)	(847,272)
Treasury shares	(197)	(248)
Total shareholders' equity	1,113,884	974,135
Share acquisition rights	252	252
Total net assets	1,114,136	974,387
Total liabilities and net assets	1,727,887	1,993,991

(2) Quarterly Non consolidated Statements of Income

(For the Three Months Ended December 31, 2021)

(Thousands of yen)

	(For the three months ended December 31, 2020) (From October 1, 2020 to December 31, 2020)	(For the three months ended December 31, 2021) (From October 1, 2021 to December 31, 2021)
Net sales	521,850	428,008
Cost of sales	160,132	188,861
Gross profit	361,718	239,147
Selling, general and administrative expenses	365,185	403,135
Operating profit (loss)	(3,467)	(163,988)
Non-operating income		
Interest income	3	4
Foreign exchange gains	-	114
Subsidy income	688	1,408
Recoveries of written off receivables	30	105
Other	5	13
Total non-operating income	727	1,647
Non-operating expenses		
Interest expenses	2,596	1,739
Share issuance costs	11,050	-
Foreign exchange losses	431	-
Total non-operating expenses	14,078	1,739
Ordinary profit (loss)	(16,818)	(164,079)
Loss before income taxes	(16,818)	(164,079)
Income taxes	(2,301)	572
Quarterly profit (loss)	(14,516)	(164,652)