

# Retty

FY2021.9 3Q

## Presentation Material

Retty Inc.

August 2021

# Table of Contents

- 1 3Q Results for Fiscal Year Ending Sept. 2021**
- 2 Full-Year Forecast for Fiscal Year Ending Sept. 2021**
- 3 Growth Strategy**

(Supplementary material)

# Executive Summary

## 3Q result

Sales rose 11.3% year on year. Number of paying member restaurants decreased due to the extension of the state of emergency. In breakdown of paying member restaurants, trial contracts with restaurant chain operators declined, reducing the risk.

## Response under a declared state of emergency

Focus on maintaining the number of paying member restaurants (especially, regular contracts).  
Aim for quick growth in number of paying member restaurants once the state of emergency is lifted.

## Growth strategy

With enhancement of functions of Mobile Order making significant progress, focus on increasing new participants in the future.  
Regarding other new businesses, selection and concentration to be carried out with discipline.

# Table of Contents

**1**      **3Q Results for Fiscal Year Ending Sept. 2021**

2      Full-Year Forecast for Fiscal Year Ending  
Sept. 2021

3      Growth Strategy

(Supplementary material)

## 3Q Result Highlight

▶ In FRM<sup>\*1</sup>, Number of paying member restaurants decreased as new member restaurants fell and irregular contract cancellations rose

- Number of new member restaurants fell to 335 per month, a level similar to the past state of emergency periods
- As a result, number of paying member restaurants declined by 760 compared to end of 1H, and by 872 year on year, to 8,639
- Of the 8,639 total member restaurants, trial contracts<sup>\*2</sup> restaurant of chain operators with low ARPU and large churn risk were reduced to 645, lowering future risk.

▶ Advertisement/Contents increased +37.0% YoY due to new contracts

- In the advertising domain, sales recovered in line with the recovery in the number of monthly active users compared to the same quarter of the previous fiscal year.
- In the content domain, increase due to new initiatives with large clients.

▶ 3Q sales totaled 470 million yen, up 11.3% year on year, with cumulative sales through the third quarter totaling 1,460 million yen. Cumulative operating loss came to 110 million yen

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

<sup>\*2</sup> The trial contract is a low-price, bulk trial order format for major restaurant chain operators with a large number of restaurants.

# 1 Overview of 3Q Results

Cumulative sales till 3Q totaled 1,460 million yen and operating loss came to 110 million yen

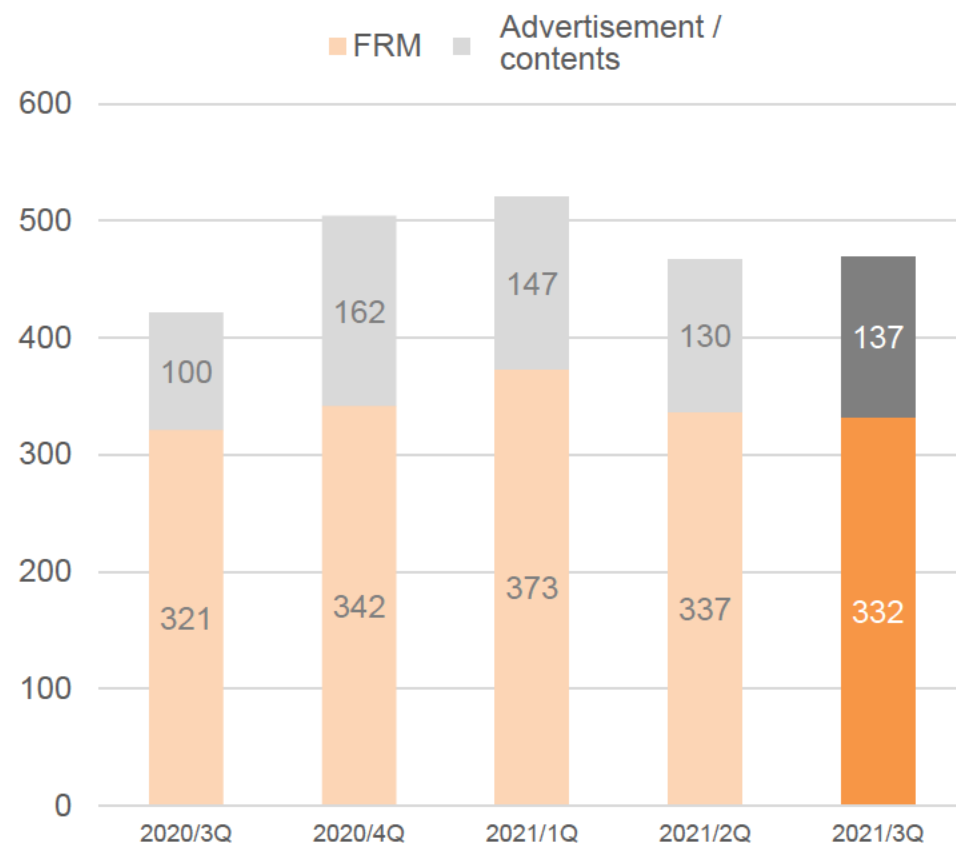
(million yen)	FY2021	
	3Q results	Cumulative sales
Net Sales	470	1,460
Gross Profit	287	963
Gross Profit Margin	61.1%	66.0%
Operating Profit	-66	-110
Operating Margin	-	-
Ordinary Profit	-67	-182
Net Profit	-68	-183

Non-operating expenses include  
55 million yen  
provision of allowance for doubtful accounts

# 1 Quarterly Net Sales Composition

Sales of FRM rose 3.3% and those of advertisement and contents rose 37.0% year on year

Quarterly Net Sales Composition (million yen)



Advertisement / contents

- Increased slightly thanks to new contracts in the contents field

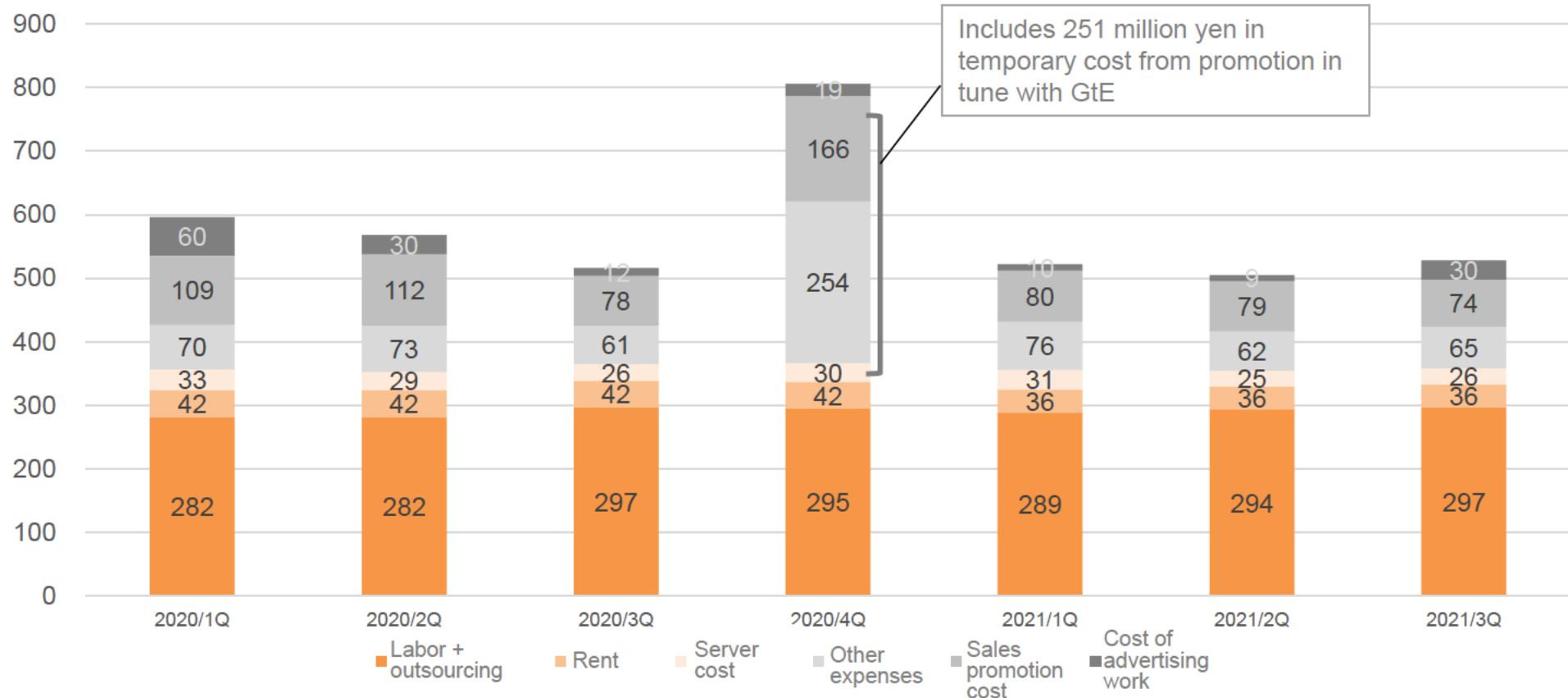
FRM

- Payment exemptions given to restaurants that remained closed (14 million yen in total)
- The number of new member restaurants trended low at 335 per month on average for quarter, a level similar to the past state of emergency periods
- The number of paying member restaurants declined to 8,639 (June) from 9,399 (March) partly due to irregular cancellations from trial contracts<sup>\*1</sup> for restaurant chain operators as well as the above mentioned decline in the number of new member restaurants

# 1 Changes in Cost Structure

Maintained a muscular structure, with no major changes in the cost structure

Changes in quarterly costs (million yen)

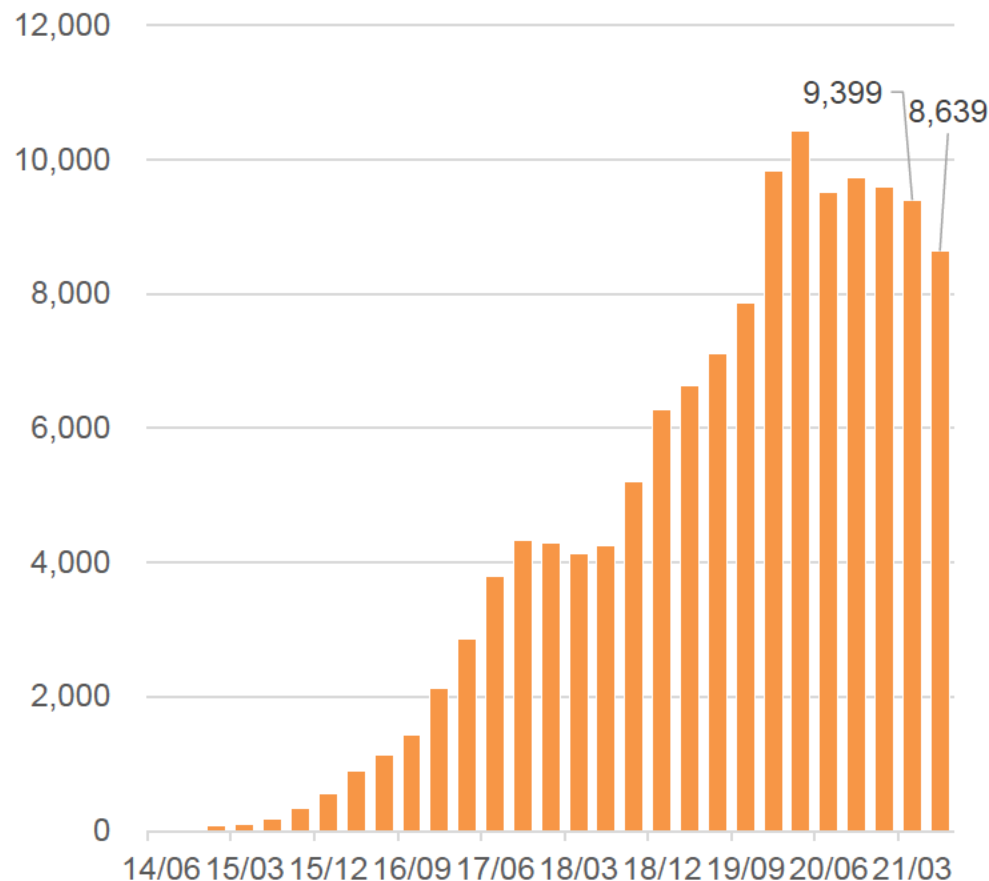




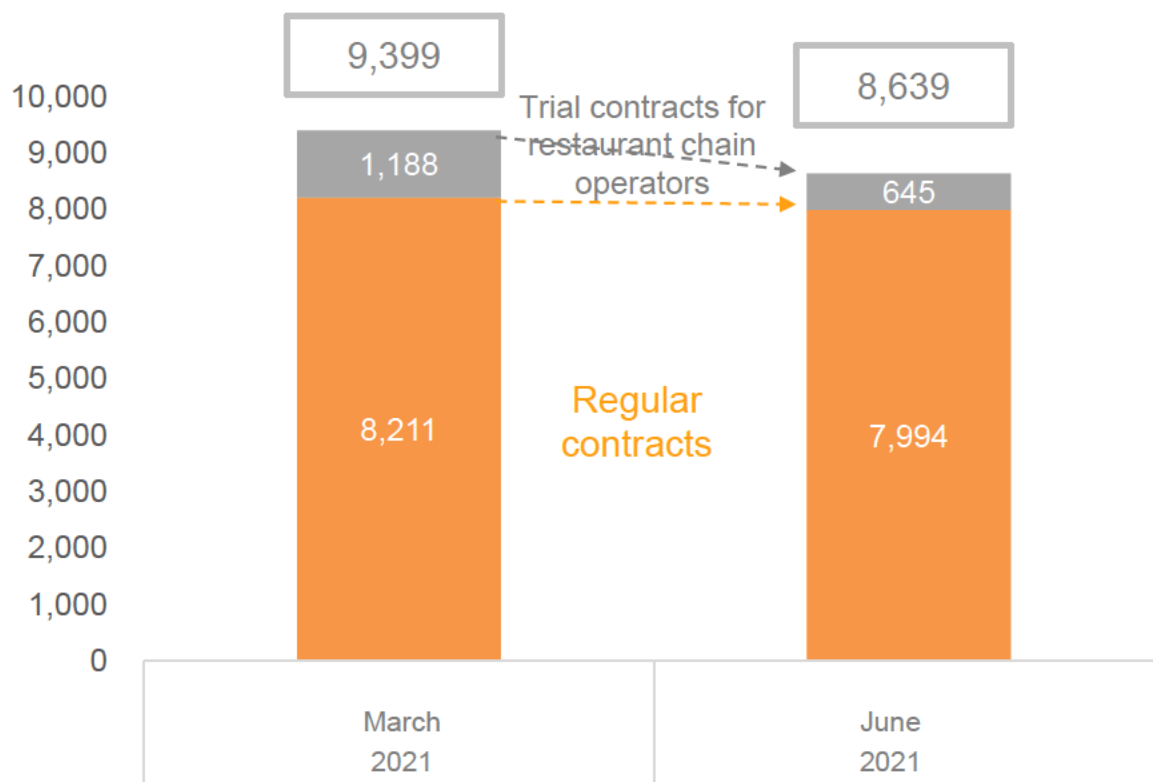
1

No major changes in the rate of cancellation at end of term<sup>\*1</sup>, but the number of the member restaurants fell to 8,639 due primarily to the increase in irregular cancellations of trial contracts for restaurant chain operators and the number of new member restaurants, which was 335 per month on average

## Number of member restaurants



## Changes in breakdown of monthly number of member restaurants



\*1 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.

# Table of Contents

1 3Q Results for Fiscal Year Ending Sept. 2021

**2 Full-Year Forecast for Fiscal Year Ending  
Sept. 2021**

3 Growth Strategy

(Supplementary material)

## 2 Revision of Full-Year Forecast for Fiscal Year Ending September 2021

We are maintaining the full-year forecast announced in May 2021. Investment of about 100 million yen to maintain and enhance sales staff structure is already included in the below forecast.

(million yen)	FY2021	FY2021	
	Full-year forecast (before revision)	Full-year forecast (revised)	YOY
Net sales	2,270 to 2,380	1,950 to 1,999	-12.0% to -9.7%
Operating profit	50 to 200	-303 to -254	-

## 2

## Assumptions for Revision of Full-year Forecast for Fiscal Year Ending September 2021

The current situation is such that the state of emergency has been extended by three more months from June, but we are maintaining the forecast despite a situation where it could go below the assumed lower limit

Assumptions (announced in May 2021)

### Upper limit

On the assumption that the state of emergency or focused anti-infection measures will be lifted from June or will not be newly declared.



### Lower limit

On the assumption that the state of emergency or focused anti-infection measures would **continue to be in place for about two months from June.**



### Current status

The state of emergency or focused anti-infection measures **are to be in place for three months from June**, meaning it is going below the anticipated lower limit of external environment

# Table of Contents

- 1 3Q Results for Fiscal Year Ending Sept. 2021
- 2 Full-Year Forecast for Fiscal Year Ending Sept. 2021
- 3 Growth Strategy**

(Supplementary material)

### 3 Concept of Future Growth Strategy

#### Policy on growth and investment in existing businesses and services

- ✓ Continue with development and investment for improving user convenience such as tie-up with PayPay, etc.
- ✓ **Focus on maintaining** paying member restaurants in regular contracts targeting individual shops, under the state of emergency
- ✓ Invest in **maintaining and developing as well as recruiting agents** for swiftly increasing the number of paying member restaurants after the lifting of the state of emergency

#### Policy on growth and investment in new businesses (incl. Mobile Order and Thai businesses)

- ✓ **Promote development of paying user restaurants** for Mobile Order business, which has been well-received by customers
- ✓ Regarding entry into operation efficiency area, develop new businesses, and carry out M&As **while continuing to maintain fiscal discipline**
- ✓ Simultaneously, ensure business growth through selection and concentration while taking decisions on discontinuation and withdrawal based on quantitative discipline

### 3 Sudden Recovery of Restaurant Industry Due to Vaccination

Reservation status at restaurants in the U.S. has recovered to almost 80% of the previous fiscal year.

Recovery is expected in the restaurant industry in Japan also as vaccination gathers pace.

Restaurant reservation trend in the U.S. (vs. 2019, seven-day moving average)



Source: OpenTable

## 3

## Improvement of Convenience Through Introduction of PayPay Bonus

We started introduction of PayPay Bonus. Users gain points by making online reservations at target restaurants, which increases convenience and incentive. Number of restaurants where it can be used is also steadily increasing.

📅 Rettyのネット予約で

**PayPayボーナス**

**がもらえる!!**

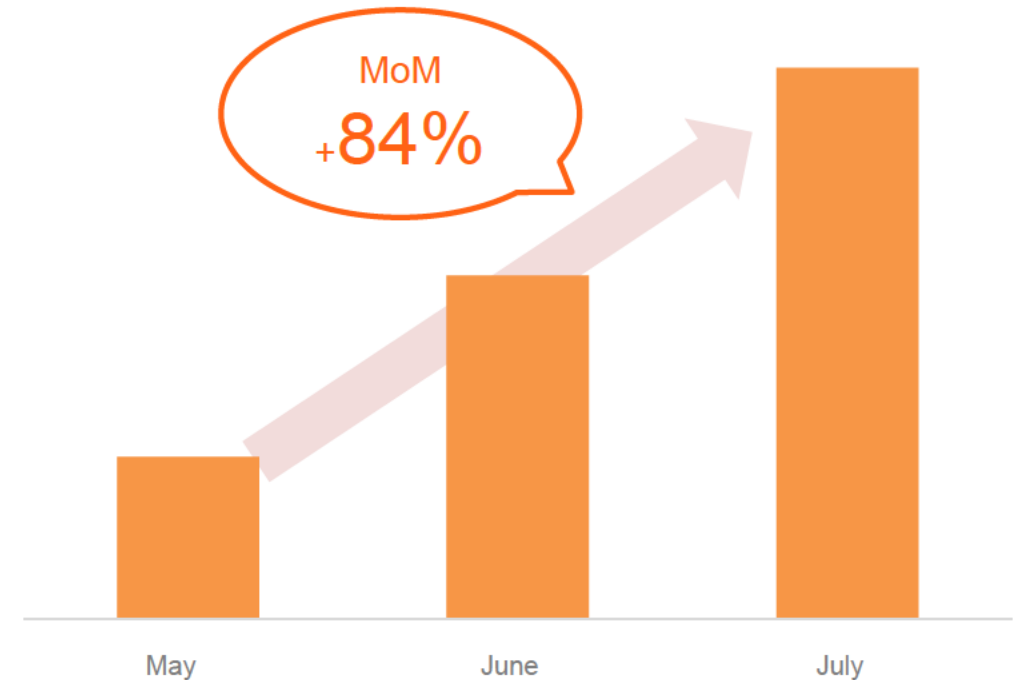
Rettyで対象のお店をネット予約・来店して  
**PayPayボーナス**を獲得しよう!

Rettyで対象のお店をネット予約・来店すると  
**PayPayボーナス**※が獲得できます!

ランチ (6:00~14:59) の予約で		ディナー (15:00~) の予約で	
PayPayボーナス	予約人数	PayPayボーナス	予約人数
<b>10</b> 円相当	×	<b>50</b> 円相当	×

※ PayPayボーナスの獲得にはPayPay連携が必要です  
 ※ 対象となるのは即予約です。リクエスト予約は含まれません  
 ※ PayPayボーナスの付与上限は、1ヶ月あたり3,000円相当です  
 ※ キャンペーン等により、対象の店舗や付与金額が変動する場合があります  
 ※ PayPayボーナスは出金・譲渡はできません。PayPay公式ストアでも利用可能です

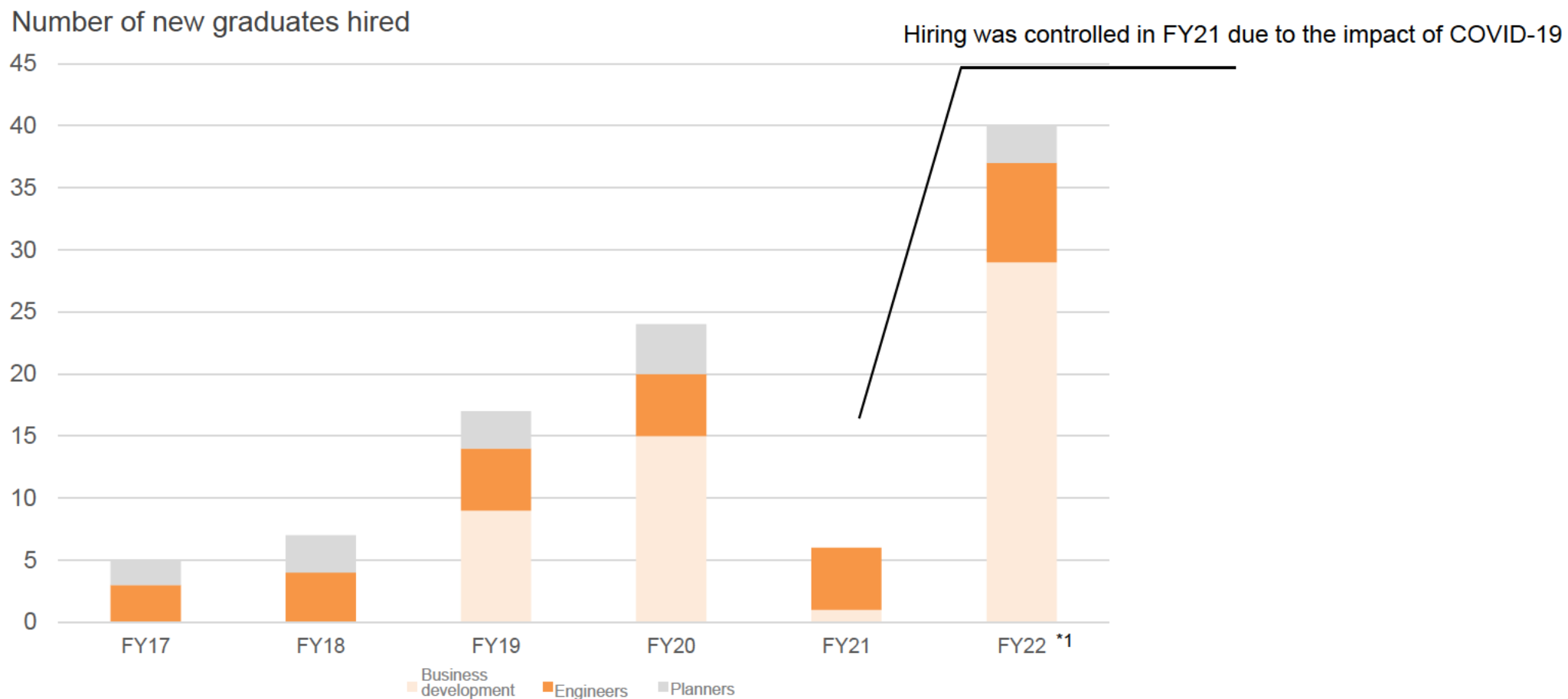
Number of restaurants where PayPay Bonus can be used





### 3 Enhancement of Organization for Growth

We are expanding personnel primarily through hiring of new graduates in preparation for an increase in new member restaurants, promotion of new businesses, and enhancement of existing businesses after the state of emergency is lifted.

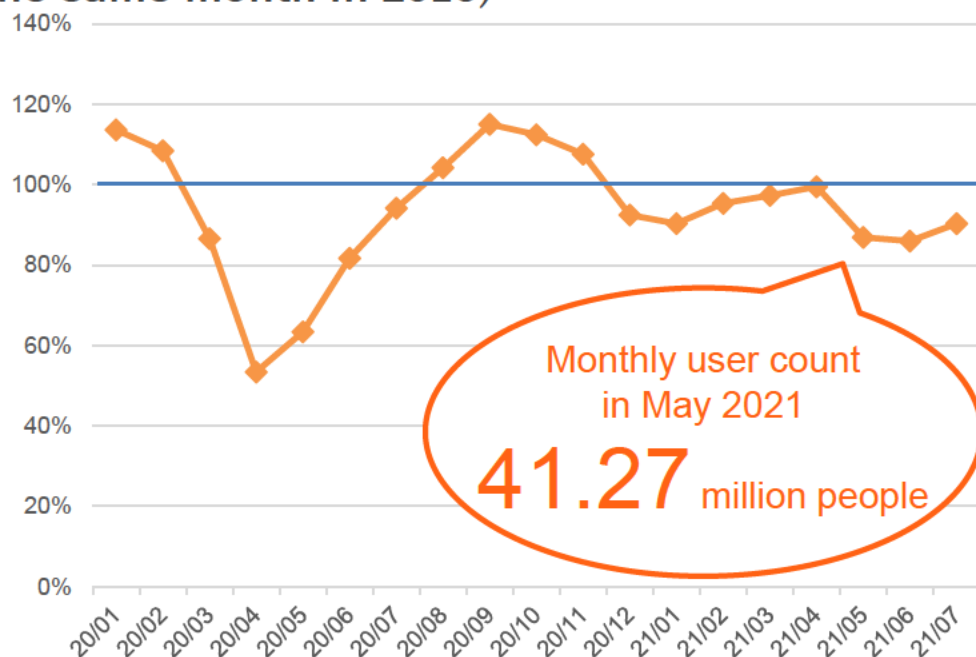


\*1 Figures for FY22 are officially hired personnel

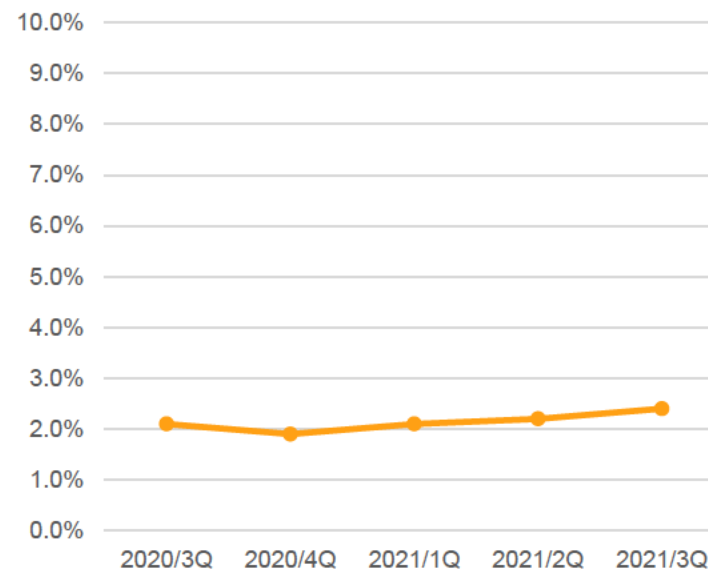
### 3 Growth after COVID-19 Subsidies

Ability to support customer attraction remains sound as the decline in monthly user count is limited, resulting in a stable rate of cancellation at end of term by member restaurants of about 2%. Once COVID-19 settles, we will realize strong growth by leveraging the low cancellation rate and recovery in the number of new member restaurants.

Trend of monthly Retty users (compared with the same month in 2019)

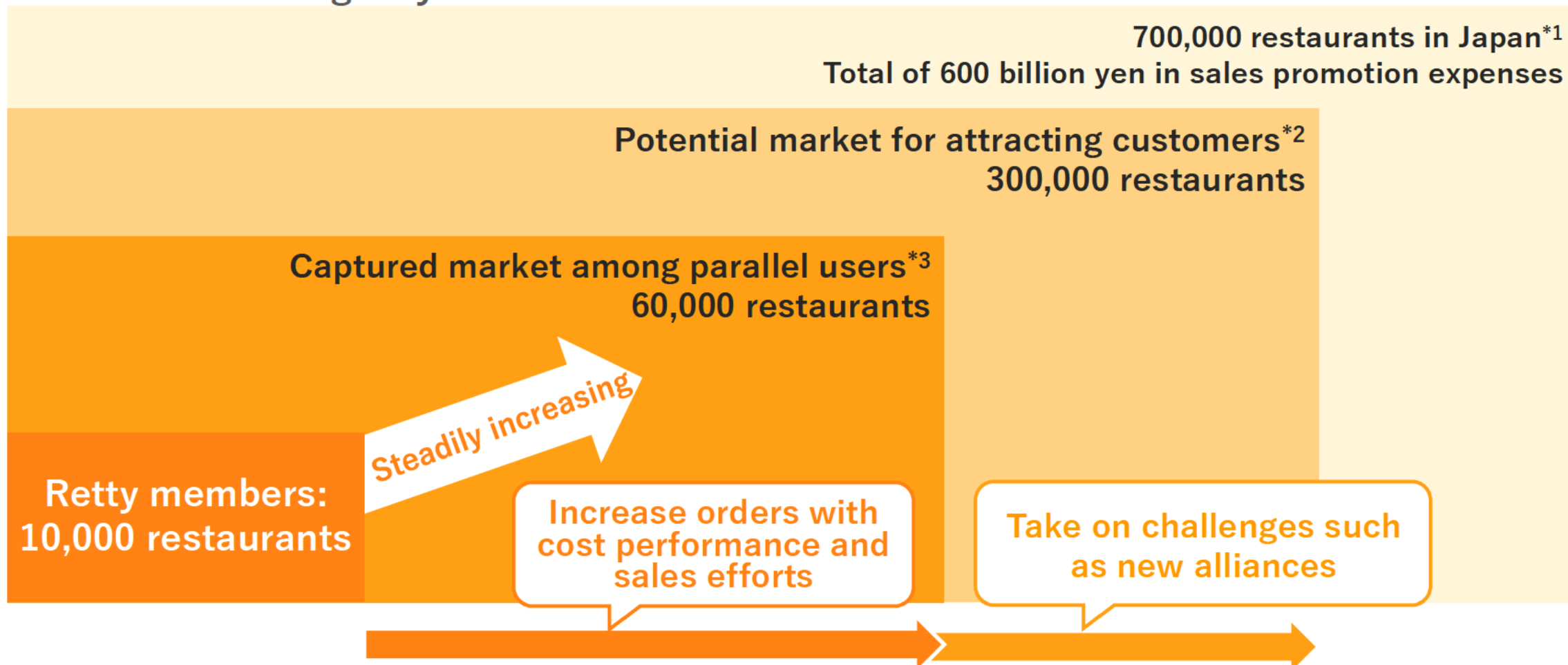


Trend of cancellation rate at end of term



### 3 Target Market of FRM

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



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

\*<sup>2</sup> 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.

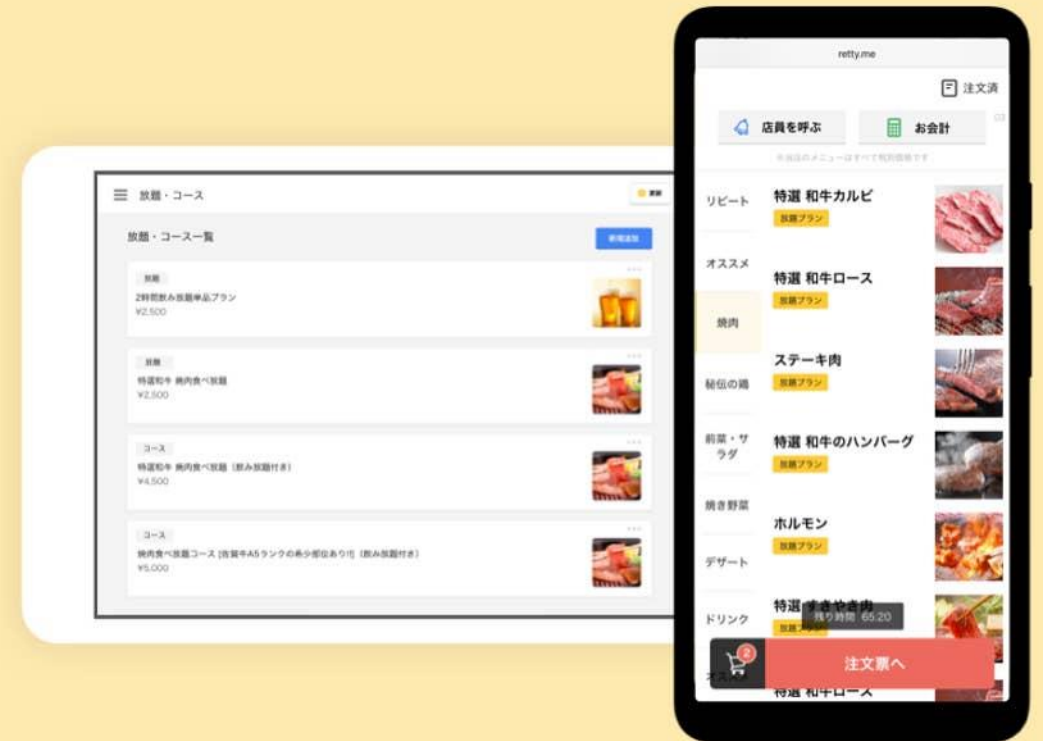
\*<sup>3</sup> Calculated based on number of members at the end of June stated on the earnings result materials of competitors by taking into consideration the rate of parallel users.

### 3 Progress in Mobile Order

Mobile Order, our new business to enter the operation support field, was officially launched in April. We are receiving very positive responses from restaurants that introduced it.



Image of UI



### 3 Progress in Mobile Order

Similar to FRM, the main target is individual restaurants that are not part of restaurant chains. Going forward, we will develop customers mainly among restaurants that already have a Retty account.

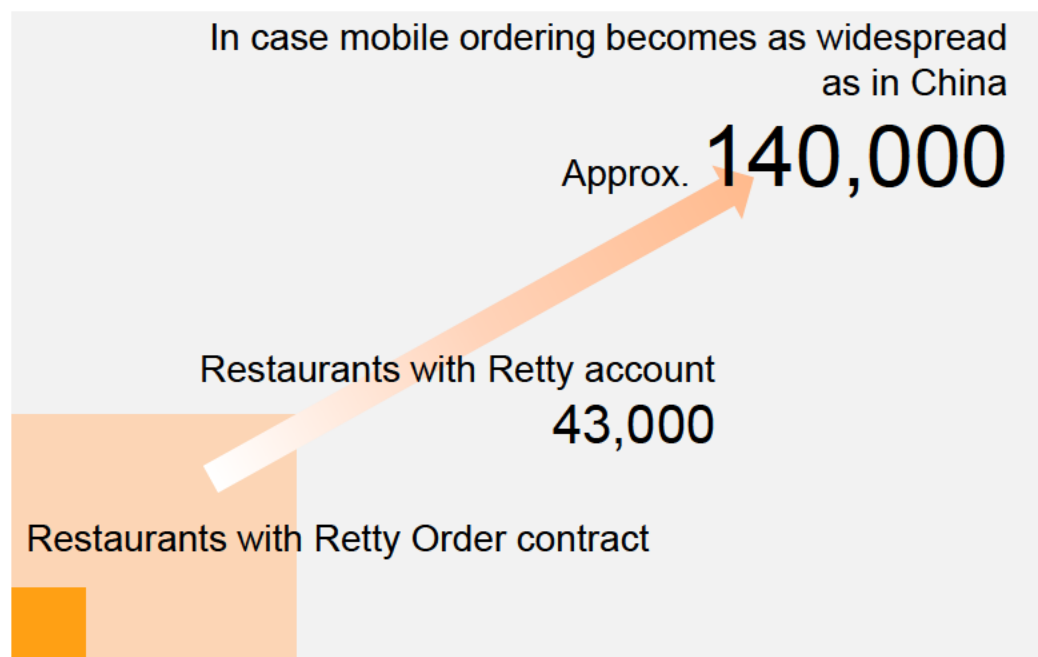
Image of target restaurants



There are issues, but it is not so much as requiring tablets.

**Main target is small-sized corporations and individual restaurants rather than large-scale restaurant chain operators**

Potential market



### 3 Progress in Mobile Order

Participated, and went on stage,  
in a large scale EXPO



Measure aimed at grasping excellent leads

Number of positive cases among restaurants  
that introduced Mobile Order emerged one  
after another



BBQ  
restaurant in  
Tokyo with  
50 seats

Installation was smooth and it was good to have it done at a new outlet. It is a good fit for private rooms.



Yoshoku  
restaurant in  
Aichi with  
100 seats

We no longer keep customers waiting for taking orders and staff members are no longer running around.



Italian  
restaurant in  
Nagano with  
15 seats

Orders come in on their own and the troubles in receiving orders have been reduced.

### 3 Accumulating Stable Revenue with Hybrid Model of Customer Appeal + Business Efficiency



# Supplementary Materials



## Mission

**Making  
the world  
happier,  
one meal at time**



Realize a world where both the users and operators can be happy in the area of “food,” which is part of the proud culture of Japan and is central to the lives of people around the world. Retty aims to connect people with positivity, through recommendation of favorite restaurants.

## CEO Introduction

# Kazuya Takeda

## CEO

He founded Retty, Inc. in 2010 and is the CEO of the company. He was born in Ehime Prefecture, Japan. After graduating from Aoyama Gakuin University, he joined NetAge Corporation (now United Corporation), where he was engaged in marketing-related business such as selling Internet advertising. After leaving the company, he stayed on the West Coast of the United States for a year to prepare for his entrepreneurial venture.

After returning to Japan, he worked for a year on the West Coast to prepare for the development of Japan's world-renowned food culture.

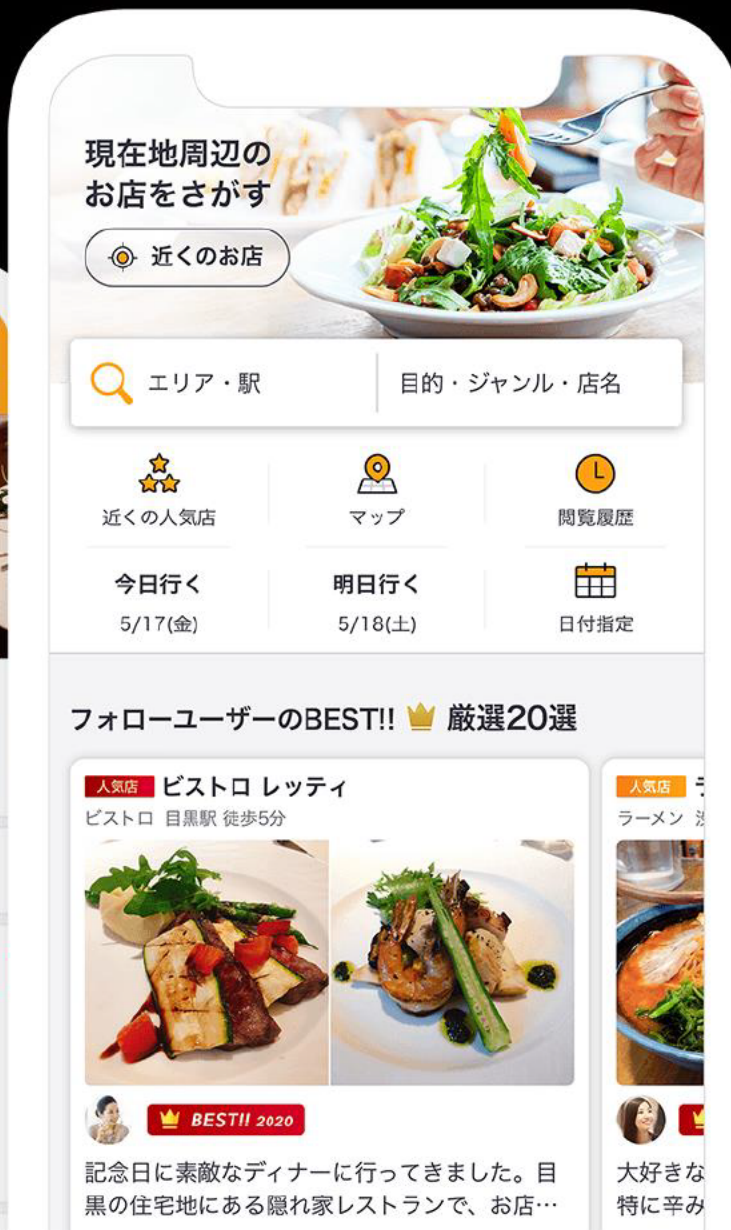
He founded Retty Inc. with co-founder Natsuka.



# Service Image



Find the BEST  
restaurant for you



# Service Concept

**Real name-based  
Review**



**Recommendation  
Without scores**



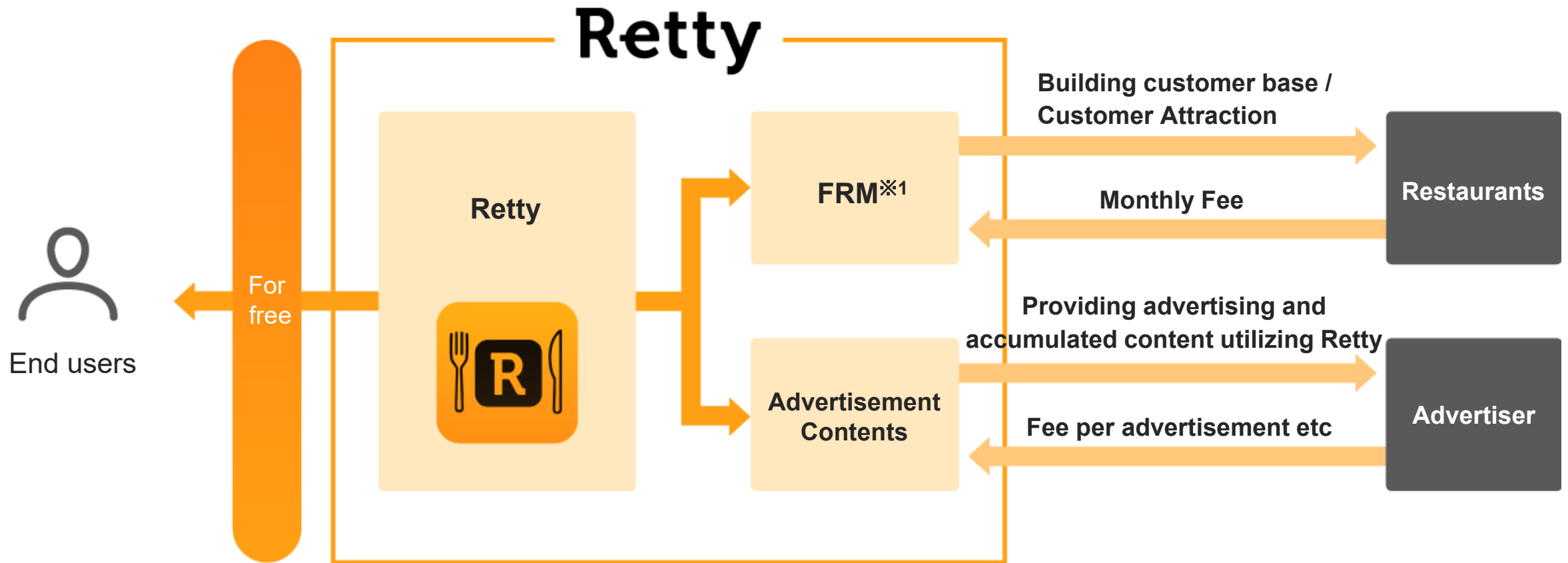
**Search starts with  
“people”**



**Find a matching restaurant through trusted people**

**Restaurant review service with reviewers using real names**

# 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

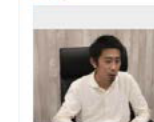
- **Waive fees for restaurants** in Go to Eat Campaign
- Use SNS as a public relations tool for **Restaurant Support Project**
- **Waive fees of cloud funding** for restaurants in a joint effort with CAMPFIRE
- Launch **takeout products** in response to requests by restaurants
- Develop **Mobile Order**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



Go To Eatで飲食店を本当に応援する「Retty」の取り組みは何か違う？

2020/10/15(木) 7:11 配信 43

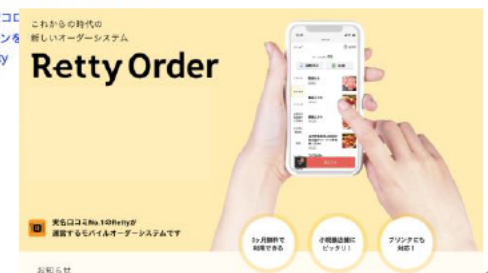
マイナビニュース



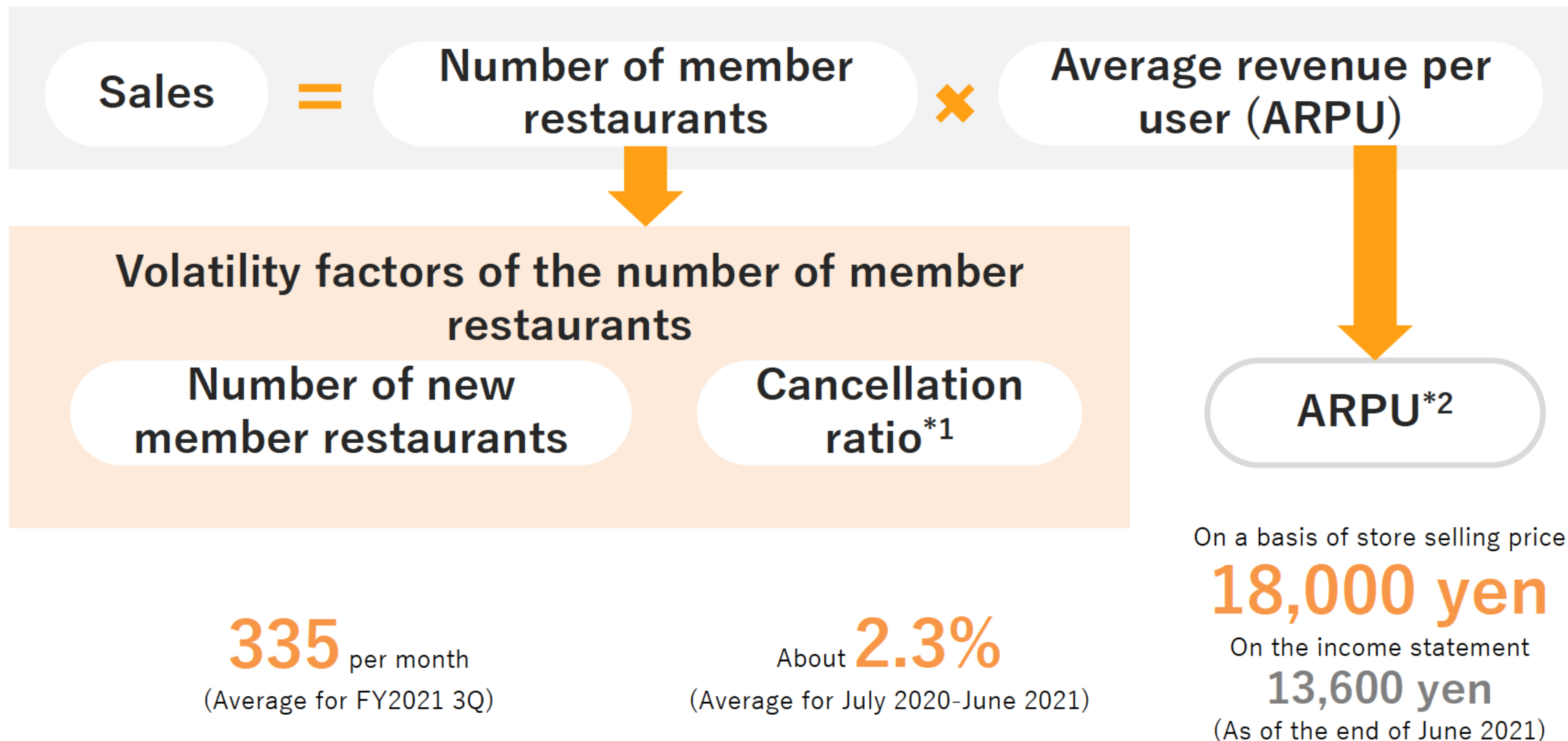
飲食店応援のために選ぶべきグルメサイトとは？  
10月1日から「Go To Eatキャンペーン」が開始された。コロナ禍の中で苦しい状況にある飲食店の活性化を狙ったキャンペーンは、利用する消費者側にも少し注意が必要となる。

飲食店応援も増える、Go To Eat対応のサイト Retty 代表取締役 武田 和也氏

【グラフ】「新型コロナウイルス」の新しいオーダーシステム  
立つ 資料: Retty



# Breakdown of FRM Sales



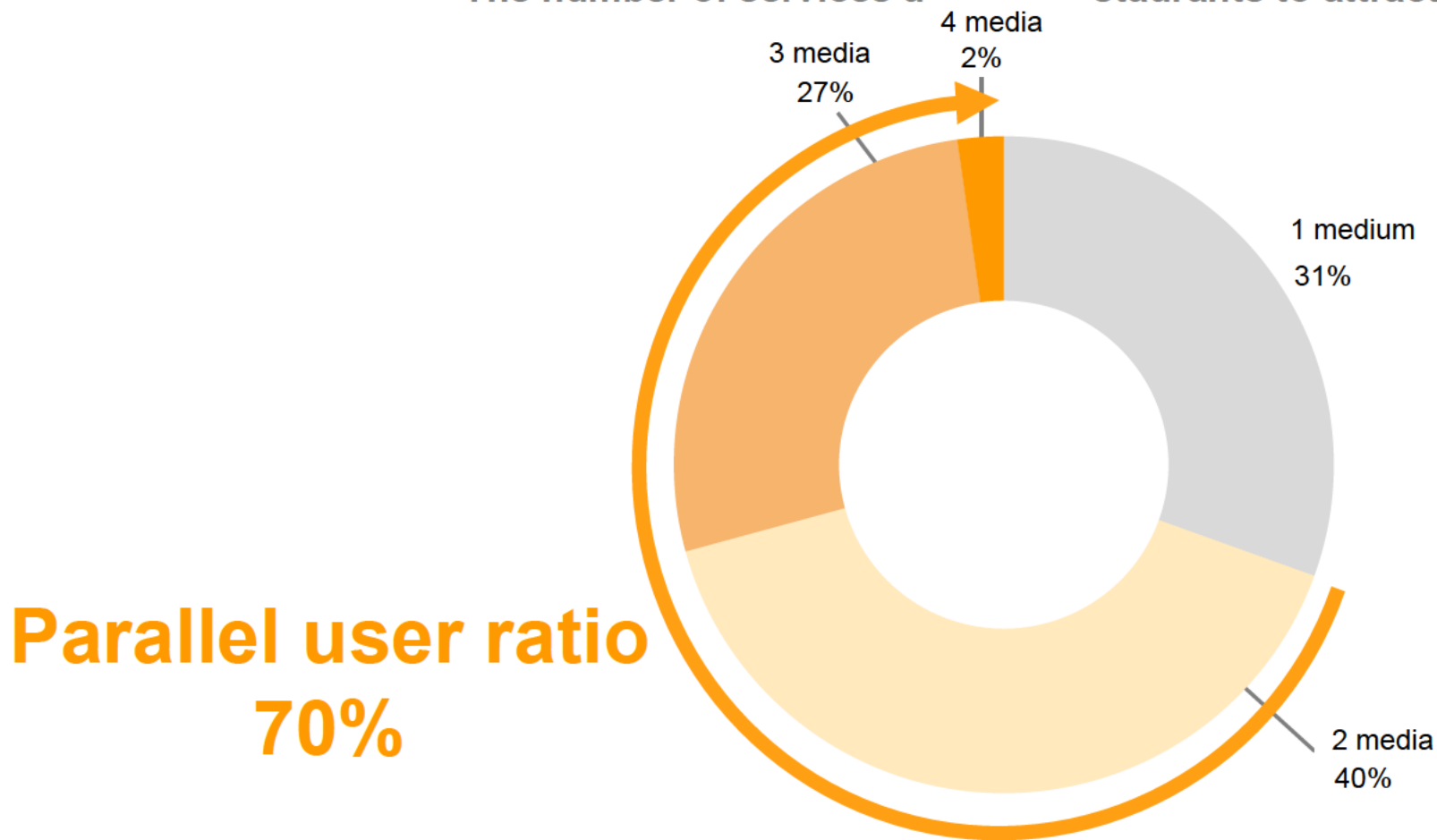
<sup>\*1</sup> The average of the number of restaurants that cancelled their contracts at the end of the contract period and at the time of renewal, as a percentage of the total number of member restaurants.

<sup>\*2</sup> ARPU based on store billing (including options), excluding 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).



# 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.

## FY2021 3Q BS

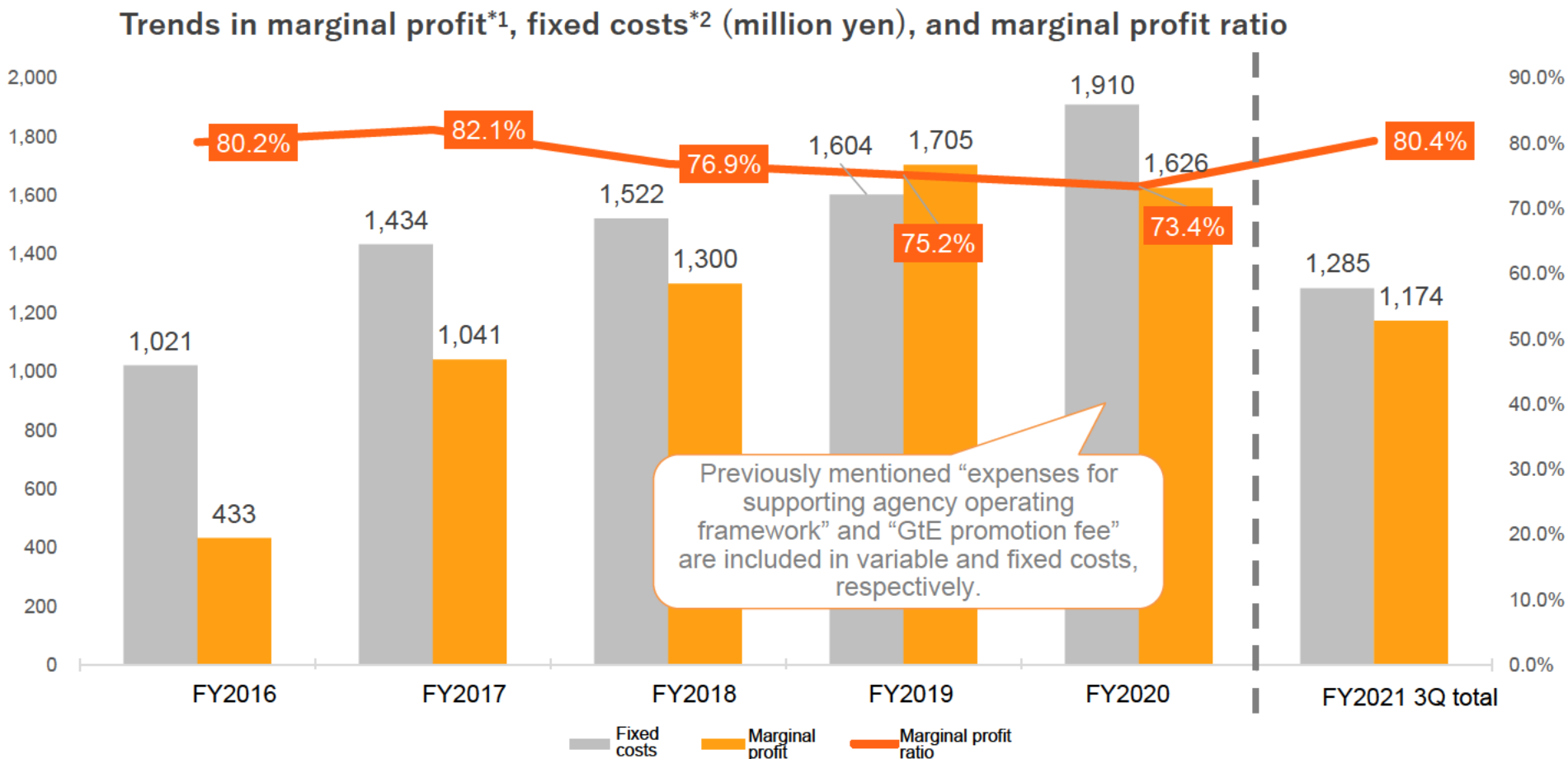
While cash and deposits declined 605 million yen due to the impact of 520 million yen in repayment of short-term borrowings, we have secured 750 million yen of unexecuted loans\*1. Our equity ratio is about 62%, suggesting good financial health.

Cash and deposits	842	Current liabilities	432
<i>Other outstanding lines of credit of 750 million yen</i>		Non-current liabilities	365
Other current assets	966	Net assets	1,287
Non-current assets	275		
Assets		Liabilities, net assets	

\*1 The unexecuted loan amount consists of overdraft agreements and commitment line agreements with financial institutions.

# Trend in Marginal Profit Ratio

We maintained marginal profit ratio at a similar level



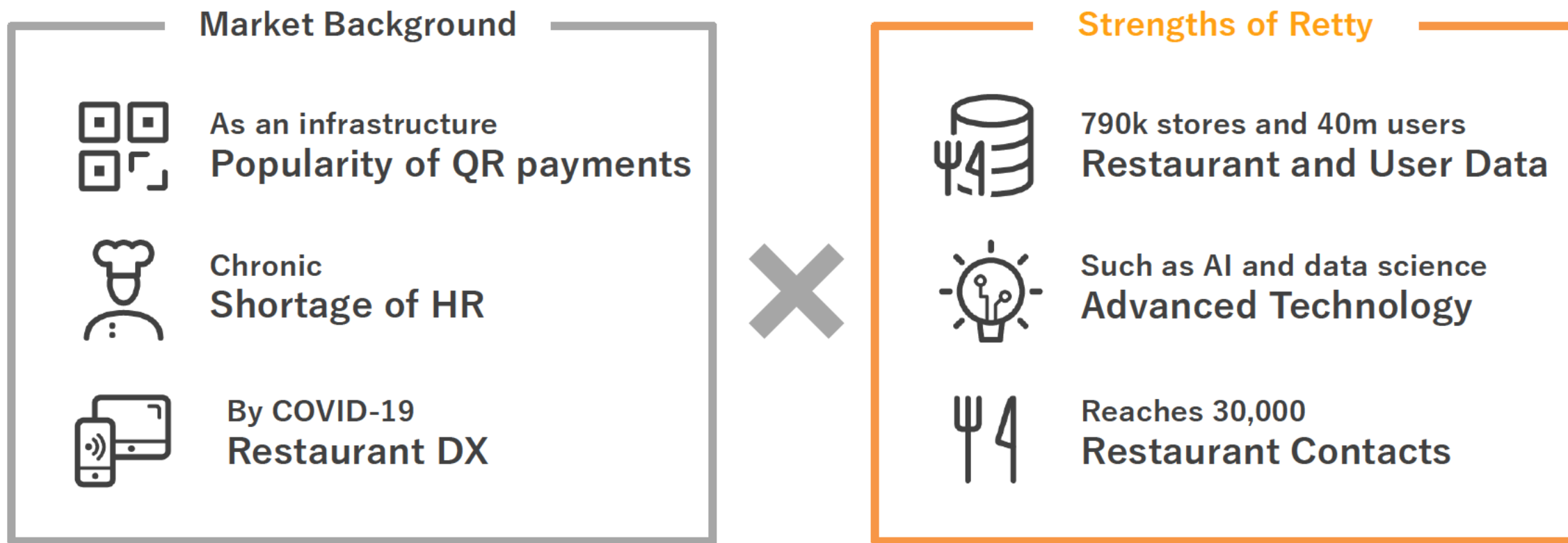
\*1 Marginal profit is calculated by subtracting variable cost from net sales. Variable cost is the sum of production cost which is the cost of production for advertisement/contents solution business, and sales promotion cost which is the fees paid to agencies for restaurant customer attraction business.

\*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 Agencies

Agency concurrently selling other products	<ul style="list-style-type: none"><li>• Agencies with sales persons who sell products of both Retty and other companies.</li><li>• Restaurants sign a contract with the agencies</li><li>• Sales are <b>recorded net</b> after deducting the agencies' fees. ARPU appears low.</li></ul>
Exclusive agency	<ul style="list-style-type: none"><li>• Agencies that have secured sale persons dedicated to selling Retty products</li><li>• Retty directly signs contract with restaurants</li><li>• Sales are <b>recorded gross</b>, and fees to the agencies are recorded as sales promotion cost</li></ul>
Direct sales	<ul style="list-style-type: none"><li>• Sales persons directly employed by Retty</li><li>• Started hiring new graduates exclusively for sales in April 2019</li></ul>

# Background of the Business Efficiency Support Market and Retty's Strengths in Entering



In response to the market's structural changes accelerated by COVID-19, We launches new products leveraged with data and aims for restaurant infrastructure

# Performance fee "premium booking" and "take-out plans"

## Premium booking

Online booking

**Performance fee model**



## Take-out plans

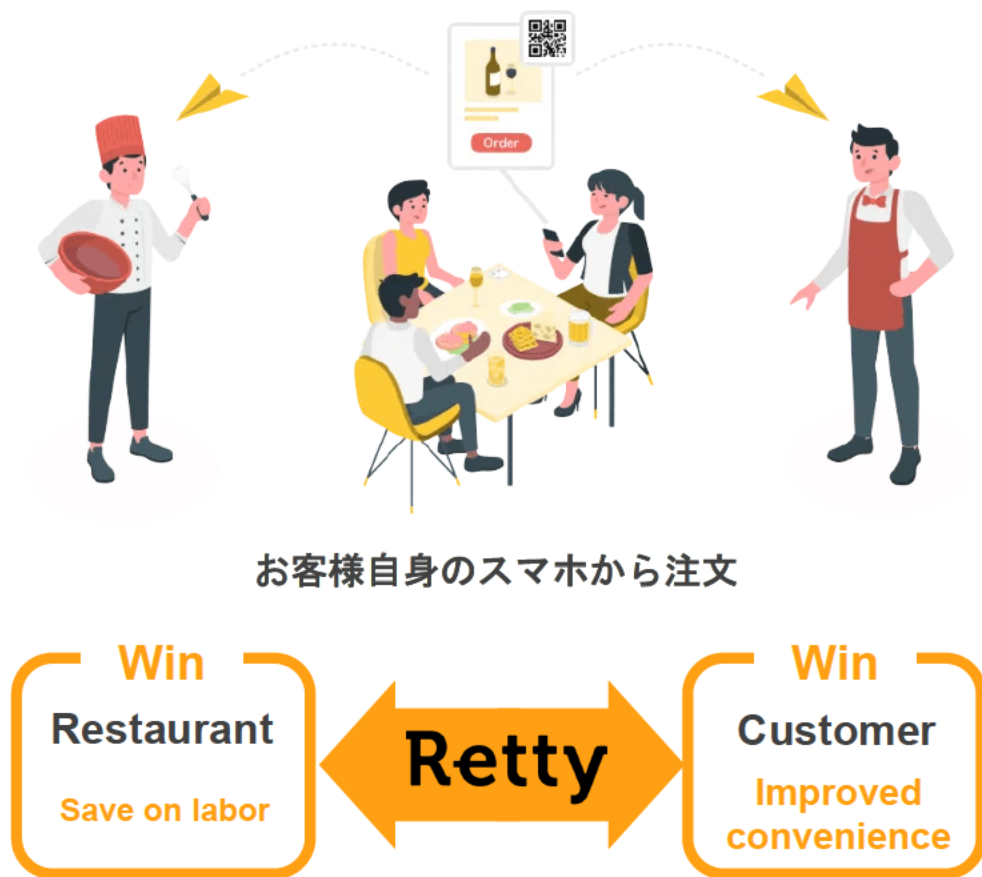
Take-Out Customer Attraction & Reception System

**Monthly Fixed 10,000 yen**











# Mobile Ordering Helps Restaurants Improve Operational Efficiency

Comparison of order taking workflow



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)

# Value spillover from mobile orders and the number of target

## Ripple Value

Accumulated by mobile orders

**Offline data**



Recommendations by improving accuracy

**Increase in the number of users**



By improving customer service

**Increase in FRM revenue**

**New business, mobile orders spill over into services and value to existing businesses**

## Target

**If mobile ordering becomes as popular as in China**

**140k** restaurants ※1

**If used by stores as much as promotional media**

**60k** restaurants ※2

**Current Retty member restaurants**

**10k** restaurants

※1 This figure was calculated by multiplying approximately 20% of the mobile order penetration rate in China (according to our research) by all 700,000 restaurants in Japan.

※2 Based on the number of paying members as of the end of June, based on the financial results of other gourmet services, and taking into account the percentage of combined use.



## 3

## Comments from restaurants that introduced mobile order (other)

I was confused when doing initial settings, but **it has become a lot easier now**. This service will definitely become popular and I want to utilize it well.

BBQ restaurant in Yamaguchi Prefecture

Customers can place orders at their own timings and **it has been appreciated better than expected by customers**. It is limited to some tables now, but I would like to add more and more.

Italian restaurant, Kamata, Tokyo

It's obviously convenient. **I feel that it's making work easier for my staff.**

Yakitori restaurant in Ebisu, Tokyo

We are using it for all-you-can-drink and course menu. **It has been received well by customers** and is popular among our staff for its convenience.

Yoshoku and izakaya dining bar in Nagoya

If we ask customers to order from smartphone, almost all of them will do so. **It also reduces contact frequency and is popular among both staff members and customers**

Restaurant attached to an accommodation facility in Hyogo Prefecture

It is very simple and seems easy to use. It has all the necessary functions.

Café in Saga Prefecture

# Company Profile

Company name	Retty Inc.
Headquarters	Sumitomo Fudosan Azabujuban Building 3F, 1-4-1 Mita, Minato-ku, Tokyo
Established	November 2010
Capital	615 million yen
Employees	138
Stock exchange	Tokyo Stock Exchange Mothers
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.