

**Operation of the real-name based gourmet platform “Retty”**

This report is an English translation of part of the report issued on November 6, 2020.  
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**[ 7356 Retty Sector : Services ]**

| Fiscal Year | Net sales<br>(mn yen) | YoY<br>(%) | Operating<br>profit<br>(mn yen) | YoY<br>(%) | Ordinary<br>profit<br>(mn yen) | YoY<br>(%) | Profit<br>(mn yen) | YoY<br>(%) | EPS<br>(yen) | BPS<br>(yen) | DPS<br>(yen) |
|-------------|-----------------------|------------|---------------------------------|------------|--------------------------------|------------|--------------------|------------|--------------|--------------|--------------|
| Sep. 2018   | 1,690                 | 33.3       | -221                            | -          | -221                           | -          | -230               | -          | -24.7        | -137.7       | 0.0          |
| Sep. 2019   | 2,268                 | 34.2       | 100                             | -          | 99                             | -          | 155                | -          | 16.7         | -121.0       | 0.0          |
| Sep. 2020 f | 2,213                 | -2.4       | -286                            | -          | -282                           | -          | -332               | -          | -34.1        | -            | 0.0          |

Note: Non-consolidated basis. Figures for the fiscal year ending September,2020 are the company's forecast.

It conducted 1-to-8 stock split on March 10,2020. Par-share indicies are adjusted retroactively.

**Operating the “Retty” Gourmet Platform**

Retty operates “Retty,” a real-name based gourmet information posting platform. “Retty” is a website created based on the idea that people refer to the reviews of friends and acquaintances the most when looking for a restaurant. The point that differentiates it from other gourmet websites is that the reviews are posted under real names.

The monthly users of “Retty” reached about 45 million in January 2020. With the spread of the COVID-19 pandemic, this figure fell to around 25 million in April. However, it has recovered to around 44 million in August.

The company’s net sales can be categorized into the two services of fun relationship management (FRM) and advertisement contents. For the net sales of the fiscal year ended September 2019, FRM accounted for 57.8% and advertisement contents accounted for the rest.

**Fun Relationship Management (FRM)**

Common business issues among restaurants are to increase net sales and to enhance profitability. To solve such corporate challenges, the company provides “Retty” to function as an online sales promotion tool and calls the service FRM.

FRM is a stock-type business receiving monthly fixed-rate service subscription fees from restaurants. The number of fee-based subscriber restaurants surpassed 10,000 in February 2020, but with the impact of COVID-19 pandemic, it is 9,678 as of the end of August 2020.

**Advertisement Contents**

Advertisement contents business receives fees by getting users to visit the websites of its non-restaurant clients. In addition, the company creates a database by compiling information accumulated through the operation of “Retty,” and receives fees by providing this information to clients in a wide-range of industries from cosmetics and apparel to travel.

**Corporate Plan for Fiscal Year ending September 2020**

For the fiscal year ending September 2020 the company expects net sales of 2,213 million yen (2.4% decrease year-on-year) and operating loss of 286 million yen (previous fiscal year was operating profit of 22 million yen). For net sales by service, it expects a 14.5% increase year-on-year for FRM and a 25.7% decrease year-on-year for advertisement contents. It expects an operating loss due to posting of advertising expenses from the “Go To Eat Campaign” and other factors.

## Financial Statements

| Statement of income                          | Fiscal Year | Sep. 2018 |       | Sep. 2019 |       | Sep. 2019 3Q<br>(Cumulative) |       |
|--|-------------|-----------|-------|-----------|-------|------------------------------|-------|
|  |             | (mn yen)  | (%)   | (mn yen)  | (%)   | (mn yen)                     | (%)   |
| Net sales                                    |             | 1,690     | 100.0 | 2,268     | 100.0 | 1,711                        | 100.0 |
| Cost of sales                                |             | 704       | 41.7  | 793       | 35.0  | 621                          | 36.3  |
| Gross profit                                 |             | 986       | 58.3  | 1,474     | 65.0  | 1,090                        | 63.7  |
| Selling, general and administrative expenses |             | 1,207     | 71.4  | 1,374     | 60.6  | 1,067                        | 62.4  |
| Operating profit                             |             | -221      | -13.1 | 100       | 4.4   | 22                           | 1.3   |
| Non-operating income                         |             | 0         | -     | 0         | -     | 0                            | -     |
| Non-operating expenses                       |             | 0         | -     | 0         | -     | 2                            | -     |
| Ordinary profit                              |             | -221      | -13.1 | 99        | 4.4   | 20                           | 1.2   |
| Profit before income taxes                   |             | -229      | -13.5 | 99        | 4.4   | 20                           | 1.2   |
| Net profit                                   |             | -230      | -13.6 | 155       | 6.9   | -46                          | -2.7  |

| Balance sheet                 | Fiscal Year | Sep. 2018 |       | Sep. 2019 |       | Sep. 2019 3Q |       |
|-------------------------------|-------------|-----------|-------|-----------|-------|--------------|-------|
|                               |             | (mn yen)  | (%)   | (mn yen)  | (%)   | (mn yen)     | (%)   |
| Current assets                |             | 511       | 65.6  | 700       | 66.3  | 1,158        | 75.1  |
| Cash and deposits             |             | 279       | 35.9  | 391       | 37.1  | 655          | 42.5  |
| Accounts receivable - trade   |             | 208       | 26.8  | 163       | 15.5  | 165          | 10.7  |
| Inventories                   |             | -         | -     | -         | -     | -            | -     |
| Non-current assets            |             | 268       | 34.4  | 355       | 33.7  | 384          | 24.9  |
| Property, plant and equipment |             | 94        | 12.2  | 90        | 8.6   | 112          | 7.3   |
| Intangible assets             |             | 6         | 0.9   | 5         | 0.5   | 3            | 0.3   |
| Investments and other assets  |             | 166       | 21.4  | 259       | 24.6  | 268          | 17.4  |
| Total assets                  |             | 779       | 100.0 | 1,055     | 100.0 | 1,543        | 100.0 |
| Current liabilities           |             | 242       | 31.1  | 362       | 34.4  | 530          | 34.4  |
| Accounts payable - trade      |             | -         | -     | -         | -     | -            | -     |
| Non-current liabilities       |             | -         | -     | -         | -     | 365          | 23.7  |
| Net assets                    |             | 536       | 68.9  | 692       | 65.6  | 646          | 41.9  |
| Shareholders' equity          |             | 526       | 67.6  | 682       | 64.7  | 636          | 41.2  |

| Statement of cash flows                   | Fiscal Year | Sep. 2018 |     | Sep. 2019 |     |
|---|-------------|-----------|-----|-----------|-----|
|   |             | (mn yen)  | (%) | (mn yen)  | (%) |
| Cash flows from operating activities      |             | -285      |     | 46        |     |
| Depreciation                              |             | 13        |     | 12        |     |
| Cash flows from investing activities      |             | -6        |     | -11       |     |
| Cash flows from financing activities      |             | 9         |     | 76        |     |
| Dividends paid                            |             | -         |     | -         |     |
| Net increase in cash and cash equivalents |             | -282      |     | 111       |     |
| Cash and cash equivalents                 |             | 279       |     | 391       |     |

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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