

# Retty

FY2022.9 3Q

## Presentation Material

Retty Inc.

Aug. 2022

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- 1. Third 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

## 3Q results

- ✓ In the third quarter, Net sales increased QoQ to 415 million yen.
- ✓ Cumulative Net sales were 69% of the annual plan.
- ✓ The number of paying restaurants remained flat due to a worsening churn rate of takeout plans, but the number of new participating restaurants recovered to the 400 level.

## FY2022 full-year forecast

- ✓ No change in full-year forecasts, although the current COVID-19 outbreak differs from the assumptions made when the plan was formulated.

## Growth strategy

- ✓ Promote recovery and growth in the number of new participating restaurants that have recovered to the 400 level and begun to turn up.
- ✓ Focus on highly effective investments with a view to achieving profitability and maximizing long-term growth

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- 1. Third Quarter Results for the Fiscal Year Ending September 30, 2022**
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(Supplementary Material)

## 1 | Results Highlight

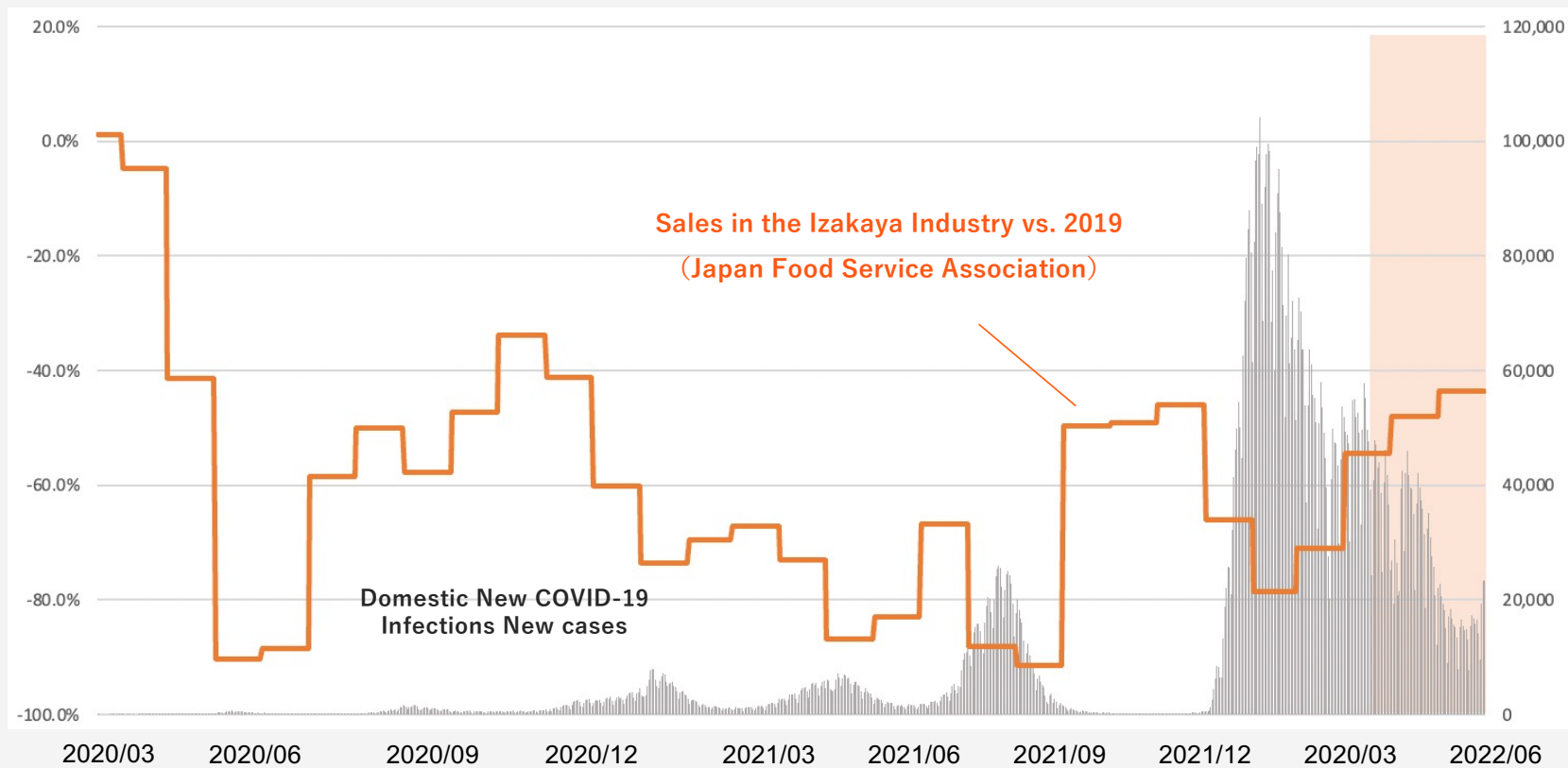
✓ In the third quarter, Net sales were 436 million yen and operating loss came to 201 million yen. As a result, cumulative Net sales were 1,279 million yen and operating loss was -526 million yen.

✓ Quarterly Net sales results turned to an increase compared to the previous quarter.

✓ The number of paying restaurants remained almost unchanged from the previous quarter, totaling 8,320, due to a slowdown in the number of members due to a worsening churn rate for take-out plans. On the other hand, the number of newly participating restaurants reached 400/month.<sup>11</sup>

# 1 | Impact of Omicron strain on the spread of infection

Although not under the declaration of a state of emergency or other declaration during the quarter, as shown in the graph below, the Omicron strain continued to impact the recovery of various KPIs in the third quarter as well.



## 1 | Summary of the Third Quarter Results

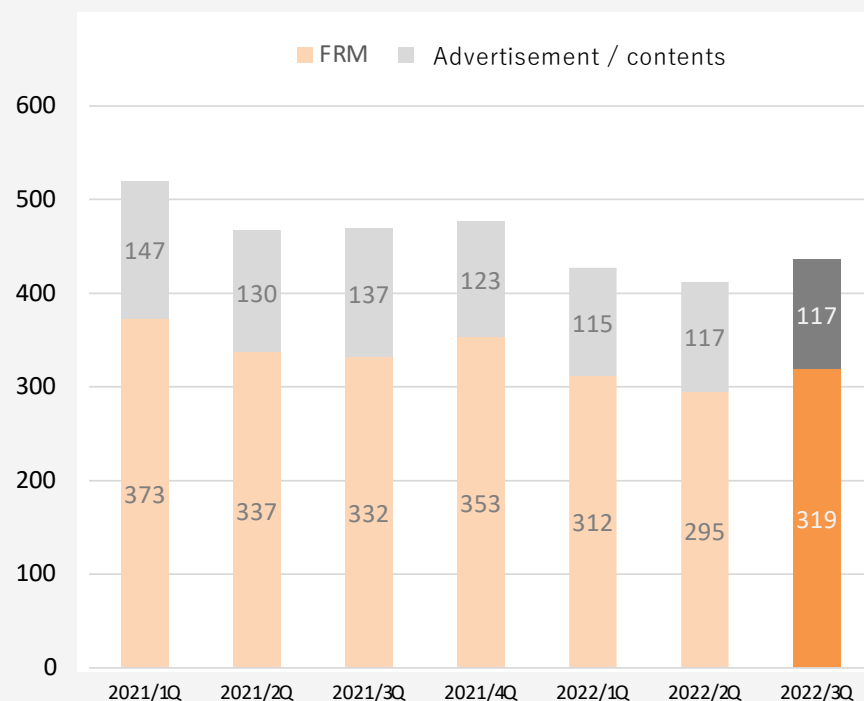
In the third quarter, Net sales were 436 million yen and operating loss came to 201 million yen. As a result, cumulative Net sales were 842 million yen and operating loss was -324 million yen.

(million yen)	Results for Fiscal Year Ended Sept. 2022		
	3Q results	3Q cumulative results	Full Year Forecast
<b>Net Sales</b>	436	1,279	1,810
<b>Gross Profit</b>	235	692	-
<b>Gross Profit ratio</b>	53.9%	54.1%	-
<b>Operating Loss</b>	-201	-526	-764
<b>Operating Loss ratio</b>	-	-	-
<b>Ordinary Loss</b>	-202	-527	-770
<b>Net Loss</b>	-202	-529	-772

# 1 | Quarterly Net Sales Composition

Sales of FRM were 319 million yen for the Third quarter, while those of advertisement / contents came to 117 million yen.

Quarterly Net Sales Composition (million yen)



Advertisement / contents

- Sales were in line with the plan, and landed at the same level as the previous quarter.

FRM

- Gave 1 million yen worth of payment exemptions for the Third fiscal year to restaurants that remained closed in 3Q
- Reversal of 20 million yen of sales promotion expenses of co-selling agents recorded as sales



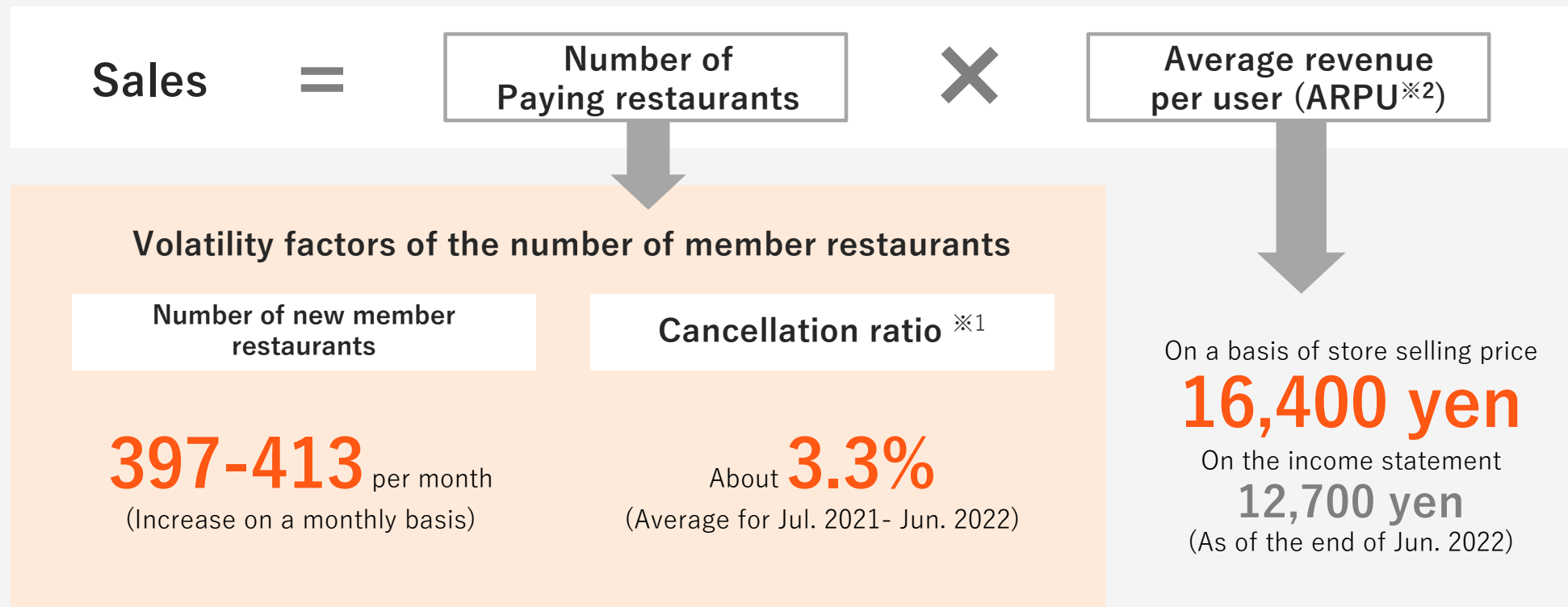
# 1 | Redefine FRM product categories and KPIs

Changed product categories due to the penetration of new products (pay-as-you-go only products), and changed definitions of some KPIs to promote investor understanding

	Before change	After change
Product Category	<ul style="list-style-type: none"> <li>• Paying restaurants(fixed price)</li> <li>• Premium Reservation</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Paying restaurants(fixed price)</b> Includes plans with both metered and fixed billing</li> <li>• <b>Paying restaurants(pay-for-reserve)</b> Premium reservations and pay-for-reserve only plans shall be collectively referred to as</li> </ul>
Churn rate	<ul style="list-style-type: none"> <li>• Maturity churn rate excluding trial contracts</li> <li>• 12-month average</li> </ul>	<ul style="list-style-type: none"> <li>• Maturity churn rate <b>including trial contracts</b></li> <li>• 12-month average</li> </ul>
ARPU	ARPU excluding trial contracts	<b>ARPU including trial contracts</b>

# 1 | Key KPIs for April-June (after definition changes)

Churn rate worsened due to take-out plans, while the number of newly participating stores recovered to the 400 level in June.



<sup>※1</sup> 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.

<sup>※2</sup> ARPU based on store billing (including options), excluding trade stores (in which we receive orders for a large number of restaurants as a trade at a low price and bulk for major restaurant operators).

# 1 | Causes and Countermeasures for Increased Maturity Cancellation Rates

As the percentage of take-out plans is increasing in the Corona Disaster, the churn rate is gradually increasing accordingly. The company has recently changed its sales policy and reduced sales of takeout plans, and the composition of products sold improved in July.

## High take-out plan churn rate

(2021/07-2022/06 average)

Gradual increase in churn rate due to increase in take-out plans

Takeout Plan Maturity Cancellation Rate

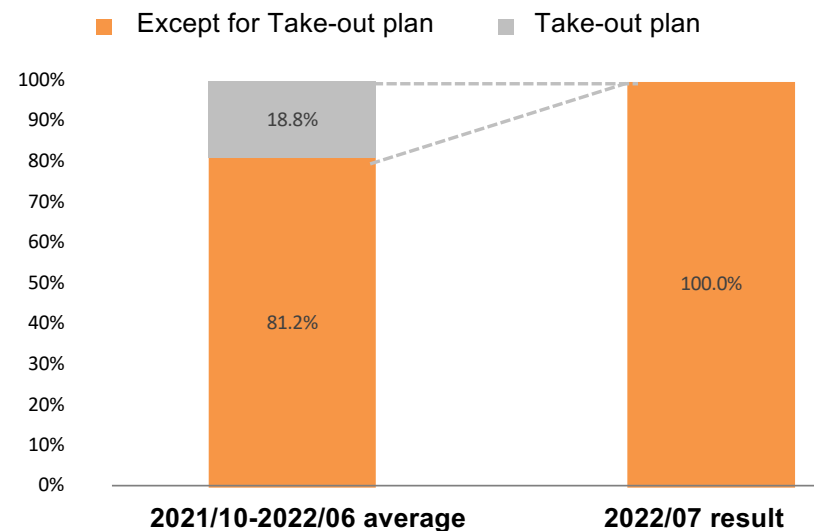
**7.9%**

Other Plan Maturity Cancellation Rates

**3.1%**

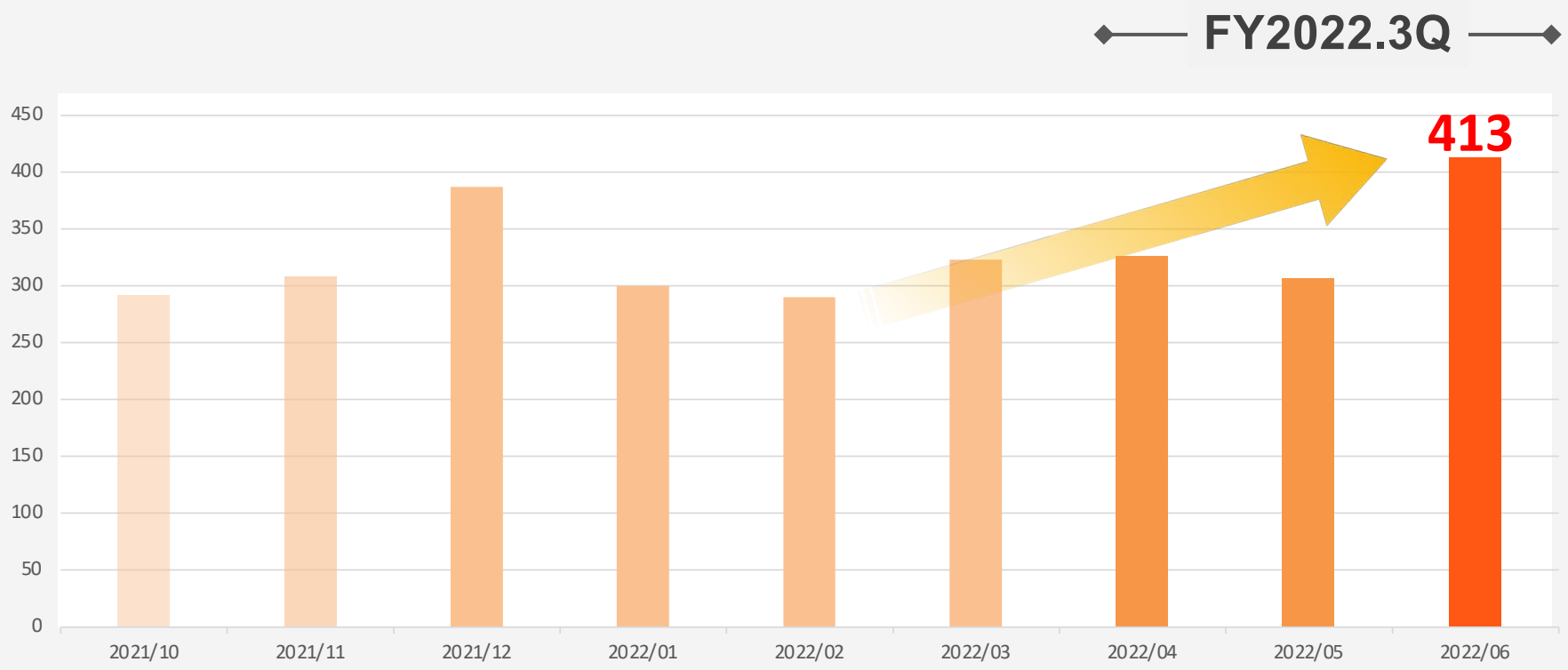
## Change in acquisition mix

As a result of reduced sales of take-out plans



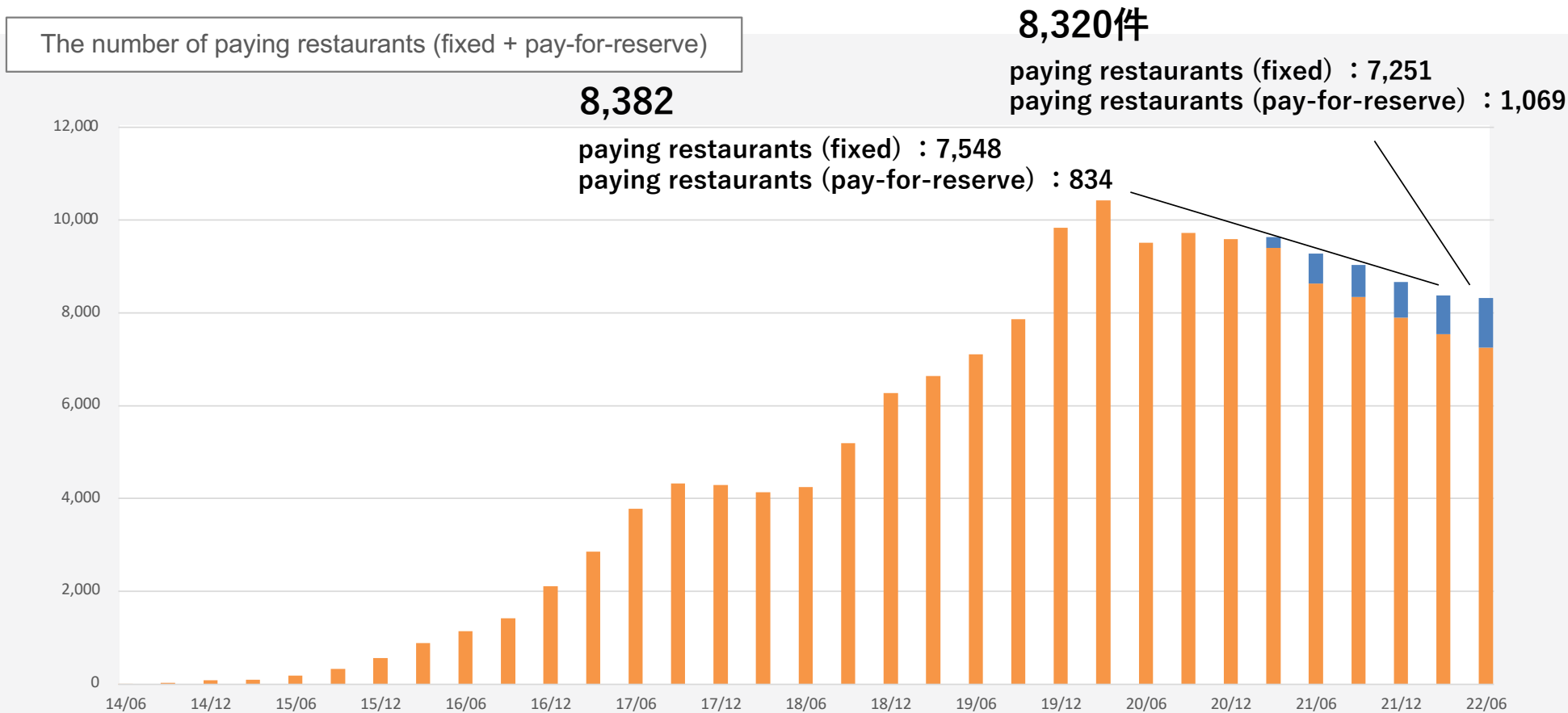
# 1 | Increasing trend in the number of new participating restaurants

Despite the impact of the Omicron strain's continued spread since the beginning of 2022, the number of new participating stores has been slowly recovering, reaching the 400 mark in June, showing signs of recovery.



# 1 | Number of FRM paying restaurants

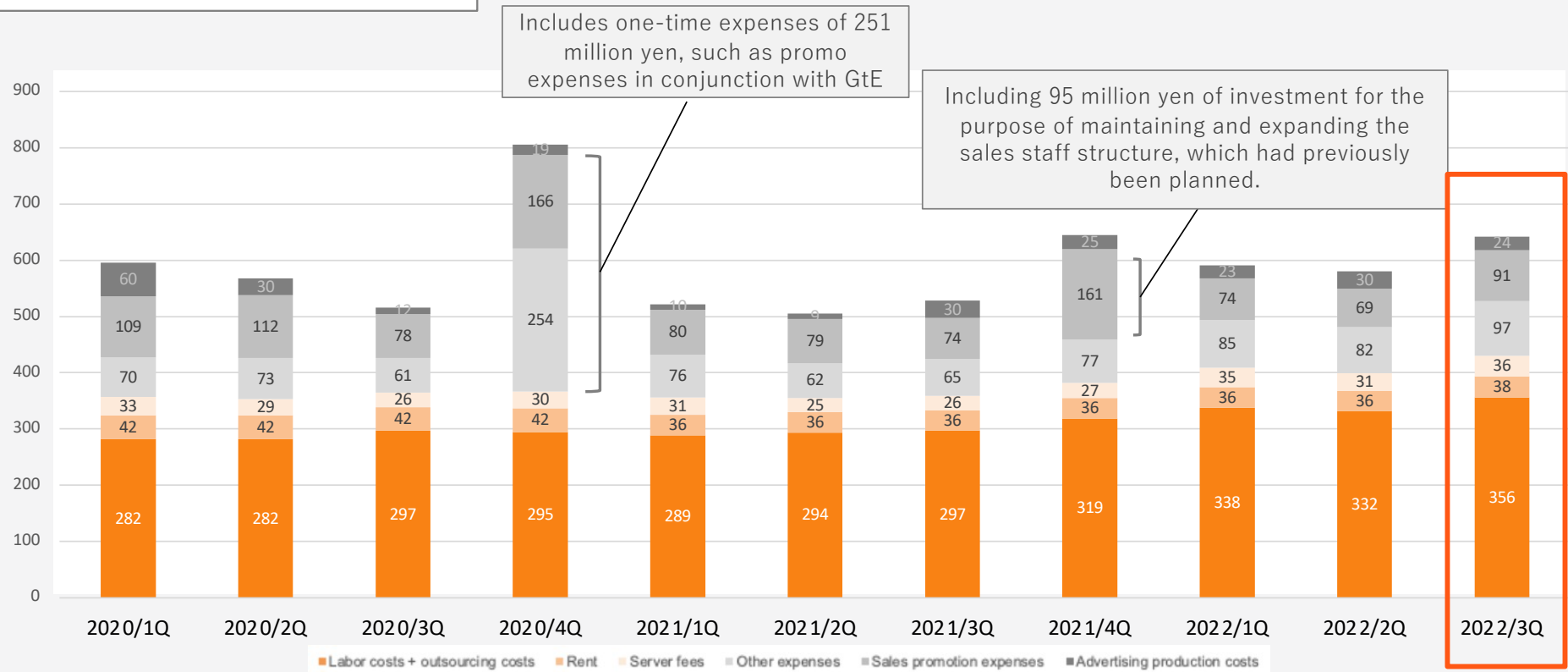
The number of paying restaurants (fixed + pay-for-reserve) in the third quarter of 2022 was 8,320



# 1 | Trends in Cost Structure

Progress is in line with plans and under control, with the main increase/decrease coming from increased personnel and hiring costs due to investments.

Quarterly Cost Trends (million yen)



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(Supplementary Material)

## 2 | COVID-19 situation and performance in the future

Although the emergency declaration that has already ended has been factored into the plan, the current spread of infection has not been factored in and must be closely monitored.



With regard to the emergency declarations and priority measures to prevent the spread of the disease, which have already been completed, a certain degree of impact was assumed from the time the plan was formulated and has already been incorporated into the plan.



On the other hand, the impact of the seventh wave of infection, which has been causing increasing concern, has not been factored into the plan, so it will be necessary to keep a close eye on the spread of infection and the resulting decline in opportunities to eat out.



At this time, we maintain our disclosed full-year forecast.



## 2 | Full-Year Forecast for Fiscal Year Ended September 2022

Full-year forecasts are maintained.

FY 2021/09 Results	Premise of the plan	FY2022/09 Results forecast
<p data-bbox="331 646 542 689">Net Sales</p> <p data-bbox="228 730 645 817"><b>1,938</b> million yen</p> <p data-bbox="264 944 600 987">Operating Loss</p> <p data-bbox="246 1029 622 1104"><b>-283</b> million yen</p>	<p data-bbox="855 619 1370 710"><b>Spring 2022</b></p> <p data-bbox="922 721 1303 812">Full-scale sales promotion recovery</p> <ul data-bbox="846 865 1400 1189" style="list-style-type: none"><li>• The number of customers at restaurants has begun recovering.</li><li>• At the same time, we also incorporate the possibility of a resurgence of COVID-19 infections through this winter.</li><li>• Based on these, we have made an assumption that restaurants' appetite for sales promotion will fully recover from around spring 2022.</li></ul>	<p data-bbox="1639 646 1850 689">Net Sales</p> <p data-bbox="1527 730 1966 817"><b>1,810</b> million yen</p> <p data-bbox="1572 944 1908 987">Operating Loss</p> <p data-bbox="1545 1029 1935 1104"><b>-764</b> million yen</p> <p data-bbox="1505 1225 1953 1268">Including investment of 471</p>

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(Supplementary Material)

### 3 | Investment policy for this fiscal year

While responding flexibly to changes in the external environment, focus on investments with high return on investment with a view to achieving profitability and maximizing long-term growth

#### Review the scope of investment

##### Investment in restaurant sales channels

Hiring of  
direct sales staff

External sales  
Establishment

Recruitment for FY22 completed.  
Investments in external sales systems  
are focused on highly effective.

##### Investment in DX products

Improve convenience  
of existing services

Develop new  
products

Impact on attracting more customers  
and Selective implementation of highly  
effective

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

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



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

**Distribution of online reservation stickers**  
to enhance restaurant search

**Renewal of search infrastructure**  
to enhance restaurant search

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

### 3 | PayPay campaign to promote online reservations

Aiming to increase the number of online reservations on Retty, PayPay point campaign with high customer satisfaction



夏のPayPayポイントキャンペーン

Retty全ネット予約可能店舗で  
ネット予約・来店すると

もれなく **500円** 相当

PayPayポイントがもらえる!

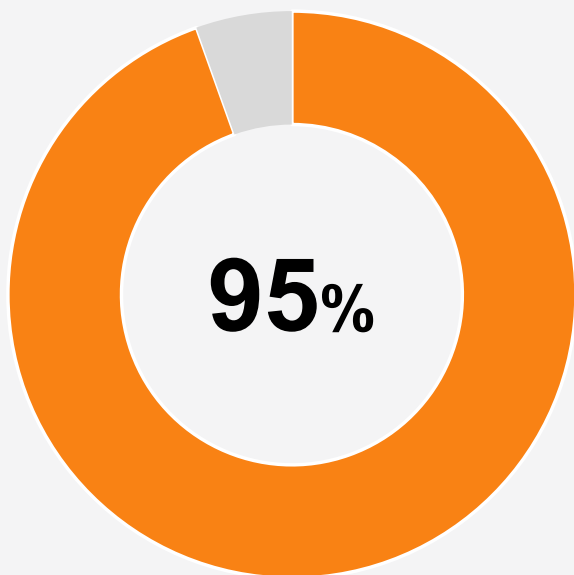
※期間中お一人様1回まで

キャンペーン期間：2022年7月25日(月)00:00～9月25日(日)23:59

### 3 | Recruitment competitiveness remains strong

Recruitment competitiveness remains strong, with 95% of hiring planned for this fiscal year completed. We will be able to continue to flexibly deploy recruitment activities in line with the progress of our business and other factors.

Against the planned number of recruits for the current fiscal year 95% completed as of the end of June



Listed in Supporters' rankings for engineering internships



### 3 | Impact of future spread of new coronary infections

In Japan, as in other countries, there is a movement to change the perception of new corona infections, and the restaurant industry is expected to be revitalized in the future.

There is a move to downgrade the classification of the new coronavirus.

#### 新型コロナ「2類」からの引き下げを検討 岸田首相、第7波収束後に

新型コロナウィルス

松山紫乃 2022年7月31日 20時06分

シェア ツイート BIブックマーク メール 印刷

list

コメントプラス

牧原出さんのコメント



新型コロナ対策などについて、取材に応じる岸田文雄首相=2022年7月29日午後7時18分、首相官邸、上田幸一撮影

岸田文雄 首相は7月31日、新型コロナウィルス について、感染者が急増している「第7波」の収束後に感染症法上の扱いを、現行の「2類相当」から引き下げる検討を進める考えを示した。現在、感染者の全数を把握するなど厳格な措置が取られており、保健所などの業務の圧迫が指摘されていた。

Source: Asahi Shimbun Digital

Demand for food service in Japan is expected to recover to levels in Europe and the U.S.

#### 飲食店予約、欧米はコロナ前超え 日本は回復遅れ

新型コロナ +フォローする

2022年6月11日 19:30 (2022年6月11日 22:57更新) [有料会員限定]

保存

メール 共有 ツイート Facebook 共有

新型コロナウイルス禍での行動制限が緩和されたことを受け、日米欧の夕食時間帯の飲食店の利用に変化が見られ始めている。5月末の英国などではディナーの予約件数はコロナ前の水準を大きく上回る水準に復調し、米国では深夜帯の客足が戻りきらない。脱巣ごもり消費の追いすが問われることになる。

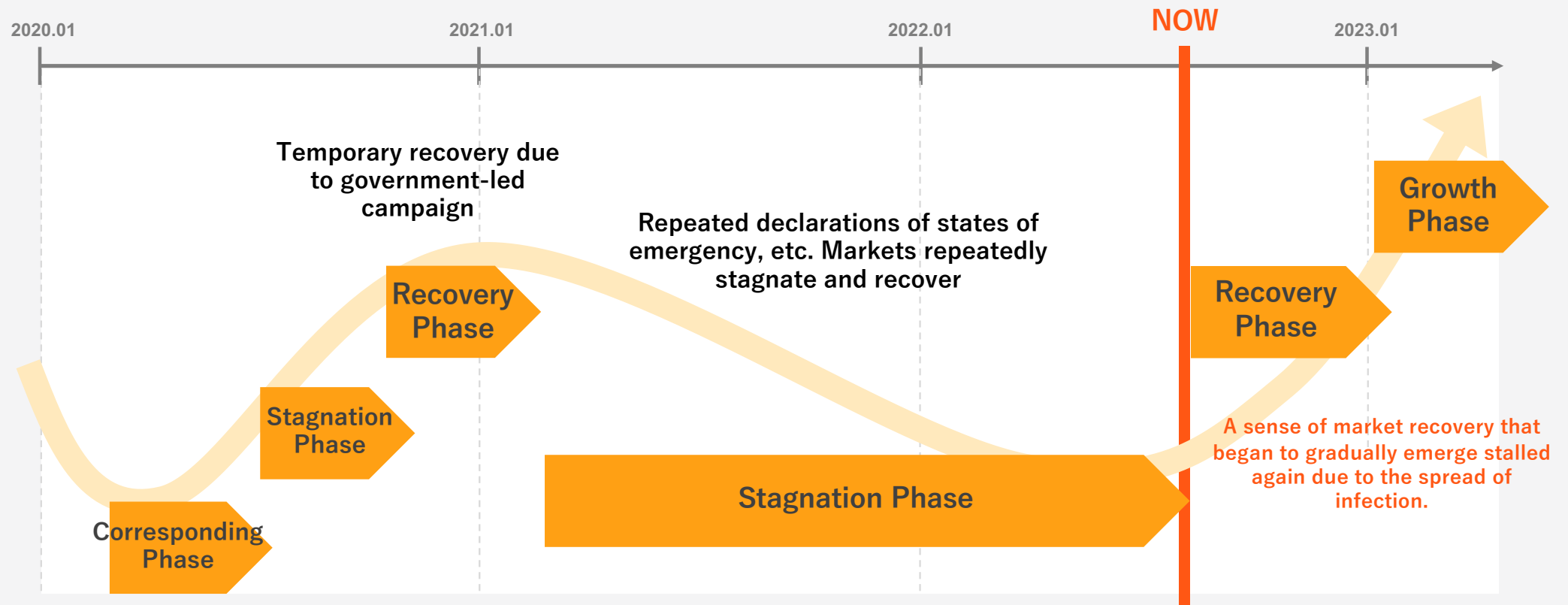
人気レストランが集まるロンドンぎっての繁華街、メイ

**69.5%**  
7/18~7/24  
Recovery in domestic  
restaurant bookings<sup>※1</sup>  
(vs 2019)

Source: Nikkei Electronic Edition

### 3 | Focus on laying the foundation for the coming growth phase

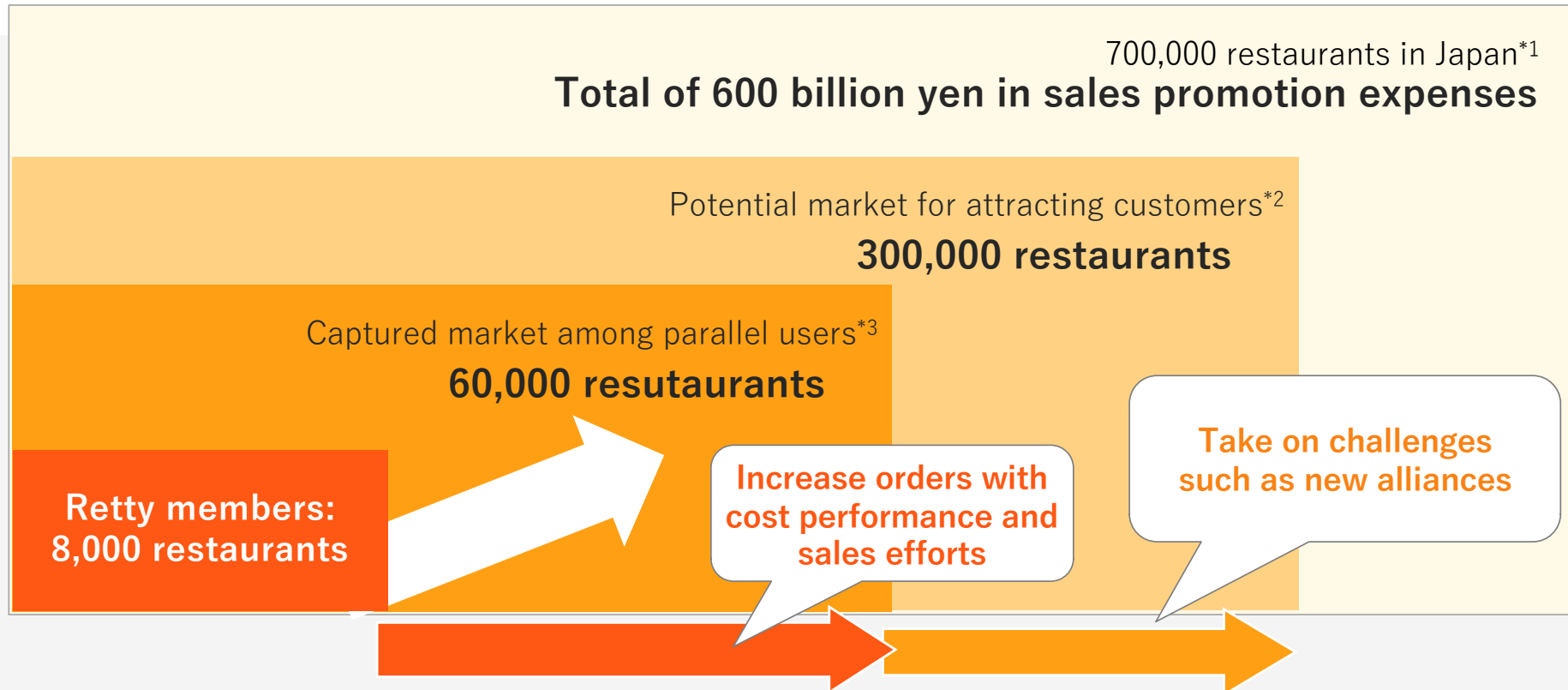
Signs of recovery have come to a slight standstill due to the expansion of the number of infected people underfoot. Without being hasty, the company is steadily moving forward to establish a foothold for a recovery and normal growth period.





### 3 | Target Market of FRM

Focus on swiftly converting 60,000 potential restaurants to member restaurants



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

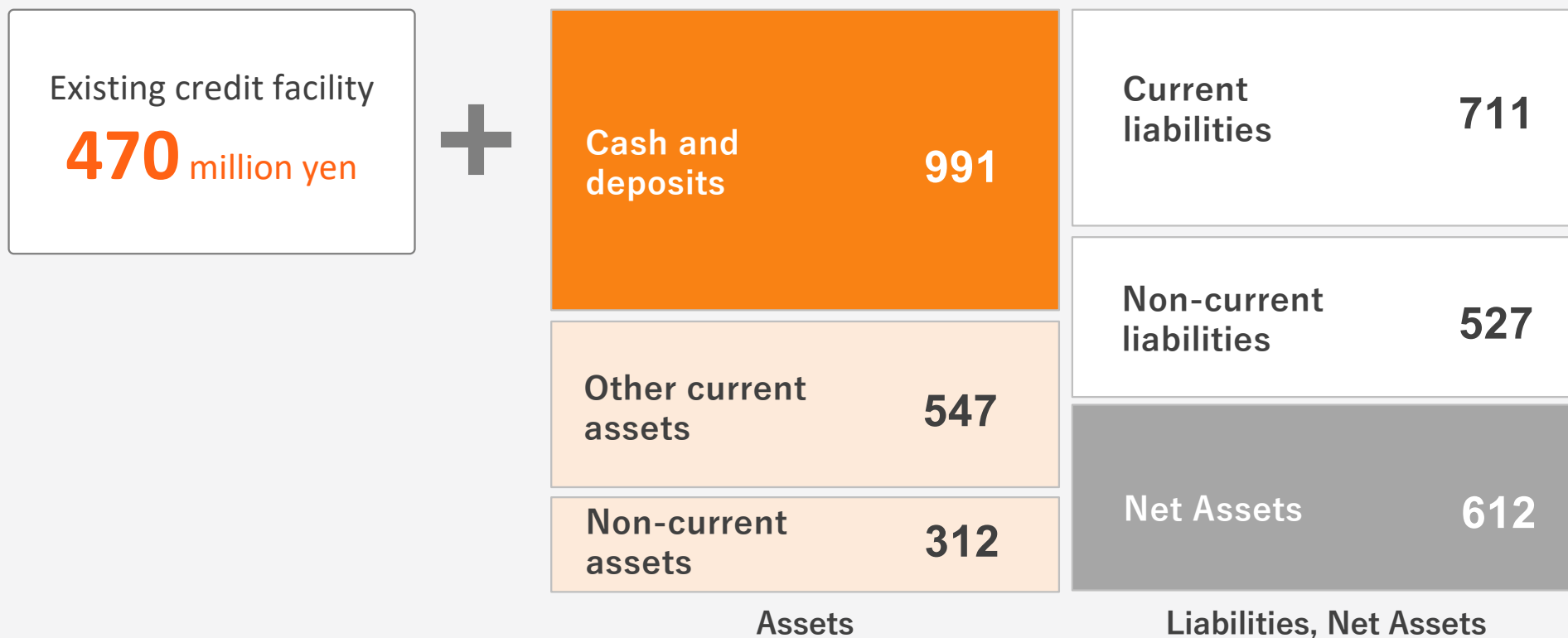
\*2 Calculated by multiplying the number of restaurants located in Tokyo and other prefectures with ordinance-designated cities by the ratio of restaurants who responded "monthly expense for new and repeat customer attraction is 5,000 yen or more" to the survey (survey on sales promotion [as of March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

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

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





# 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.



**OD 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.



**OD Audit committee member**  
**Issei Mori**

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



**OD 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**

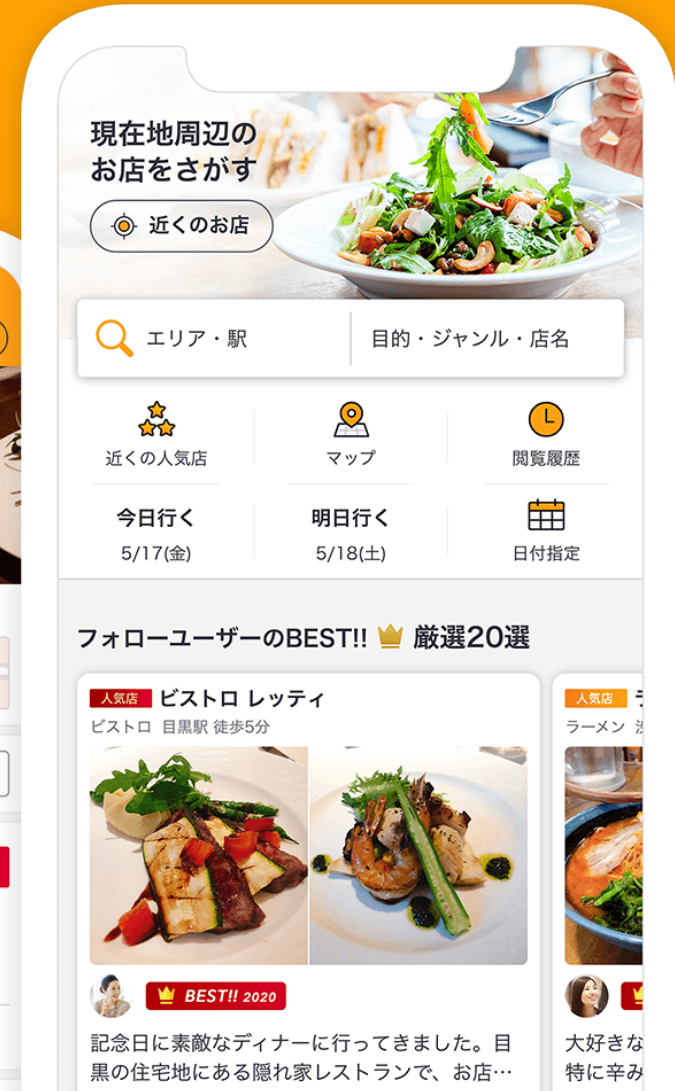
He joined Retty in 2016 after serving as head of the sales department at a website development and management company.

## Service Image



# Find the BEST restaurant for you

Retty

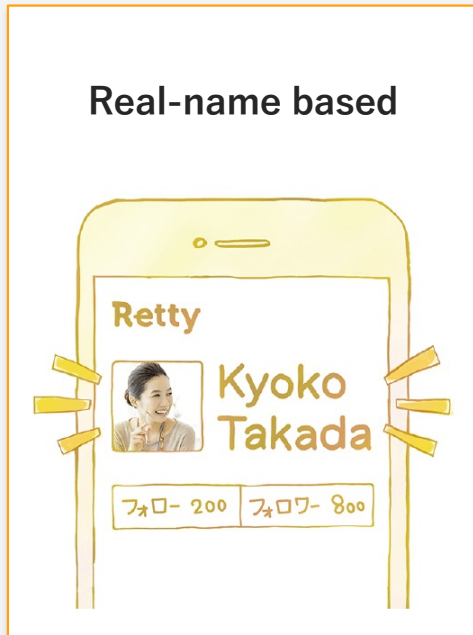


# Retty Features

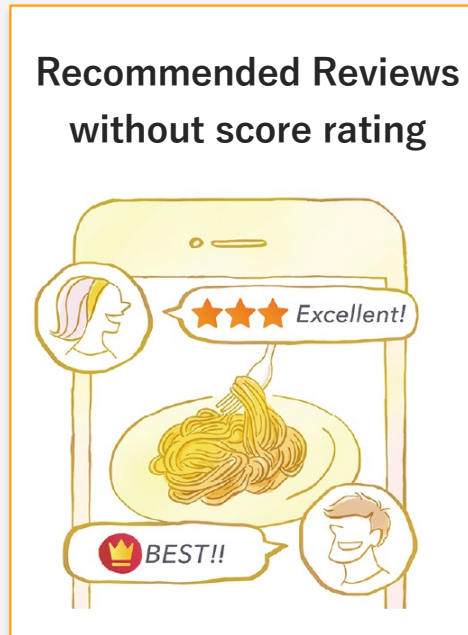
You can find a restaurant suitable for yourself from a reliable person.

## Real name-based gourmet platform

Real-name based



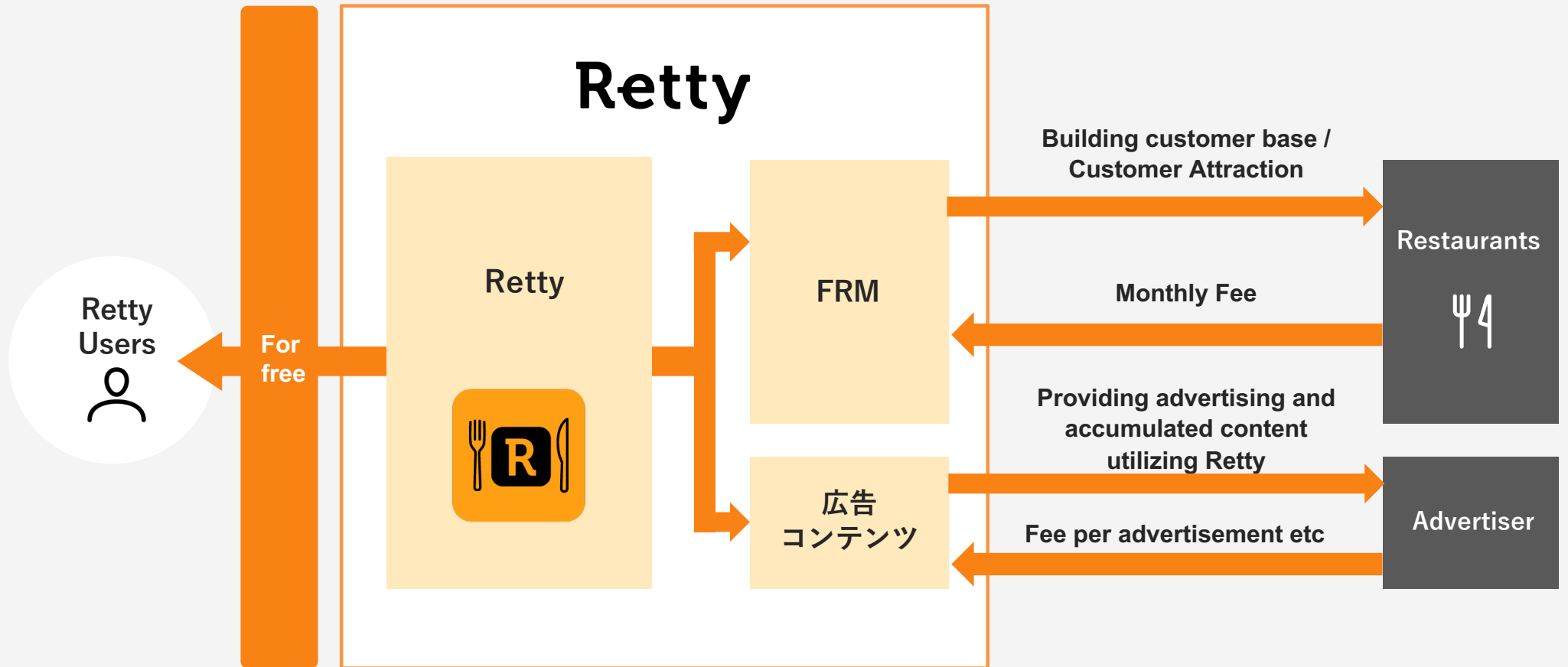
Recommended Reviews without score rating



Look for "people"



# Business model





# 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

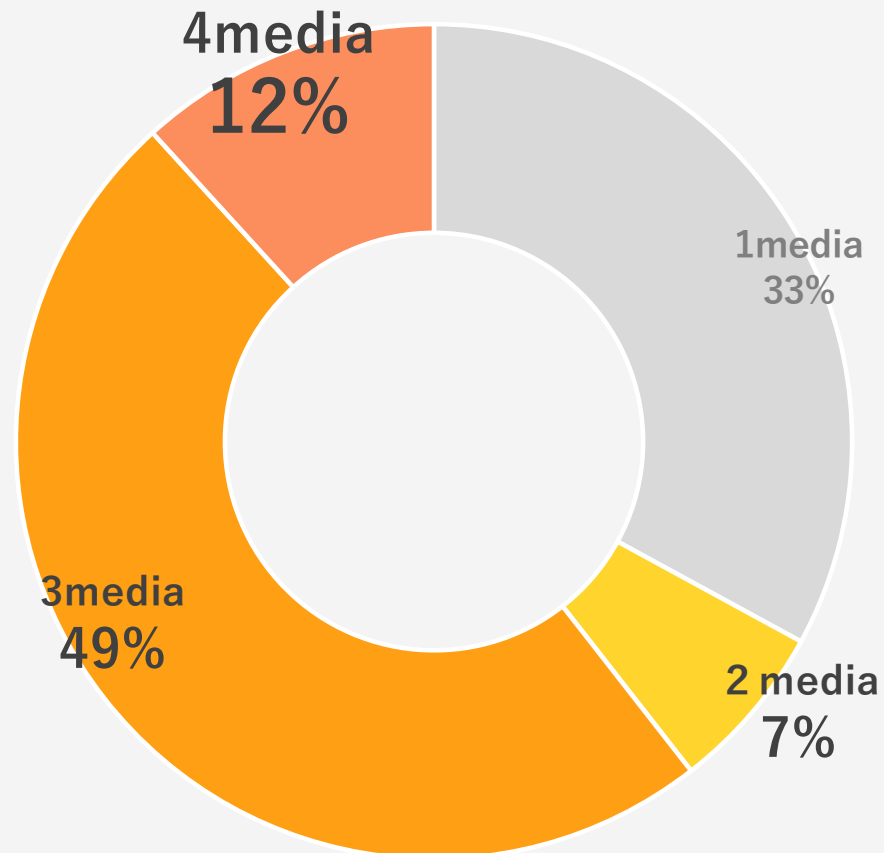
- ✓ Waive fees for restaurants in Go to Eat Campaign
- ✓ Use SNS as a public relations tool for Restaurant Support Project
- ✓ Waive fees of cloud funding for restaurants in a joint effort with CAMPFIRE
- ✓ Launch takeout products in response to requests by restaurants
- ✓ Develop Mobile Order products,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



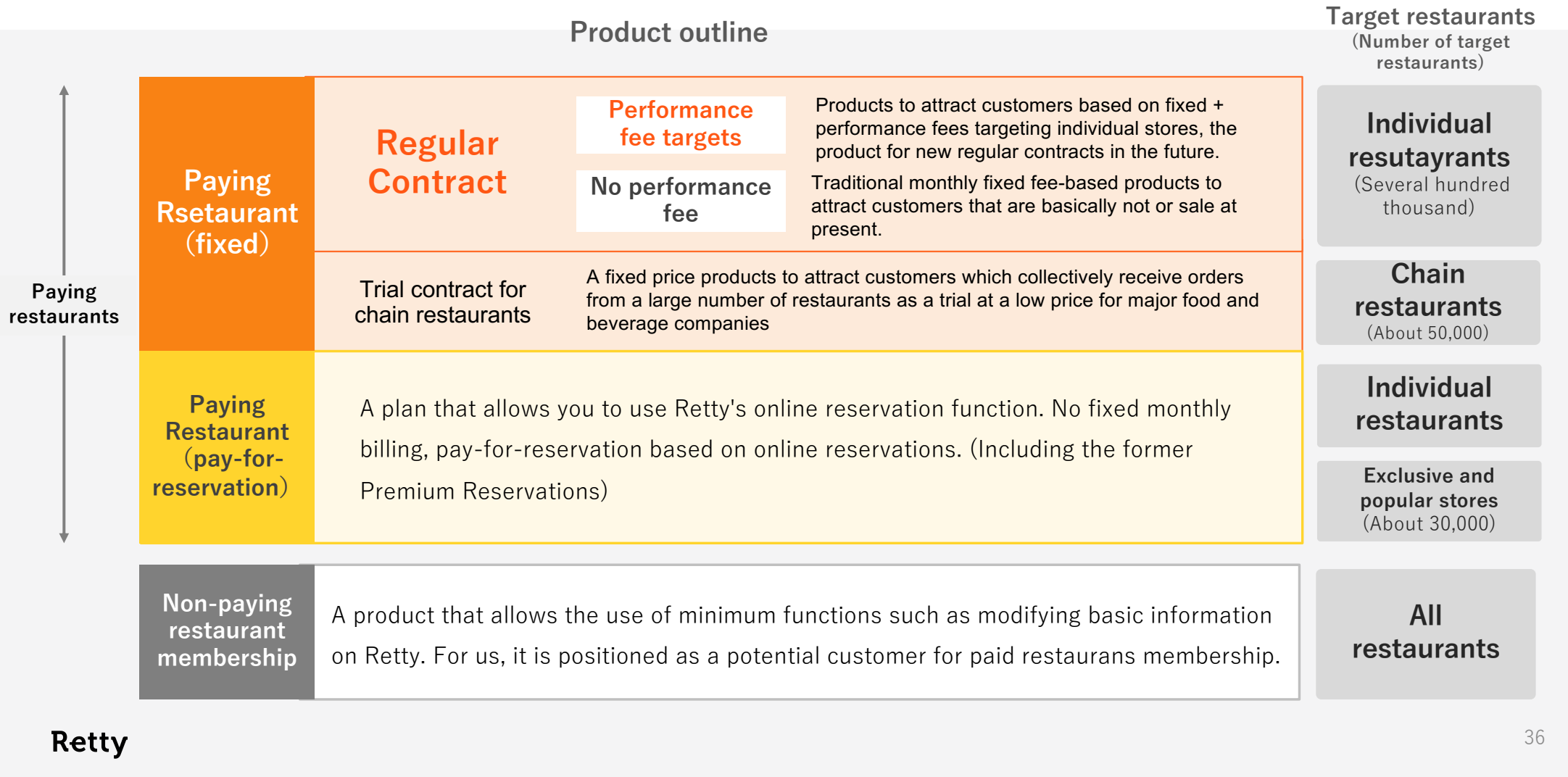
## Parallel User Market, Where Many Restaurants Use Multiple Restaurant Review Services

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

Parallel user ratio  
**70%**



# Composition of FRM's products and member restaurants



# Key KPIs for April-June (before definition changes)

Churn rate worsened due to take-out plans, while the number of newly participating stores recovered to the 400 level in June.

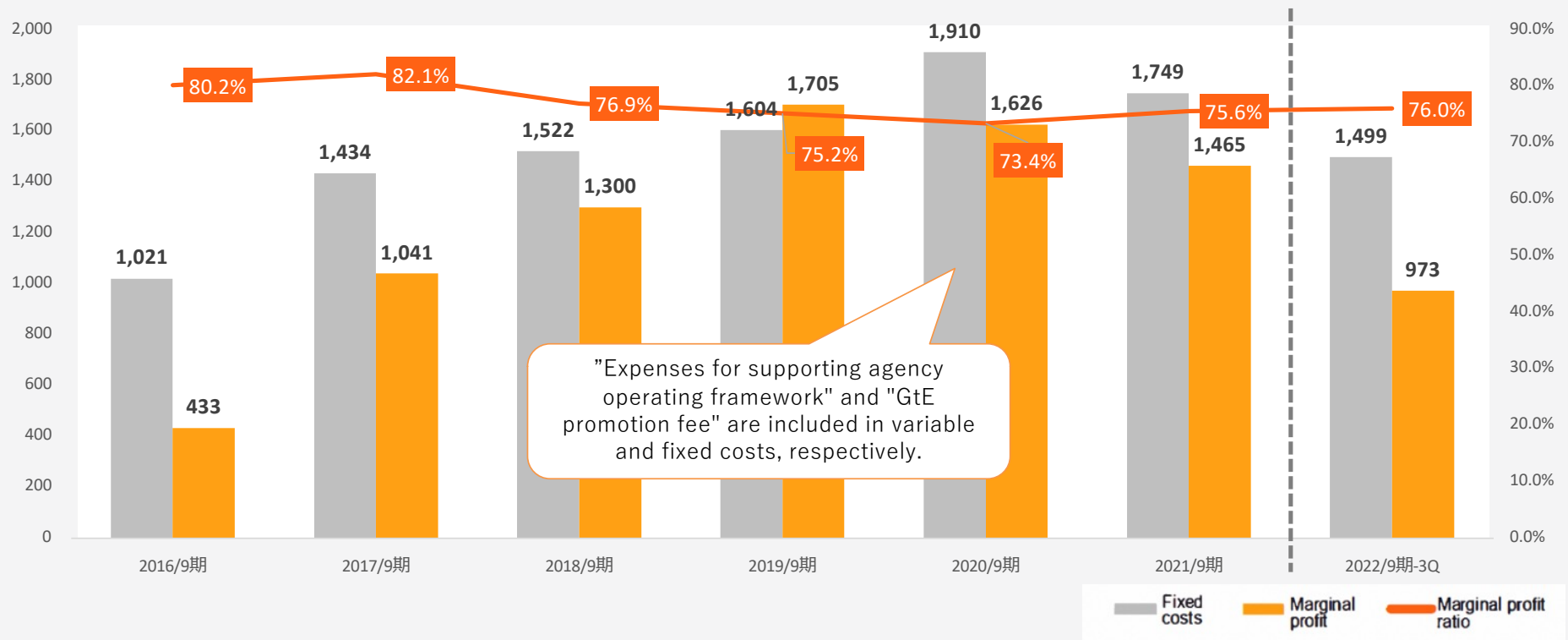


<sup>※1</sup> The average of the number of restaurants that cancelled the r contracts at the end of the contract period and at the time of renewal, as a percentage of the total number of member restaurants.  
<sup>※2</sup> ARPU based on store billing (including options), excluding trade stores (in which we receive orders for a large number of restaurants as a trade at a low price and bulk for major restaurant operators).

# Trend in Marginal Profit Ratio

We maintained marginal profit ratio at a similar level

Trends in marginal profit\*<sup>1</sup>, fixed costs\*<sup>2</sup> (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

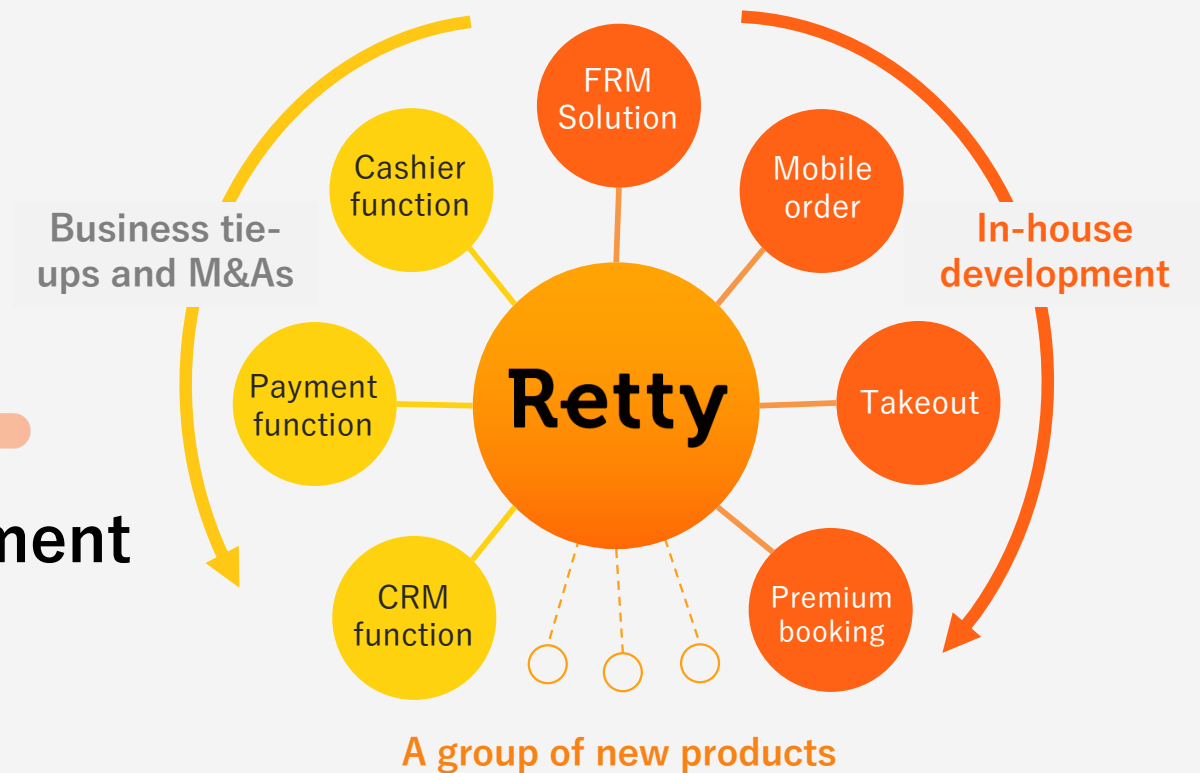
### Direct Sales

- 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  
**Integrated package**  
to DX restaurant management





# Mobile Ordering Helps Restaurants Improve Operational Efficiency

Value provided by mobile order

## Capture offline data

Order from customer's own smartphone



Retty

Comparison of order taking workflow

## Significantly reduce tasks by restaurant

(Enables better pricing/investment in quality of food)

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

# Image of growth to be achieved through this investment

Image of Sales

## Growth from the investment

- Enhanced lineup of DX products contributes to a wide range of restaurant DX
- Sales channels have been strengthened to provide the above DX products to more restaurants.

## Growth without investment

- Gradually accumulate number of member restaurants and sales with the pre-COVID-19 acquisition level of 500 restaurants per month

~5 years

\*The graph is for representational purpose

Image of Profit

By achieving the above sales, we aim to become profitable by the fiscal year ending September 2024

\*The graph is for representational purpose

Period with COVID-19 impac

Period with investment for growth(2 years)

Profit expansion period (from the third year on)

Retty

# 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/esg/>

## Creation of an image video to accompany the vision update

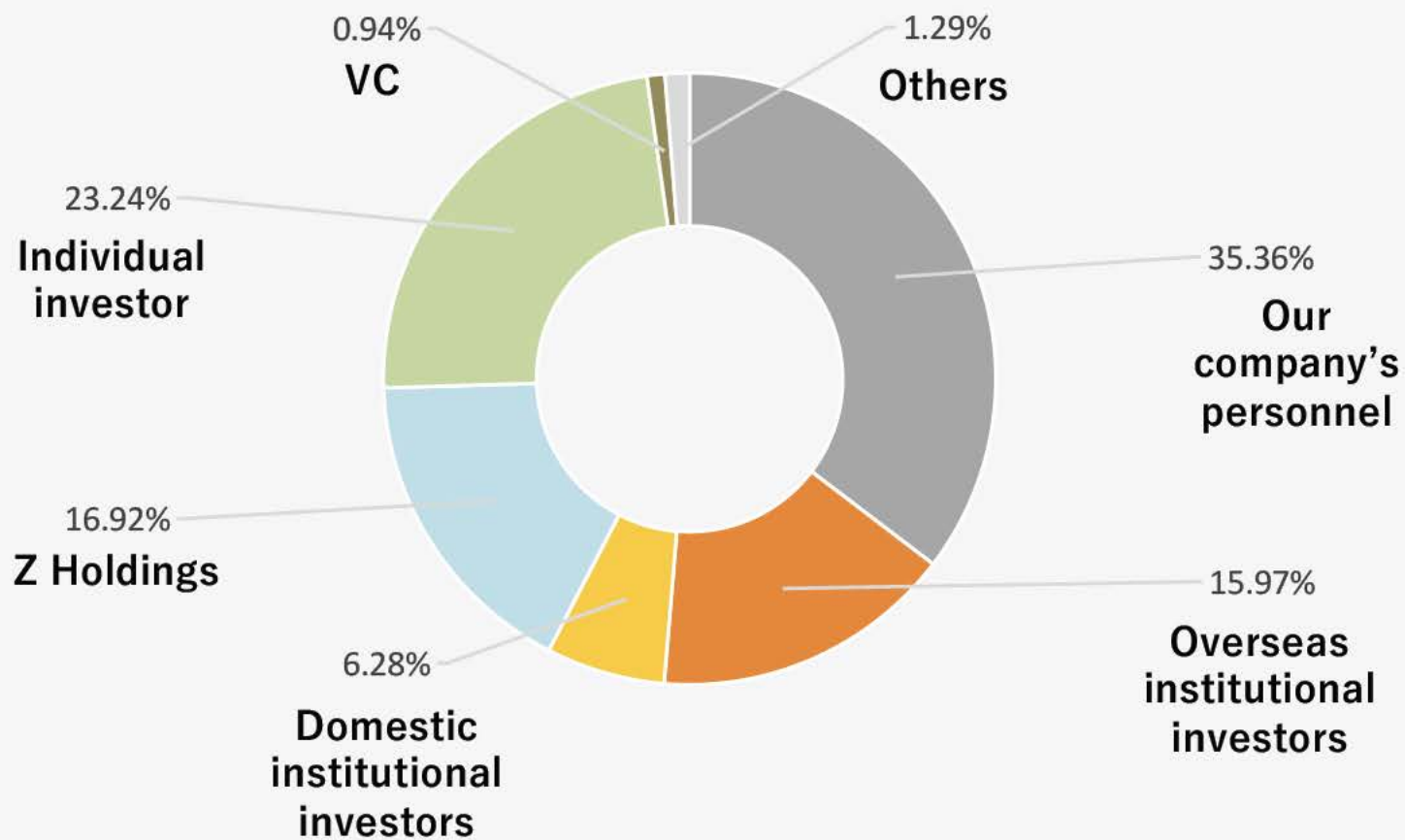


## Shaping a new food experience for a happier future

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



## Shareholder's composition (as of March 2022)



## Company Profile (as of June 2022)

**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**

149

**MAU**

26 million (as of May 2022)

**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.