



Non-consolidated Financial Results for the Nine Months Ended June 30, 2022

<Japanese GAAP>

August 12, 2022

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 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 Nine Months Ended June 30, 2022 (from October 1, 2021 to June 30, 2022)

(1) Result of operations (Percentages indicate changes from the same period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended June 30, 2022	1,279	(12.4)	(526)	-	(527)	-	(529)	-
Nine months ended June 30, 2021	1,460	(14.7)	(110)	-	(182)	-	(183)	-

	Basic earnings per share Profit	Diluted earnings per share Basic earnings per share Profit
	yen	yen
Nine months ended June 30, 2022	(45.11)	-
Nine months ended June 30, 2021	(16.11)	-

(2) Financial Conditions

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of June 30, 2022	1,851	612	33.1
As of September 30, 2021	1,727	1,114	64.5

Reference: Equity As of June 30, 2022 612million yen As of September 30, 2021 1,113million yen

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended September 30, 2021	-	0.00	-	0.00	0.00
Fiscal year ending September 30, 2022	-	0.00	-	-	-
Fiscal year ending September 30, 2022 (forecast)	-	-	-	0.00	0.00

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

3. Earnings 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 Profit
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	1,810	(6.6)	(764)	-	(770)	-	(772)	-	(66.43)

(Note) Revision of previously announced earnings forecast during the period under review: None

*Notes

(1) Use of special accounting methods for preparation of quarterly non-consolidate financial statements: Yes

(2) Changes in accounting policies and estimates, and retrospective restatement

(a) Changes in accounting policies due to revision of accounting standards: Yes

(b) Changes in accounting policies 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)

As of June 30, 2022	11,770,804 shares	Fiscal year ended September 30, 2021	11,627,804 shares
As of June 30, 2022	161 shares	Fiscal year ended September 30, 2021	121 shares
Nine months ended June 30, 2022	11,741,221 shares	Nine months ended June 30, 2021	11,407,035 shares

(b) Treasury shares at the end of the period

(c) Average number of shares outstanding during the nine months

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

*Cautionary statement regarding earnings forecast and special notes

Forward-looking statements including earnings forecast 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. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation about Operating Results

Our business environment continues to be affected by the novel coronavirus (“COVID-19”) infections and the outlook remains unpredictable. With respect to the Fan Relationship Management (“FRM”), our mainstay, the number of new member restaurants gradually increased from October to December 2021 after the declaration of the state of emergency had been lifted at the end of September 2021; however, it went downward again after a quasi-state of emergency was declared in January 2022 as restaurants became less willing to promote sales. Although the quasi-state of emergency was lifted throughout the country in late March 2022, restaurants have still continued to be unwilling to promote sales even after April as the number of new cases of COVID-19 has remained high. Due to these impacts, for the nine months ended June 30, 2022 (October 2021 to June 2022), the average number of new member restaurants per month of the Restaurant Membership (Fixed fees) Plan was 327, which is still at a lower level compared to the 500 per month level in normal times. On the other hand, for the third quarter under review, the number of new member restaurants per month of the Restaurant Membership (Performance fees) Plan increased month after month from May 2022, as we devoted more operational resources to the plan on a trial basis. The number of cancellations increased compared to the pre-COVID level. This was because the contract continuation rate was low for some plans in the Restaurant Membership (Fixed + Performance fees) Plan that hardly demonstrate the effect of customer attraction despite their low prices, which affected the overall number of cancellations. As a result, the number of paying member restaurants of the Restaurant Membership (Fixed + Performance fees) Plan declined by 1,127 from the end of the previous fiscal year to 7,223 at the end of the third quarter under review, and the number of paying member restaurants of the Restaurant Membership (Performance fees) Plan increased by 363 to 1,069. The total number of paying member restaurants of the both plans declined by 764 from the end of the previous fiscal year to 8,292 at the end of the third quarter under review.

As for advertisement and contents, the impact of the decline of the advertisement unit price has continued since the state of emergency declaration in April 2020. The number of users also has not yet fully recovered compared to the pre-COVID level because the number of COVID-19 cases has remained high as mentioned above.

As a result of these, net sales for the nine months ended June 30, 2022 amounted to 1,279 million yen (down 12.4% 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 presentation material on the full-year financial results for the fiscal year ended September 2021, cost of sales was 586 million yen (up 18.1% year on year), and selling, general and administrative expenses were 1,219 million yen (up 13.5% year on year).

In addition, non-operating income of 5 million yen (up 159.4% year-on-year) was recorded mainly consisting of interest subsidy related to the COVID-19 Special Loans, and non-operating expenses of 6 million yen (down 90.5% year-on-year) were recorded consisting of interest expenses.

As a result of the above, the Company, for the nine months ended June 30, 2022, reported an operating loss of 526 million yen (an operating loss of 110 million yen a year ago), an ordinary loss of 527 million yen (an ordinary loss of 182 million yen a year ago), and a net loss of 529 million yen (a net loss of 183 million yen a year ago).

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 about Financial Position

(Assets)

Current assets at the end of the third quarter under review increased by 116 million yen compared with the end of the previous fiscal year to 1,539 million yen. This was mainly because cash and deposits increased by 362 million yen due to borrowing from banks and advances paid decreased by 124 million yen as the project expenses of the “Go To Eat”

Campaign we paid partially on behalf of the Ministry of Agriculture, Forestry and Fisheries were reimbursed. Non-current assets at the end of the third quarter under review increased by 6 million yen compared with the end of the previous fiscal year to 312 million yen. This was mainly due to an increase of 15 million yen in the long-term prepaid expenses due to the recording of the 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 123 million yen compared with the end of the previous fiscal year to 1,851 million yen.

(Liabilities)

Current liabilities at the end of the third quarter under review increased by 377 million yen compared with the end of the previous fiscal year to 711 million yen. This was mainly due to an increase of 395 million yen in short-term borrowings due to the taking out of bank loans. In addition, non-current liabilities at the end of the third quarter under review increased by 248 million yen compared with the end of the previous fiscal year to 527 million yen. This was due to an increase of 248 million yen in long-term borrowings due to the taking out of bank loans.

As a result, total liabilities at the end of the period under review increased by 625 million yen compared with the end of

the previous fiscal year to 1,238 million yen.

(Net assets)

Net assets at the end of the third quarter under review decreased by 501 million yen compared with the end of the previous fiscal year to 612 million yen. This was mainly due to a decrease of 529 million yen in retained earnings resulting from the recording of a net loss for the nine months ended June 30, 2022.

(3) Explanation about Forward-looking Information, Including Earnings Forecast

There is no change in the full-year earnings forecast announced in the Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2021 [Japanese GAAP] on November 11, 2021. The full-year earnings forecast has incorporated the impact of COVID-19, and although COVID-19 also had an impact in the nine months ended June 30, 2022, the Company believes that it is within the scope of the earnings forecast at this time. Many uncertain factors, however, might lead to the future revision of the Company's earnings forecast, in which case it will make a prompt disclosure thereof. The said earnings forecast is based on the assumption that restaurants' appetite for sales promotion 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 Sheets

(Thousands of yen)

	Previous fiscal year (As of September 30, 2021)	Third quarter under review (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	629,158	991,968
Accounts receivable	278,964	231,413
Advances paid	124,197	-
Prepaid expenses	358,688	281,697
Other	57,525	48,944
Allowance for doubtful accounts	(25,770)	(14,579)
Total current assets	1,422,763	1,539,443
Non-current assets		
Property, plant and equipment		
Buildings	114,520	116,120
Accumulated depreciation	(21,980)	(26,675)
Buildings, net	92,539	89,444
Tools, furniture and fixtures	40,160	44,797
Accumulated depreciation	(30,349)	(33,554)
Tools, furniture and fixtures, net	9,811	11,243
Total property, plant and equipment	102,350	100,687
Intangible assets		
Software	1,779	584
Total intangible assets	1,779	584
Investments and other assets		
Distressed receivables	57,298	7,353
Long-term prepaid expenses	32,902	48,115
Leasehold and guarantee deposits	167,924	161,920
Other	10	69
Allowance for doubtful accounts	(57,140)	(6,706)
Total investments and other assets	200,994	210,751
Total non-current assets	305,124	312,023
Total assets	1,727,887	1,851,466

(Thousands of yen)

	Previous fiscal year (As of September 30, 2021)	Third quarter under review (As of June 30, 2022)
Liabilities		
Current liabilities		
Short-term borrowings	30,000	425,414
Current portion of long-term borrowings	69,324	69,324
Accounts payable	55,963	70,388
Accrued expenses	38,647	45,509
Income taxes payable	21,307	5,405
Deposits received	16,652	33,094
Unearned revenue	10,811	21,064
Provision for bonuses	66,317	33,878
Other	25,381	7,402
Total current liabilities	334,407	711,480
Non-current liabilities		
Long-term borrowings	279,344	527,351
Total non-current liabilities	279,344	527,351
Total liabilities	613,751	1,238,831
Net assets		
Shareholders' equity		
Share capital	616,711	630,804
Capital surplus	1,179,991	1,194,084
Retained earnings	(682,620)	(1,212,256)
Treasury shares	(197)	(248)
Total shareholders' equity	1,113,884	612,383
Share acquisition rights	252	252
Total net assets	1,114,136	612,635
Total liabilities and net assets	1,727,887	1,851,466

(2) Quarterly Non-consolidated Statements of Income
(Nine Months Ended June 30, 2022)

(Thousands of yen)

	Nine months ended June 30, 2021 (From October 1, 2020 to June 30, 2021)	Nine months ended June 30, 2022 (From October 1, 2021 to June 30, 2022)
Net sales	1,460,004	1,279,418
Cost of sales	496,627	586,472
Gross profit	963,376	692,946
Selling, general and administrative expenses	1,073,894	1,219,150
Operating profit (loss)	(110,517)	(526,204)
Non-operating income		
Interest income	17	5
Foreign exchange gains	-	98
Subsidy income	1,941	4,191
Reversal of allowance for doubtful accounts	-	654
Recoveries of written off receivables	30	289
Other	35	13
Total non-operating income	2,024	5,253
Non-operating expenses		
Interest expenses	6,493	6,968
Provision of allowance for doubtful accounts	55,606	-
Share issuance costs	11,050	-
Foreign exchange losses	405	-
Total non-operating expenses	73,556	6,968
Ordinary profit (loss)	(182,049)	(527,920)
Profit (loss) before income taxes	(182,049)	(527,920)
Income taxes	1,717	1,716
Profit (loss)	(183,766)	(529,636)

