

Retty

FY2022.9 2Q

Presentation Material

Retty Inc.

May 2022

Table of Contents

- 1** **Second 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)

Executive Summary

2Q results

- ✓ Q2 progressed as planned despite being under the influence of the state of semi-emergency.
- ✓ Sales in the first half of the year were 47% of the annual plan, and progress was made as planned.

FY2022 full-year forecast

- ✓ The state of semi-emergency of January-March 2022 is within expectations, and there is no change to the full-year earnings forecast.

Growth strategy

- ✓ On April, a total of 20 new graduates entered the company as sales personnel and several new distributors started operations, solidifying the footing for future growth.
- ✓ Continued investment based on internal data and feedback from customers confirming a recovery trend in sales promotion.

Table of Contents

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

1 Results Highlight

- ▶ In the second quarter, Net sales were 414 million yen and operating loss came to 160 million yen. As a result, cumulative Net sales were 842 million yen and operating loss was -324 million yen.
- ▶ The number of paying member restaurants totaled 8,382.
- ▶ Investments to lay the foundation for future growth are being made as planned, and costs are under control.

1 Summary of the Second Quarter Results

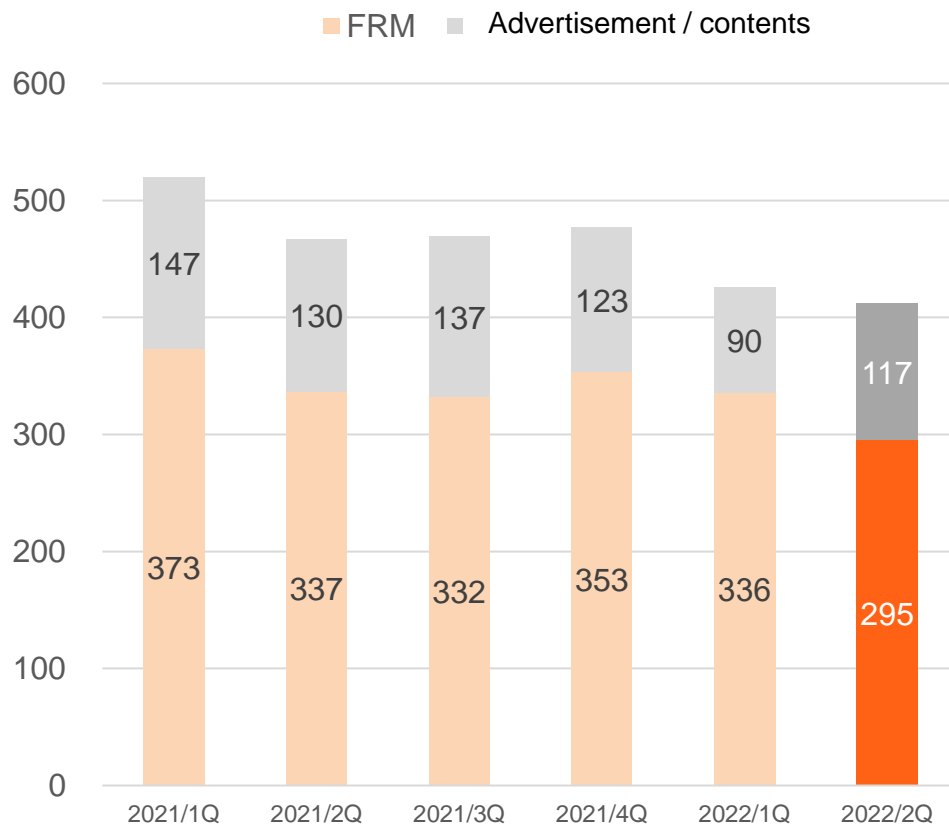
In the second quarter, Net sales were 414 million yen and operating loss came to 160 million yen. As a result, cumulative Net sales were 842 million yen and operating loss was -324 million yen.

(million yen)	Results for Fiscal Year Ended Sept. 2022	
	2Q cumulative results	Full Year Forecast
Net sales	842	1,810
Gross profit	457	-
Gross profit to net sales ratio		-
Operating loss	-324	-674
Operating profit to net sales ratio	-	-
Ordinary loss	-325	-
Net loss	-326	-

1 Quarterly Net Sales Composition

Sales of FRM were 295 million yen for the Second quarter, while those of advertisement / contents came to 117 million yen.

Quarterly Net Sales Composition (million yen)

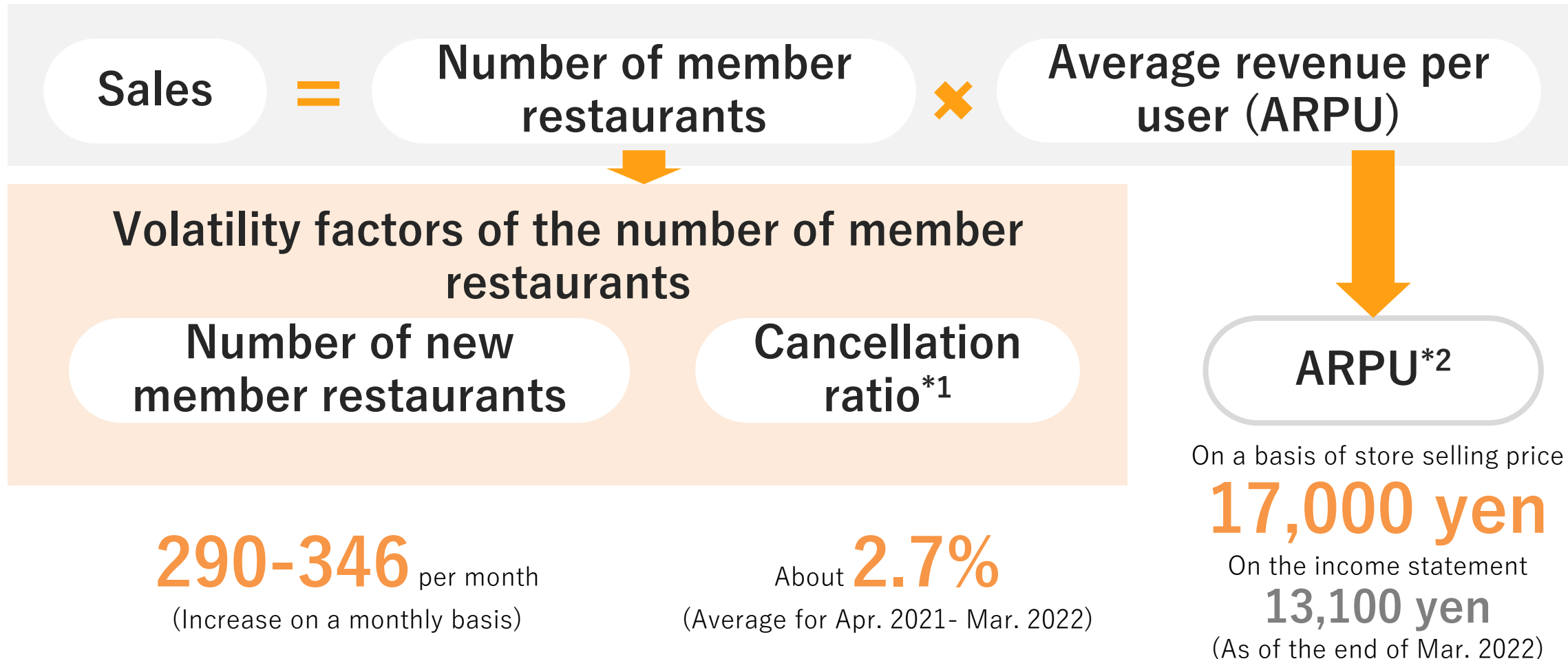


Advertisement / contents	<ul style="list-style-type: none"> Although there were some projects that were postponed from the previous quarter However, sales were generally in line with the plan.
FRM	<ul style="list-style-type: none"> Gave 6 million yen worth of payment exemptions for the Second fiscal year to restaurants that remained closed in 2Q The number of new participating restaurants in the second quarter did not recover significantly due to the declared state of semi-emergency, and a full recovery was carried over to April and beyond.

*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 Jan.-Mar. operating conditions

Although a state of semi-emergency was declared for the 2Q, the number of new participating restaurants gradually increased.

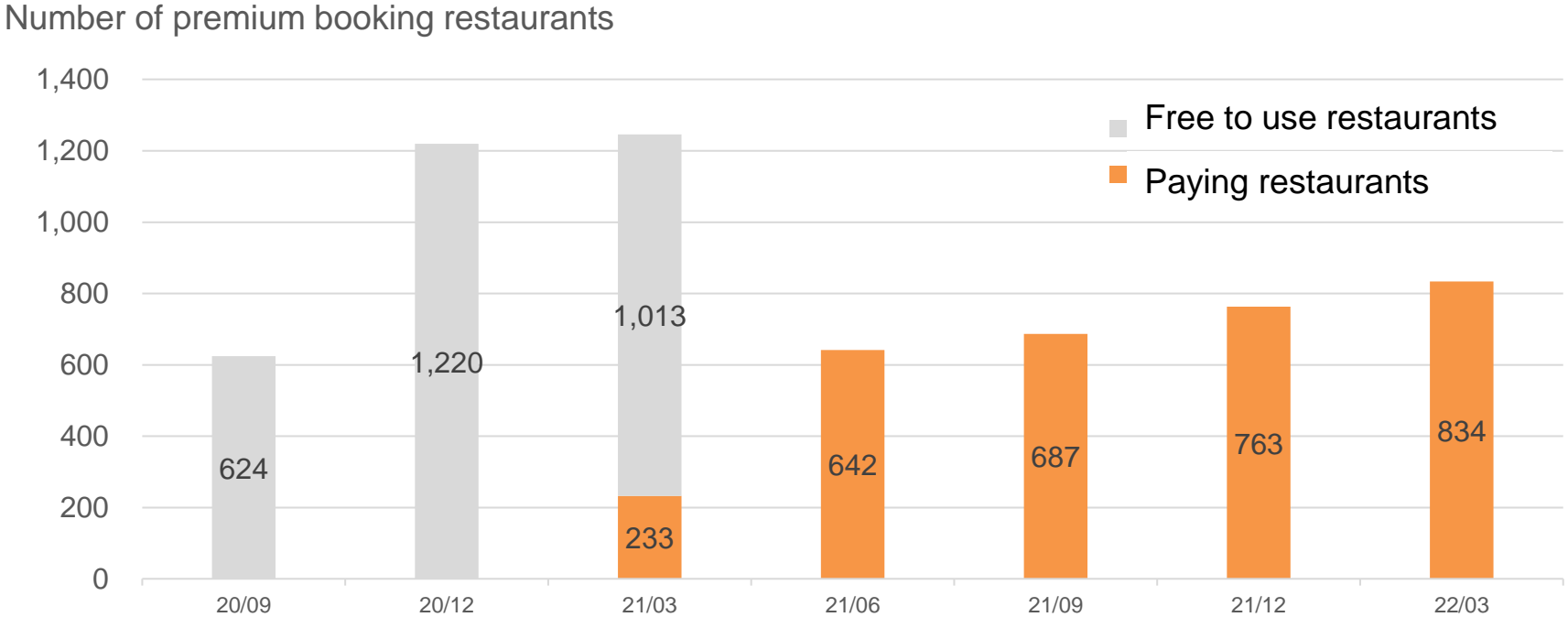
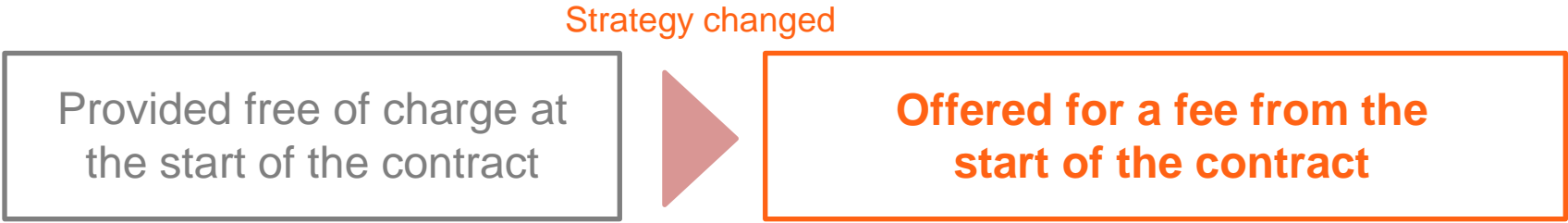


*1 The average of the number of restaurants that cancelled their contracts at the end of the contract period and at the time of renewal, as a percentage of the total number of member restaurants.

*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 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.**

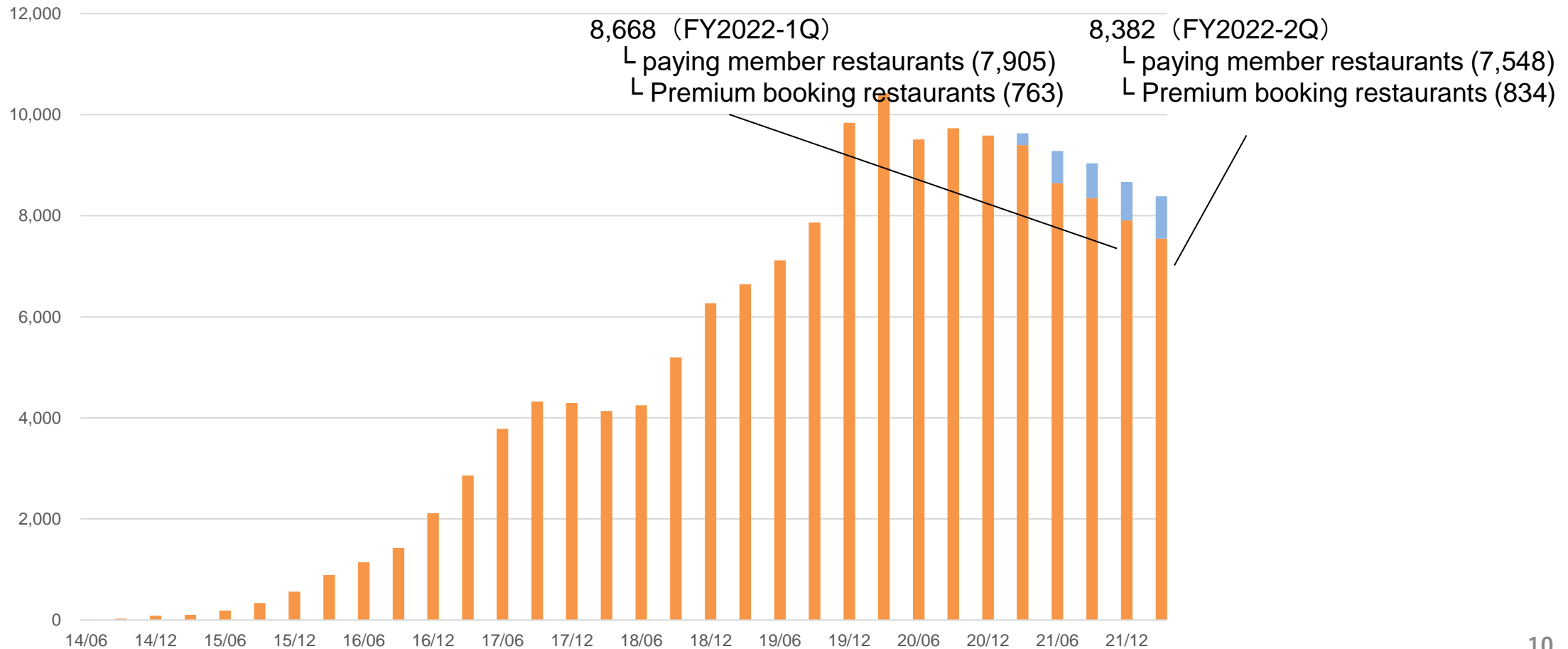


1

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

In 1Q 2022, the number of paying restaurants totaled 8,382, including premium booking restaurants

Quarterly trends in the number of paid stores (restaurant)



1 Trends in Cost Structure

Increase in personnel and recruiting costs due to investments, which are under control and progressing as planned.

Quarterly Cost Trends (million yen)

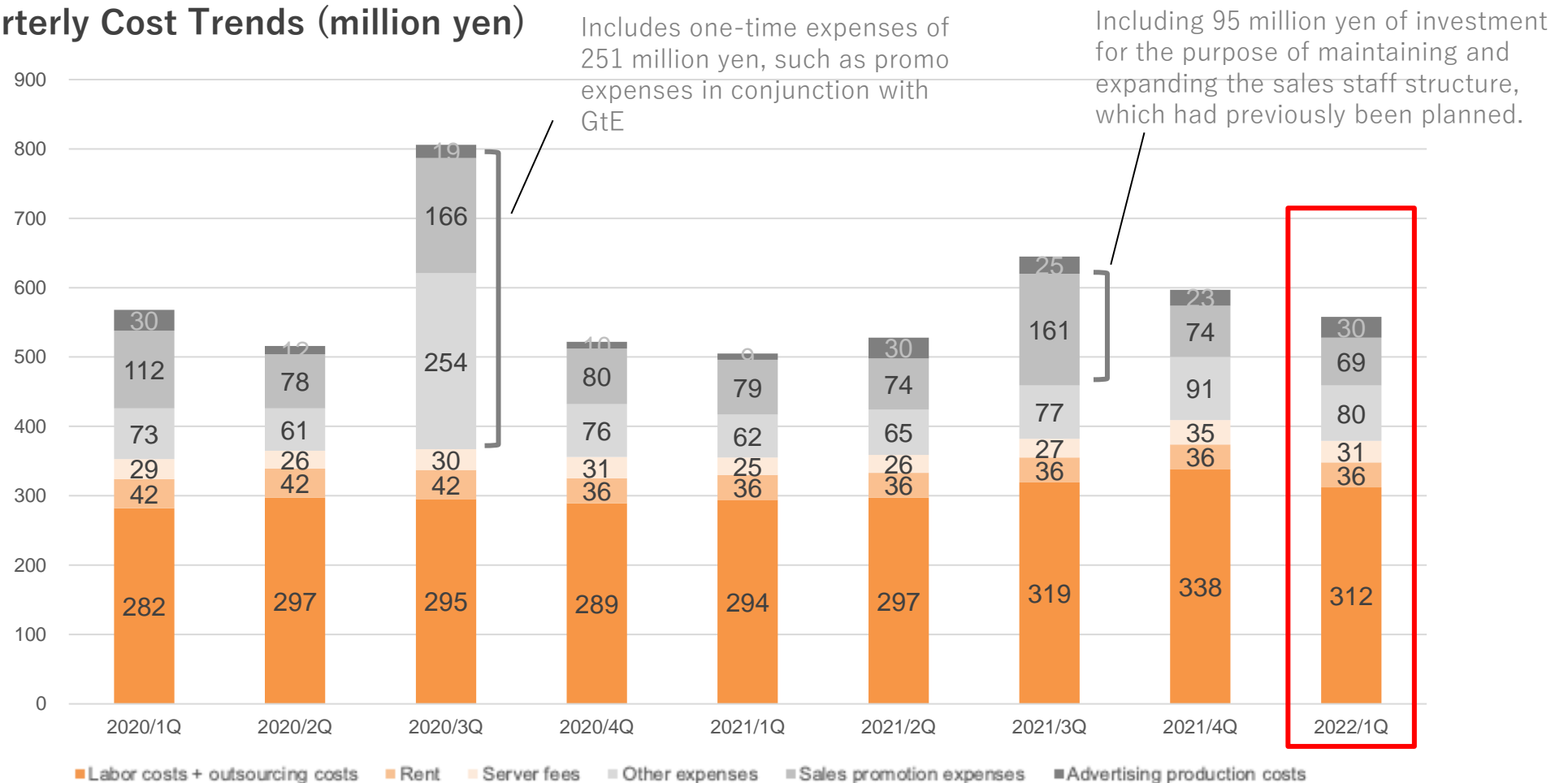


Table of Contents

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2 Relationship between COVID situation and performance in the future

The infection situation to date has been in line with the scenario incorporated in the plan. The future external environment will require close monitoring.

- ✓ The state of semi-emergency , which has already been completed, has already been incorporated in the plan, as we have been assuming a certain degree of impact since the plan was formulated.
- ✓ No further emergency declarations are anticipated in the plan, and the plan may need to be revised if such declarations are issued again.

2 Full-Year Forecast for Fiscal Year Ended September 2022

Full-year forecasts are maintained because the state of semi-emergency to be issued from January to March 2022 was factored into the plan.

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

Table of Contents

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3 Purpose of this year's investment

The current external environment has been factored into our assumed scenario, and we expect a recovery in the willingness of restaurants to promote sales in the future. Therefore, investments are being made as planned for the current fiscal year.

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

Investments in the sales channel, including the hiring of direct sales personnel and the establishment of new distributors, have progressed well and laid the foundation for future growth.

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



20 employees joined

Becoming a workforce in an average of 3 months

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

progressing as planned

3 Progress in investment in restaurant sales channels

20 new graduates joined the company as salespeople in April, and after 10 days of training, they will become full-fledged employees after an average period of 2.6 months.



20名

Average length of time for new hires to enter the workforce ※

2.6 months

※ The average period from the time a new graduate employees begins sales activities until they are able to produce sales result figures equal to the employee average is calculated based on past results.

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 3100. This will be an upside factor for sales by boosting the number of users in the future.

Overview

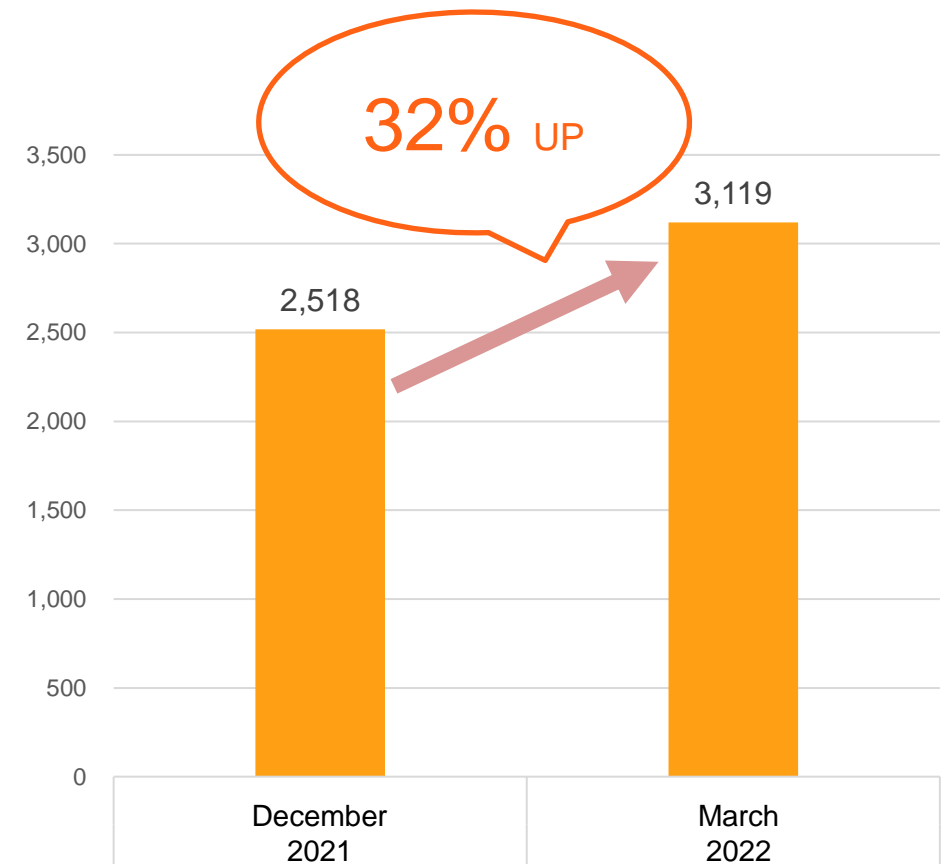
- A scheme that adds on a fixed price
- Unit cost is 200 yen per dinner booking
- Of the paying members, it has been incorporated into more than 2,500 restaurants

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

Certification of 121 TOP USER
to strengthen the restaurant search

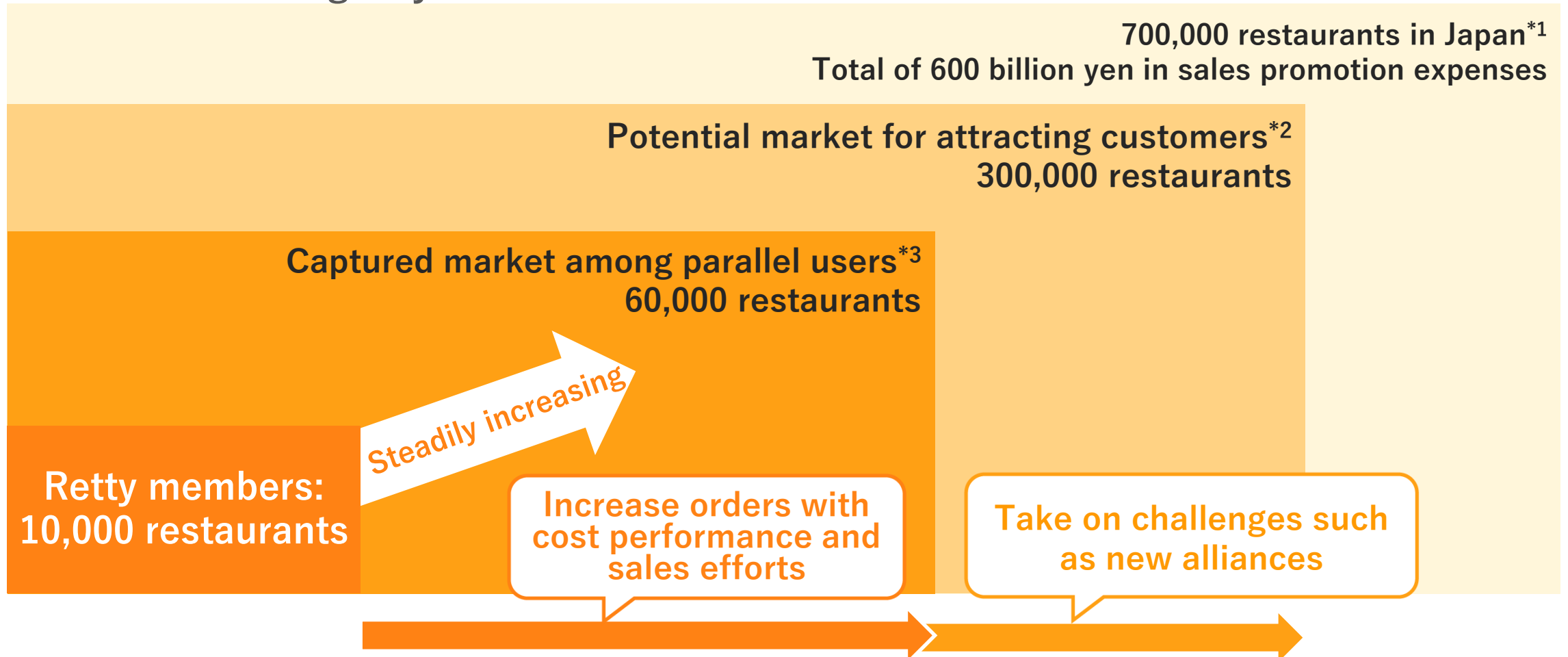
Renewal of popular restaurant labels
to strengthen the restaurant search

Improving application functions
to enhance the online reservation experience



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.

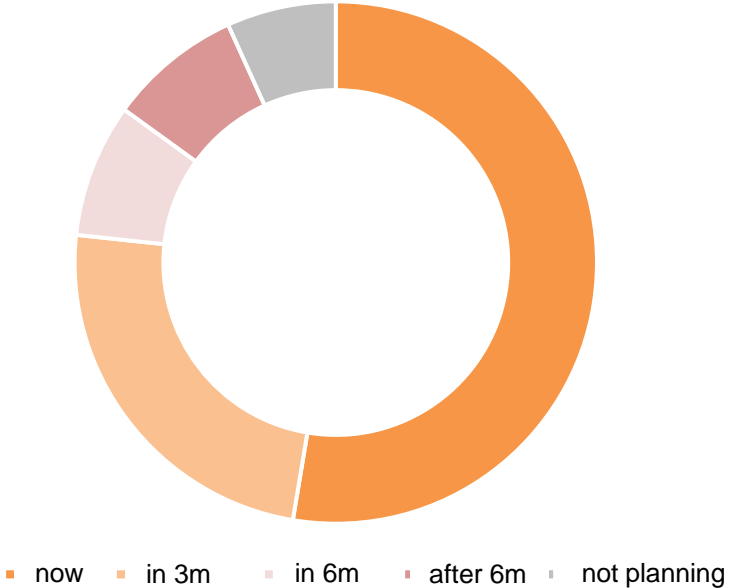
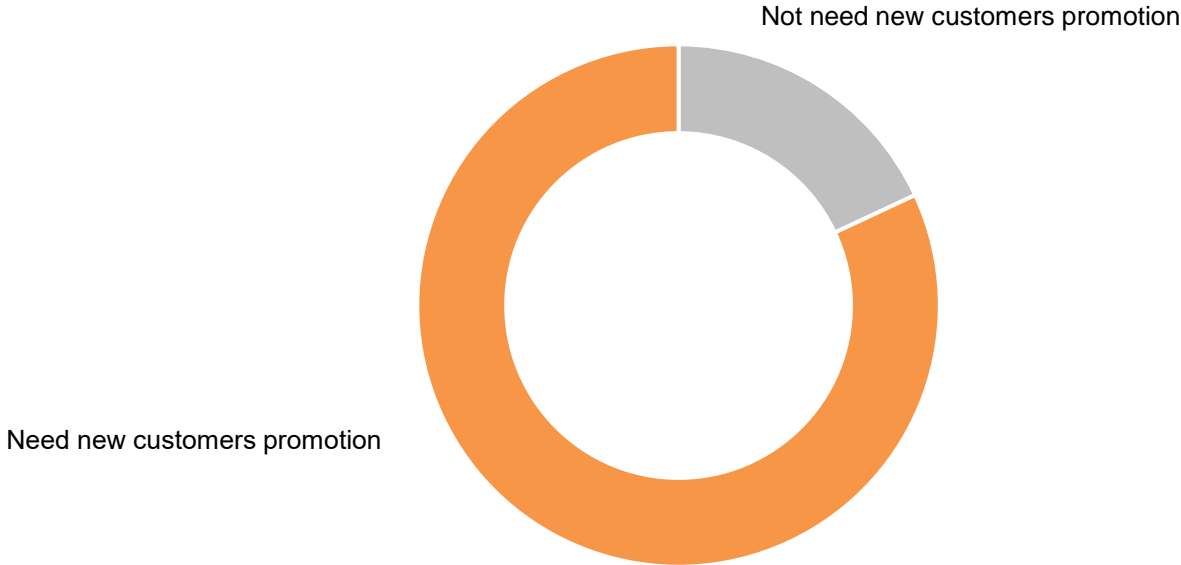
*3 Calculated based on number of members at the end of June stated on the earnings result materials of competitors by taking into consideration the rate of parallel users.

3 Current status of the sales promotion market in the restaurant industry

As shown below, we have confirmed a strong need for stronger sales promotion in the food and beverage industry. We intend to capture this need through ongoing investments, leading to a strong growth .

Want to focus on attracting new customers in the future Restaurants reach **82%**.

77% of respondents said they will focus on attracting new customers within the next 3 months.



※ We are conducting a survey of our paid and free store members in May 2022.

3 Boost from changes in the external environment

Regarding the external environment surrounding the restaurant industry, positive changes have emerged, including active discussions on reclassification of the new coronavirus and the prospect of resumption of acceptance of foreign visitors to Japan.

Discussion of reclassification of novel coronaviruses also gains momentum

Acceptance of inbound tourists is expected to resume

コロナの分類引き下げを インフル並み妥当—自民・安倍氏

2022年05月09日17時14分



安倍晋三元首相=21年12月

自民党の安倍晋三元首相は9日、大分市で開かれた同党関係者の会合で、新型コロナウイルスの感染症法上の扱いに関し、現在の「2類」相当から季節性インフルエンザと同等の「5類」に引き下げる方向で検討するよう訴えた。「オミクロン株において重症化率は下がっている。（分類変更の）議論を本格化すべきだ」と語った。

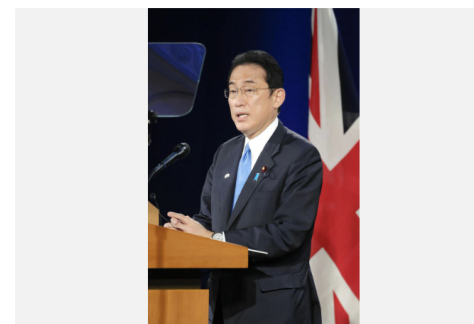
コロナ分類変更に否定的 無料検査「全国で体制確保」—衆院代表質問で岸田首相

※Source: Jiji.com News

訪日観光客6月にも再開 小規模ツアー先行実施

2022/5/6 20:14

政治 | 政策 ライフ | からだ



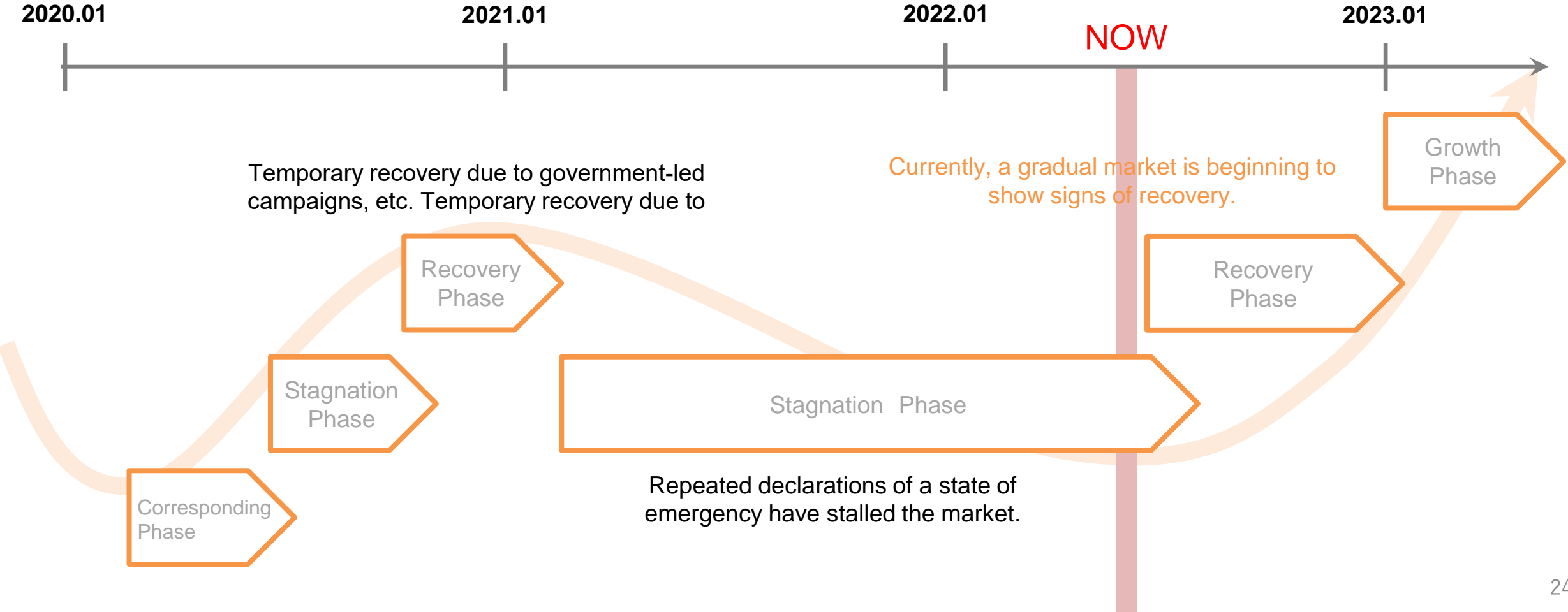
5日、英ロンドンで記者会見する岸田首相（代表撮影・共同）

政府は6日、訪日外国人観光客の受け入れを6月にも再開する方向で調整に入った。これに先立ち、小規模な訪日ツアーを早ければ5月中に試行することを検討。新型コロナウイルス感染拡大を防ぐ対策の有効性を確認する。訪日客が途絶えたことで国内の旅行消費は大幅に落ち込んでいる。政府は国内外の感染状況を見極めつつ、地域経済の回復に向け、訪日観光客の受け入れ枠を段階的に広げたい考えだ。

※Source : THE SANKEI NEWS

3 Focus on laying the foundation for the coming growth phase

Based on the aforementioned survey and our internal sales KPIs, we recognize that we are currently just before the recovery phase. Steadily laying the groundwork for future recovery and normal growth phases.



3 Current cash margin

Maintain ample funds to invest for future growth by increasing the amount of subordinated loans and overdraft facility.

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

Existing credit facility
420 million yen



Cash and deposits	1,219	Current liabilities	779
Other current assets	606	Non-current liabilities	544
Non-current assets	313	Net assets	814
Assets		Liabilities, net assets	

3 ESG Initiatives at Retty

Based on advice from experts, we have summarized our approach and initiatives on ESG issues and published them on our corporate website.

Our Approach to ESG

We believe that by advancing our business activities based on our vision of "Shaping a new food experience for a happier future," we can contribute to solving environmental and social issues. We will realize a sustainable society by using technology to update the area of food, which is deeply related to all people.



<https://corp.retty.me/en/esg/>

3 Creation of an image video to accompany the vision update



Shaping a new food experience for a happier future



<https://www.youtube.com/watch?v=DEjr2bWpill>

Supplementary Materials

Board of Directors

CEO



Kazuya Takeda

He founded Retty Inc. in 2010. Prior to founding the company, he was engaged in marketing-related businesses such as Internet advertising sales at Net Age, Inc. After leaving the company, he stayed in the U.S. West Coast to prepare for starting his own business. After returning to Japan, he founded Retty with co-founder Natsuka in order to contribute to the prosperity of Japan's world-class food culture.

Head of HR



Tetsuya Natsuka

Co-founder of Retty. After being in charge of development and initial growth, he is in charge of strengthening governance and the HR area.

Outside Director



Kosuke Honda

He has served as a director and senior managing executive officer of Recruit Co. He has served as an outside director for many IT companies.

Outside Director
Audit committee member



Izumi Osugi

After working for KPMG AZSA & Co. as a CPA, she served as an outside director for several companies before assuming his current position.

Outside Director
Audit committee member



Issei Mori

As an attorney, he specializes in start-up and venture business legal affairs. He also serves as an outside director of Demaekan Co.

Outside Director
Audit committee member



Yuka Uehara

She has served as head of divisions in charge of fundraising through IPOs, stock markets, etc. at several securities firms in Japan and the U.S., including Merrill Lynch.

Executive Officers

Head of Sales



Taro Ando

After working for Recruit Co., Ltd. as the person in charge of HPG in the Tokyo metropolitan area, he worked for Bellsystem24 before joining Retty.

VPoE



Akihiro Kosako

As an engineer, he also experienced planning, design, etc. in multiple startups before joining Retty. He currently serves as VPoE.

VPoP



Hiroki Noguchi

After working at Speee Corporation, he joined Retty in 2015. Prior to his current position, he served as Growth Team Manager and Head of HR.

CFO



Yuzaburo Tsuchiya

Joined Retty after working for an audit firm, a strategy consulting firm, a PE fund, and a secondment (as a director) to Hotland Co.

Head of
IR & Corporate Planning Office



Kenta Okuda

After working for Mitsubishi Corporation in the screening of investment and loan projects, he joined Retty as CFO in the early stage.

Head of
Business Management Office



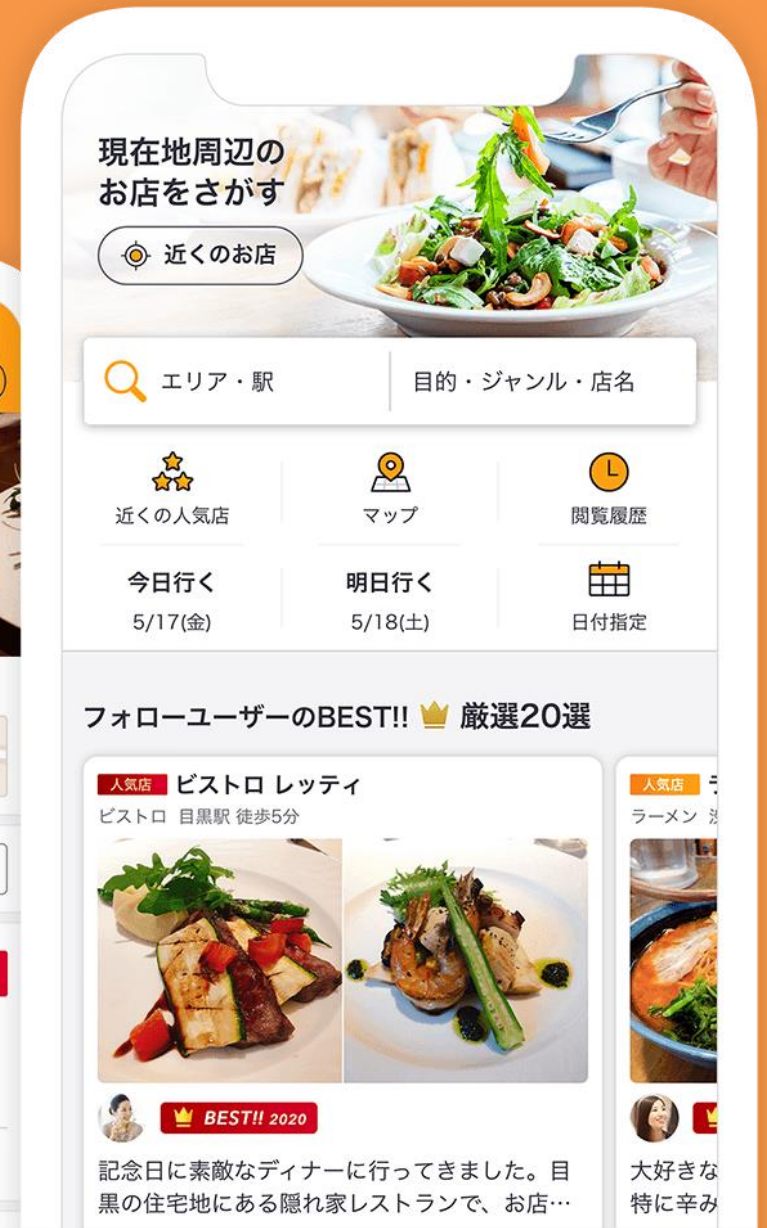
Kanji Kawano

He joined Retty in 2016 after serving as head of the sales department at a website development and management company.

Service Image



Find the BEST
restaurant for you



Retty Inc.

Real-name
type



Recommended
Reviews
without score rating



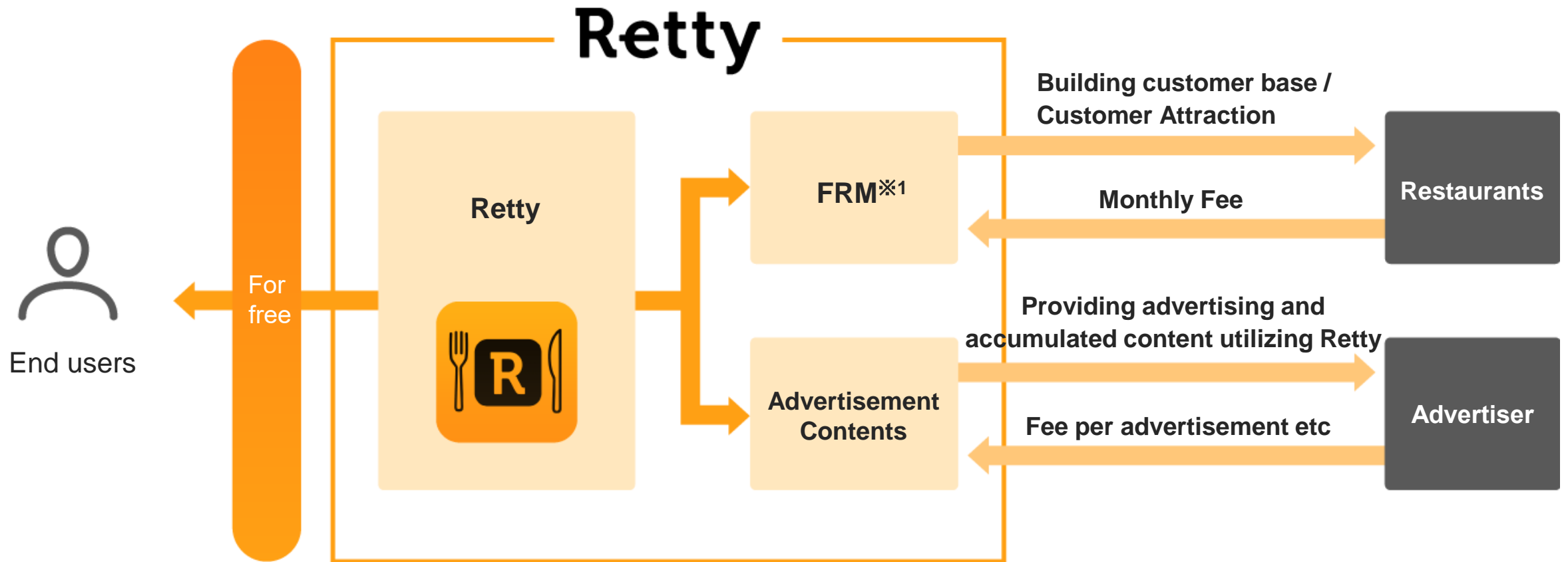
Look for "people"



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

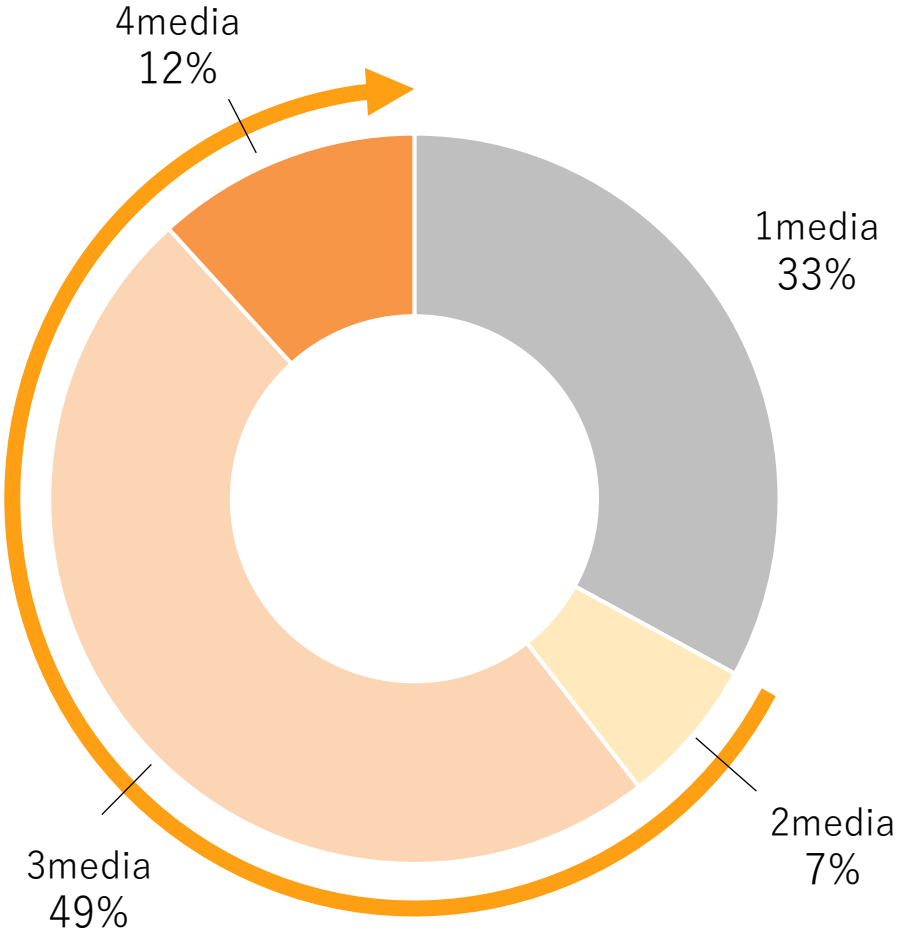
- Waive fees for restaurants in Go to Eat Campaign
- Use SNS as a public relations tool for Restaurant Support Project
- Waive fees of cloud funding for restaurants in a joint effort with CAMPFIRE
- Launch takeout products in response to requests by restaurants
- Develop Mobile Order products, which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

**Parallel user ratio
70%**



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

Composition of FRM's products and member stores

Product outline

Paying restaurant membership	<p>“Regular contract”</p> <div style="border: 1px solid orange; padding: 5px; display: inline-block; margin: 5px;">Performance fee targets</div> <div style="border: 1px solid gray; padding: 5px; display: inline-block; margin: 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>
	<p>“Trial contract for chain restaurants”</p>	<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)

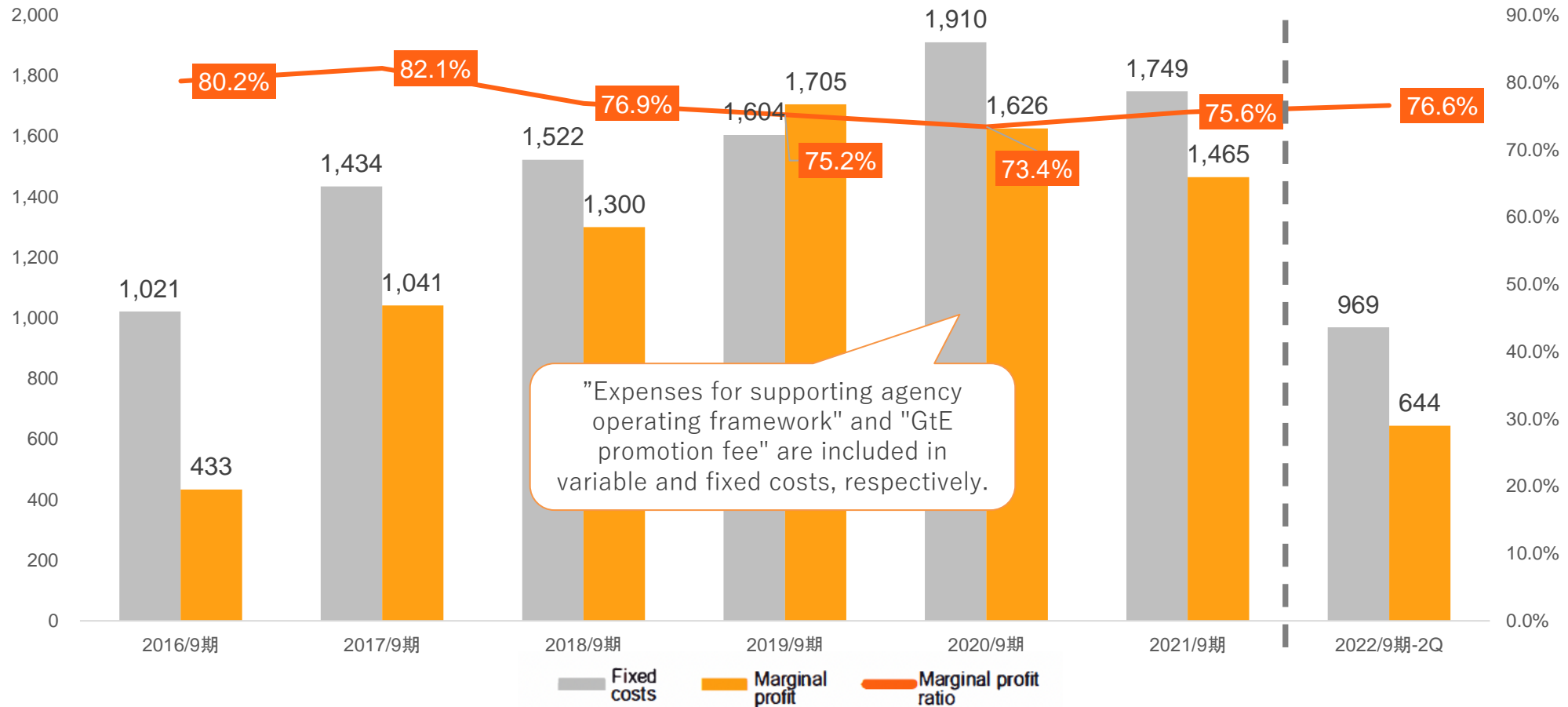
Exclusive and popular stores
(About 30,000 restaurants)

All restaurants

Trend in Marginal Profit Ratio

We maintained marginal profit ratio at a similar level

Trends in marginal profit*1, fixed costs*2 (million yen), and marginal profit ratio



*1 Marginal profit is calculated by subtracting variable cost from net sales. Variable cost is the sum of production cost which is the cost of production for advertisement/contents solution business, and sales promotion cost which is the fees paid to agencies for restaurant customer attraction business.

*2 Fixed cost mainly comprises of costs other than variable costs such as personnel cost, communication cost (server cost), and land and building rent.

Type of sales channel

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

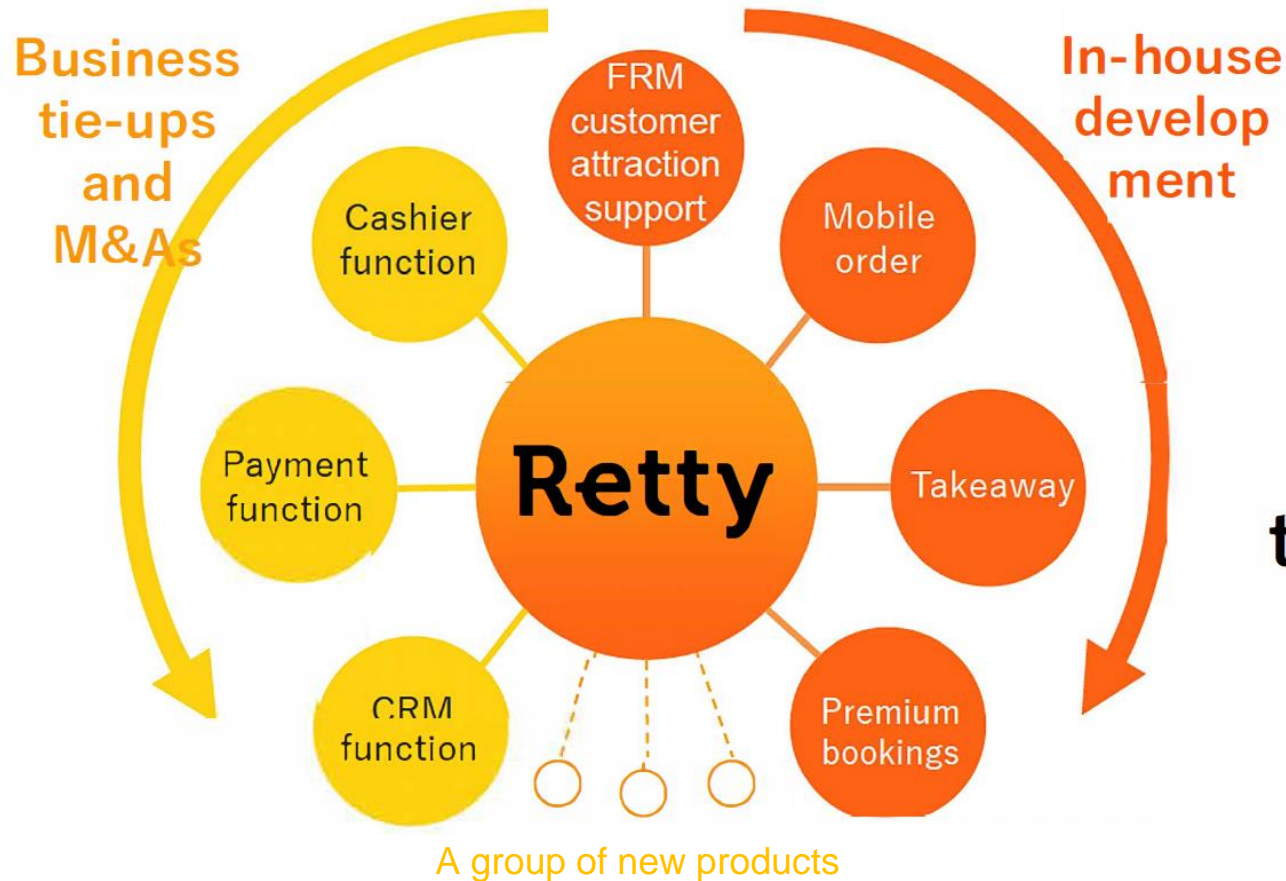
- Agencies that have secured sale persons dedicated to selling Retty products
- Retty directly signs contract with restaurants
- Sales are **recorded gross**, and fees to the agencies are recorded as sales promotion cost

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

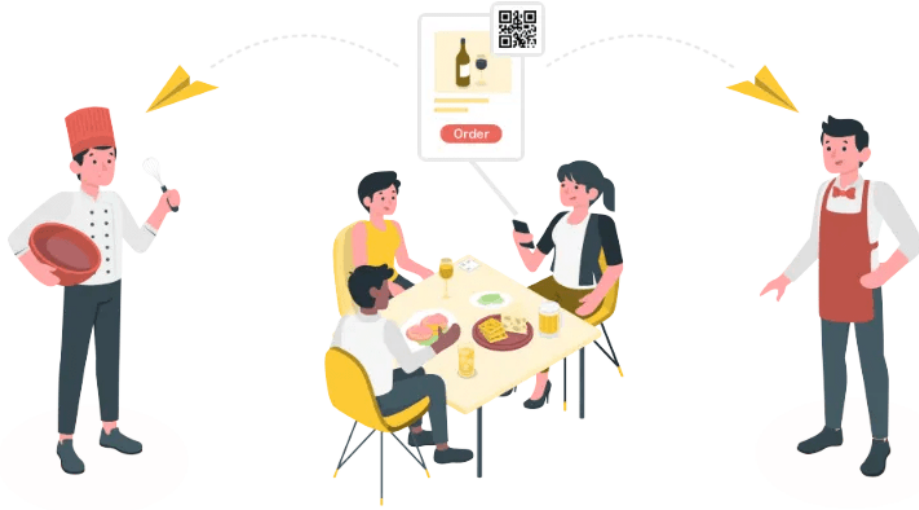
Investing approximately 320 million yen, the company aims to increase ARPU by providing a group of products that can be customized by restaurants to meet their needs.



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

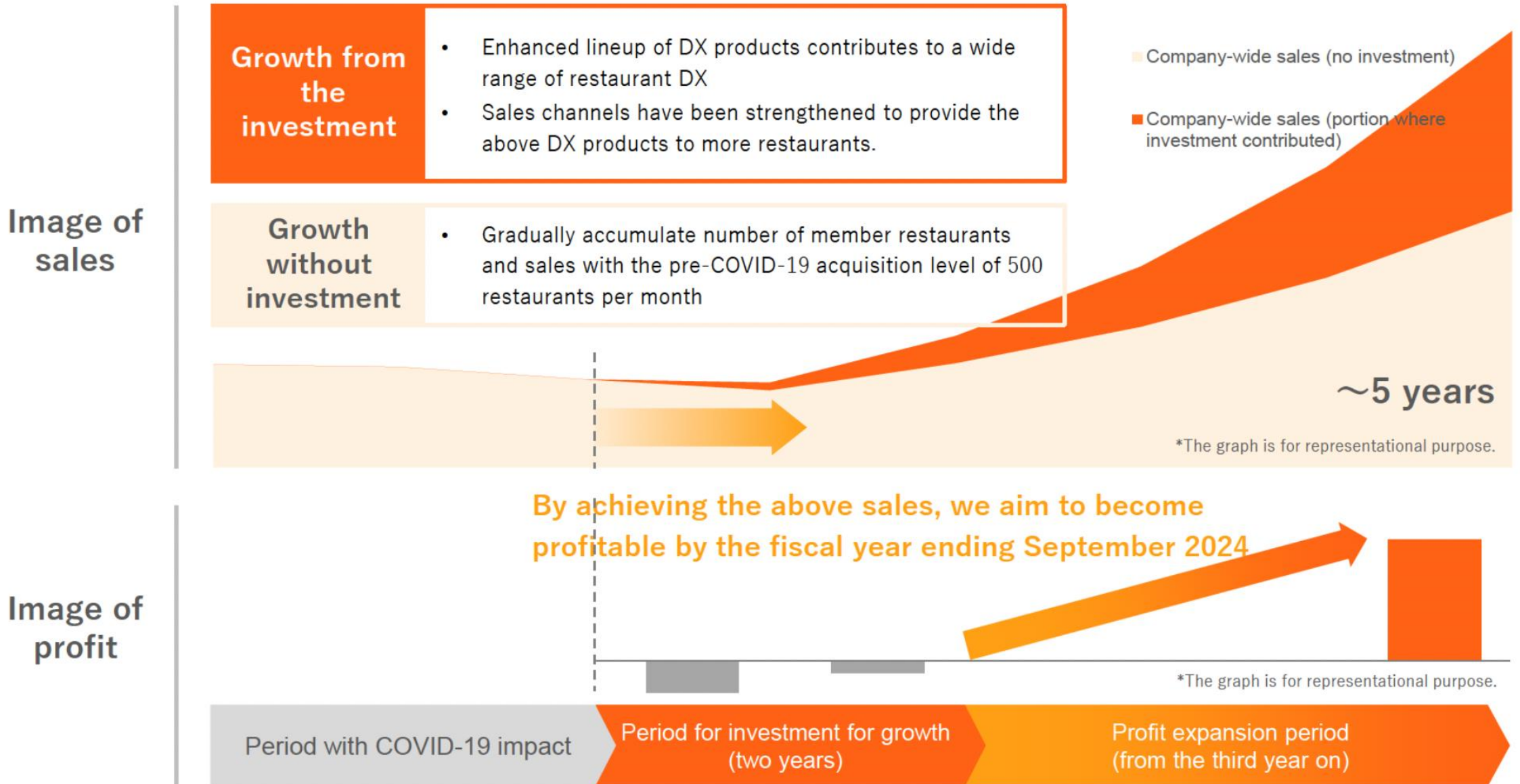


Capture offline data

	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

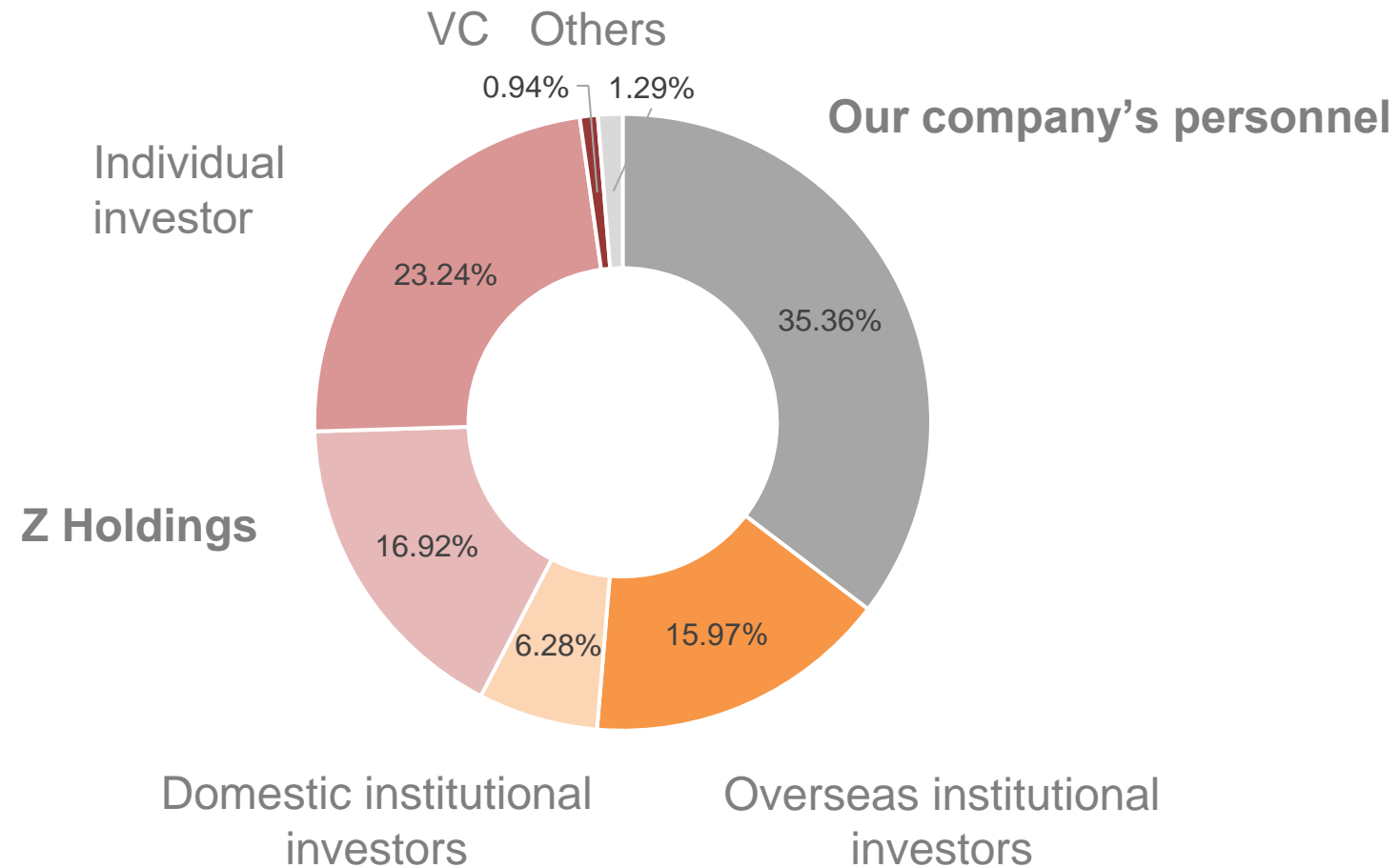
Significantly reduce tasks by restaurant
(Enables better pricing/investment in quality of food)

Image of growth to be achieved through this investment



Shareholder's composition

Shareholder's composition (as of Mar. 2022)



Company Profile

Company name	Retty Inc.
Headquarters	Sumitomo Fudosan Azabujuban Building 3F, 1-4-1 Mita, Minato-ku, Tokyo
Established	November 2010
Capital	630 million yen
Employees	129
Stock exchange	Tokyo Stock Exchange Growth
Securities code	7356

Retty

Disclaimer

This material is not intended for soliciting investments in securities issued by the Company. Forward-looking statements in this material are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable, and does not represent a guarantee from the Company that they will be achieved. Actual results may differ significantly from these statements for several reasons.