

TRYT Inc. (Code: 9164) Business plan and matters concerning growth potential

September 13, 2023



TRYT

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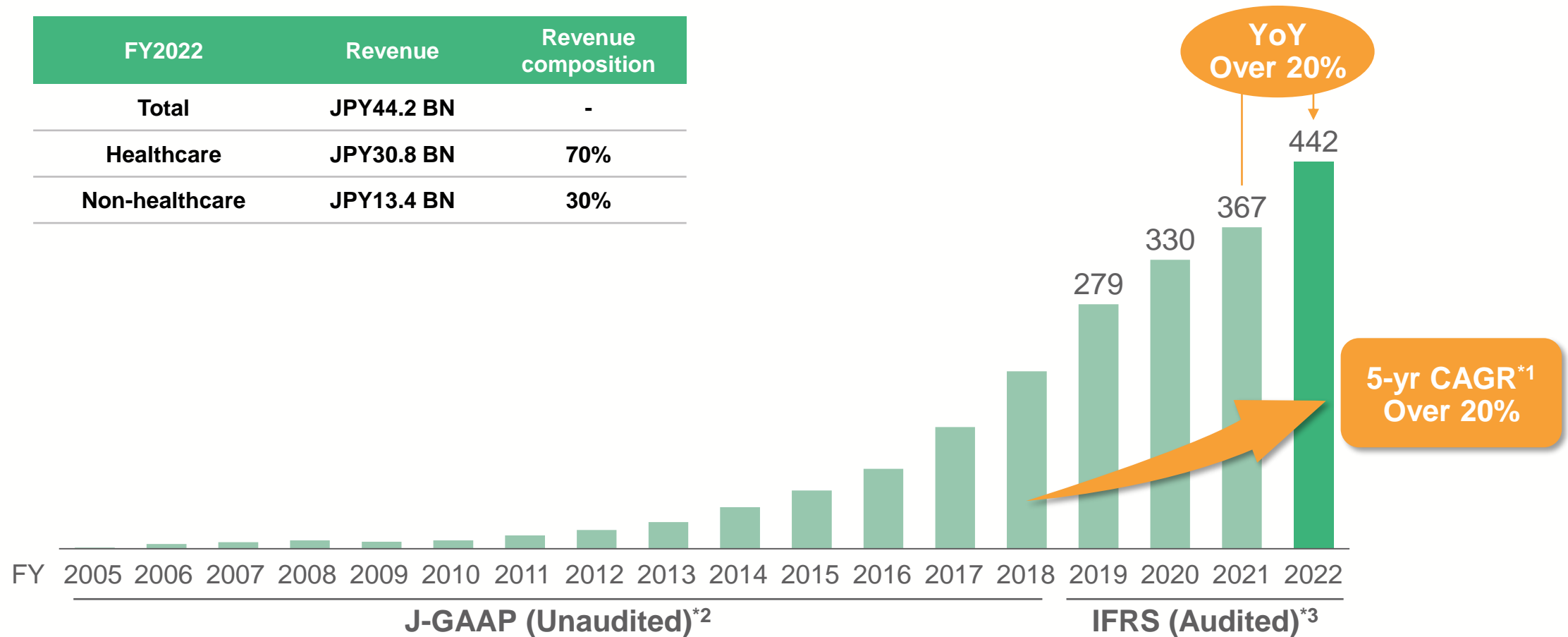
Company introduction

Company name	TRYT Inc.	
Head office	Osaka Head Office Seiwa Umeda Building 13F 2-12-7, Sonezaki, Kita-ku, Osaka City, Osaka, 530-0057 TEL/FAX +81 6-6365-1131 / +81 6-6365-1157	Tokyo Head Office Art Village Osaki Central Tower 17F 1-2-2 Osaki, Shinagawa-ku, Tokyo, 141-0032 TEL/FAX +81 3-5436-7670 / +81 3-5436-7329
Representative	Hidetaka Sasai (President and Representative Director, CEO)	
Founded	2004 *Establishment of TS Kouken Co., Ltd.	
Number of employees	6,648 *as of December 2022	
Capital	JPY10 million	
Offices	56 offices *as of December 2022, group total	
Our business	<ul style="list-style-type: none"> ■ TRYT Inc.: Provides group business management and ancillary or related businesses in the same industry as a holding company ■ TRYT Career Inc.: Provides human resource services for the healthcare and welfare industry ■ TRYT Engineering Inc.: Provides human resource services for the construction industry ■ HAB&Co. Inc.: Provides DX services to local governments and small- to medium-sized corporations in connection with recruiting activities ■ bright vie Co., Ltd.: Provides healthcare data utilization platform services and communication tools focused on elderly care 	

TRYT promotes creation of fulfilling working environments for healthcare and welfare professionals through HR services and digital solutions

Our group revenue (JPY BN)

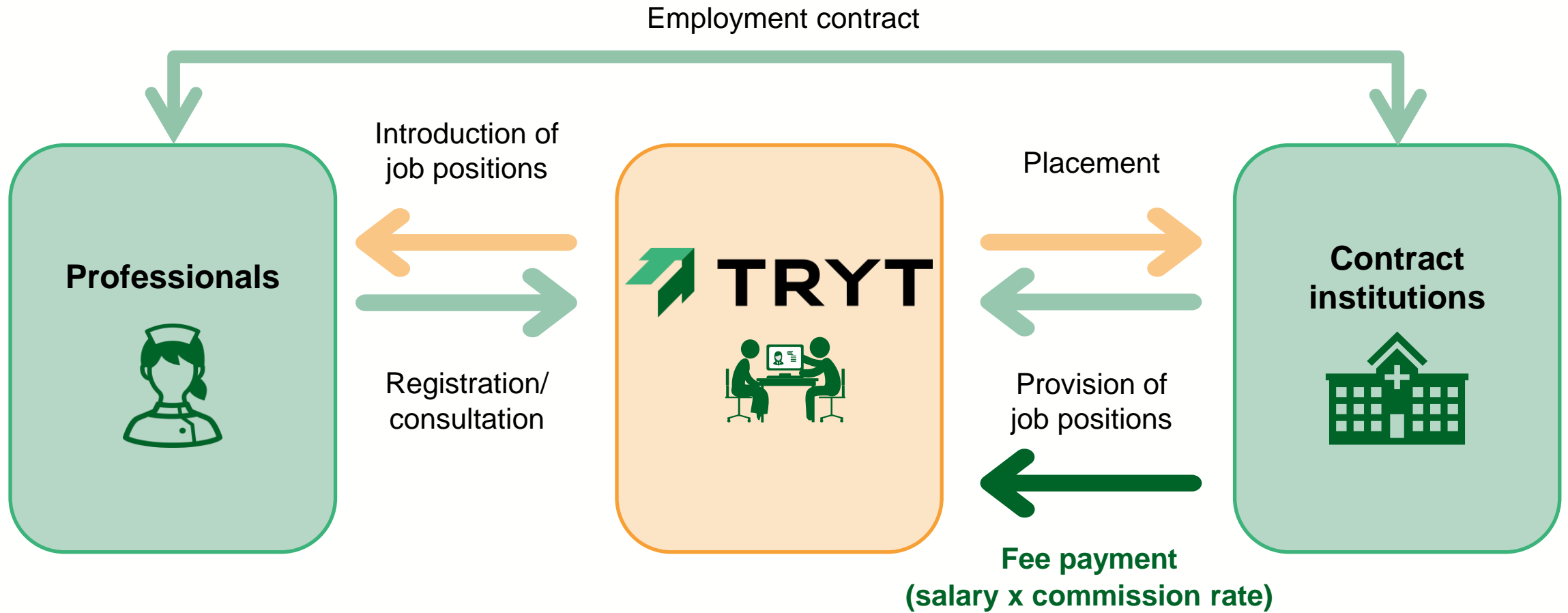
FY2022	Revenue	Revenue composition
Total	JPY44.2 BN	-
Healthcare	JPY30.8 BN	70%
Non-healthcare	JPY13.4 BN	30%

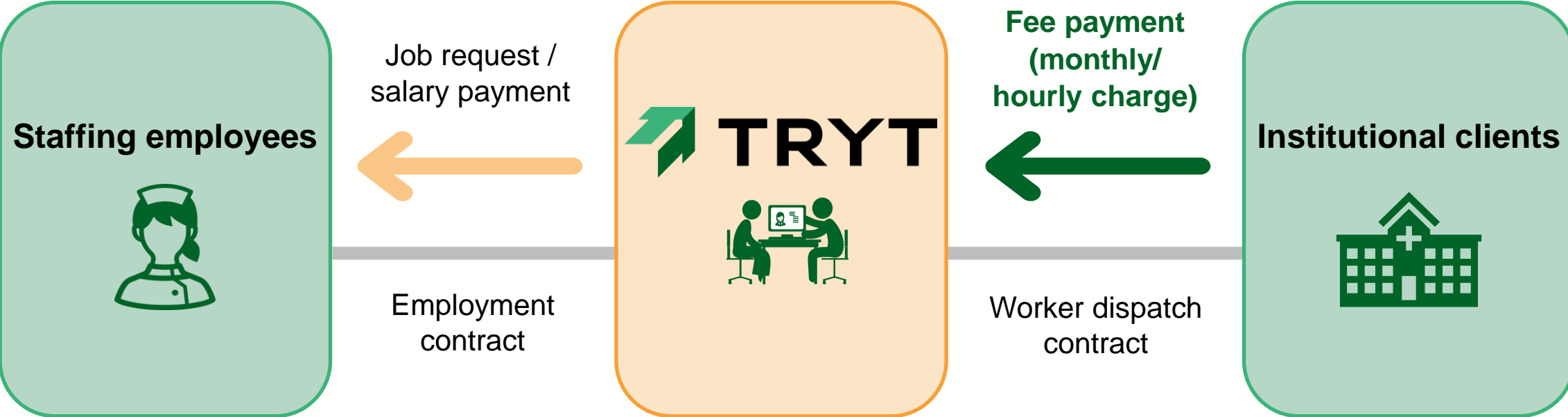


*1: CAGR from FY2018 to FY2022. CAGR shown is to be used as a guideline and compares figures based on IFRS (FY2019 to FY2022) and those calculated on a proforma basis based on J-GAAP (FY2018)

*2: FY2005 to FY2018 figures are on J-GAAP basis of former TRYT. Financials from FY2005 to FY2013 were calculated by summing up the yearly financials of our subsidiaries without adjusting fiscal year periods and are based on Japanese tax accounting standards. FY2014 to FY2018 were calculated on a proforma basis as if our subsidiaries' close of accounts being December, by summing up their monthly financials and are based on management accounting standards

*3: FY2019 and FY2020 figures are on audited basis of former TRYT. FY2021 figures are simple sum aggregation of the financial results for the eleven-month period ended November 30, 2021 of former TRYT and the fiscal year ended December 31, 2021 of TRYT (which is not calculated based on the accounting standards in our country and has not been audited by Taiyo LLC under Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act. Therefore, it may not accurately represent our group's financial performance and financial condition). FY2022 is based on audited figures



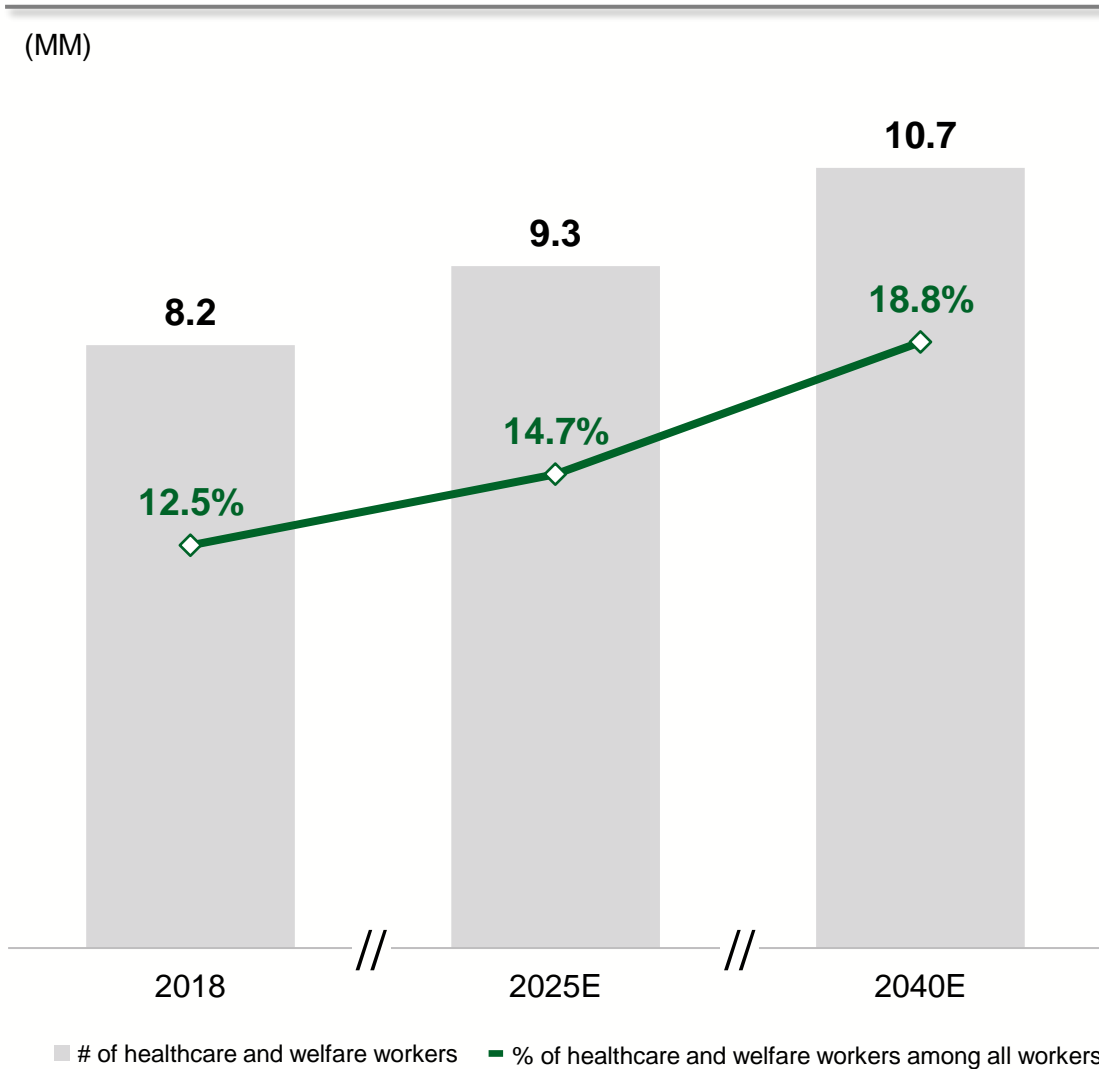


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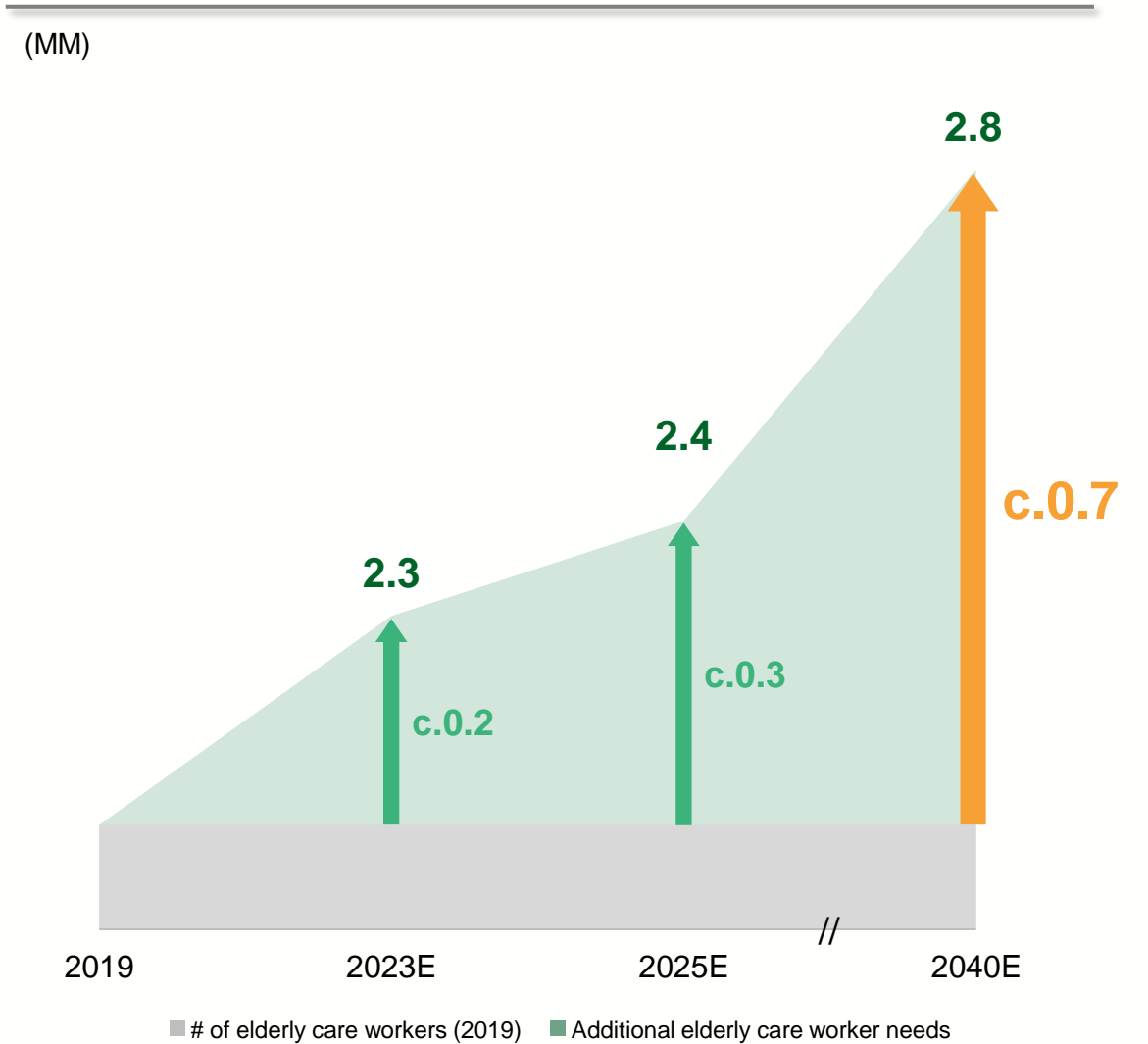
Business environment and features

Despite the increase in the number of healthcare and welfare workers by 2040, the shortage of 0.7 MM workers are expected in the elderly care industry

of healthcare and welfare workers*1



Additional elderly care worker needs



*1: Sum of the number of medical, elderly care and other welfare workers

Source: Number of healthcare and welfare workers: Ministry of Health, Labour and Welfare "Future forecast on social security towards 2040 (basis for discussion)". Additional elderly care worker needs: Ministry of Health, Labour and Welfare "Number of elderly care worker required based on the 8th elderly care insurance plan"

Database accumulated through high candidate acquisition capability

Rich database of c.1.7 MM*¹ healthcare/welfare professionals which the new entrants are unable to acquire easily

Personnel with healthcare and welfare field expertise

Securing sales personnel with abundant knowledge of the healthcare and welfare industry which is essential for accurate understanding of healthcare/welfare institutions' needs and robust relationship with c.70K*¹ healthcare/welfare institutions

Achieving high sales productivity

Achieving high sales productivity thorough KPI management, standardized sales processes, and integration of performance-oriented corporate culture and an incentive scheme

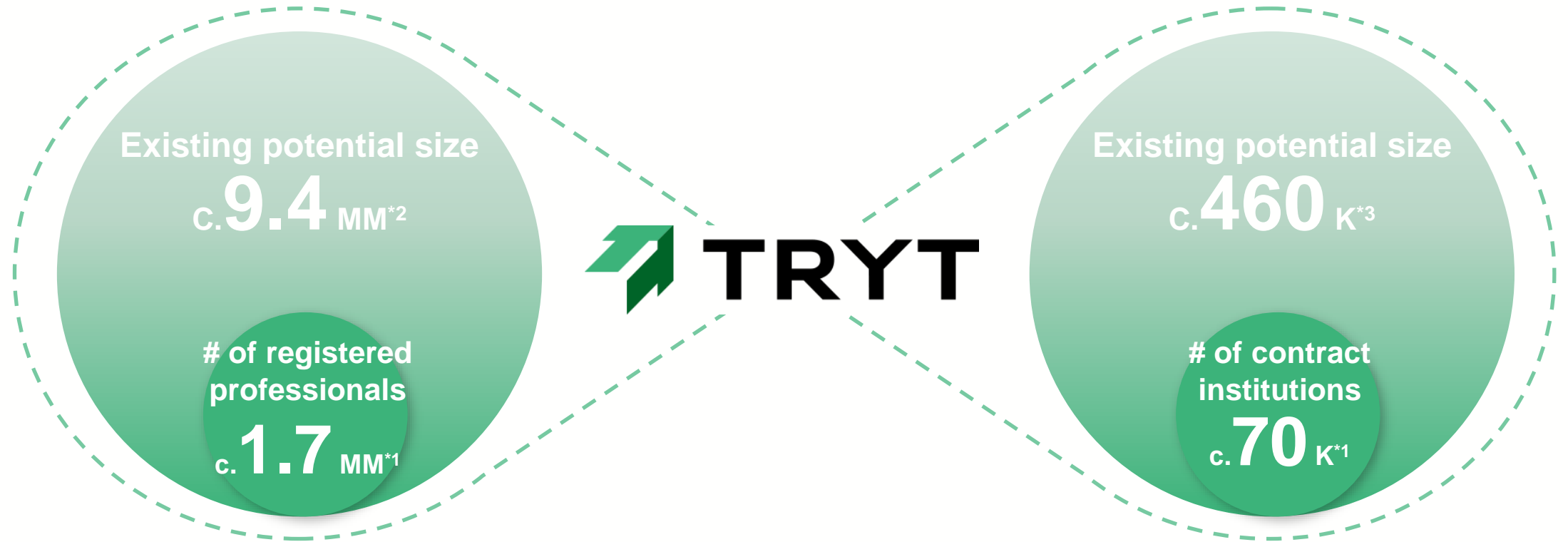
High barriers exist for new entrants' business expansion

*1: As of the end of December 2022

We aim to further expand both healthcare/welfare professional database and # of contract institutions through various initiatives

of healthcare/welfare professionals

of healthcare/welfare institutions



*1: As of the end of December 2022

*2: Sum of the number of medical, elderly care and other welfare workers in 2025

*3: Sum of the number of hospitals, clinics, designated community-based preventive service providers to elderly care, in-house service providers, home elderly care support offices, elderly care insurance facilities, and childcare facilities in 2021

Source: Number of potential healthcare/welfare professionals: Ministry of Health, Labour and Welfare, "Annual report on Health, Labour and Welfare (2022)". Number of potential healthcare/welfare institutions: Ministry of Health, Labour and Welfare, "Survey on elderly care facilities (2021)", Ministry of Health, Labour and Welfare, "Survey on medical facilities (2021)", Ministry of Health, Labour and Welfare, "Summary of childcare related facilities' conditions (as of April 1, 2021)"

3.

Growth strategy

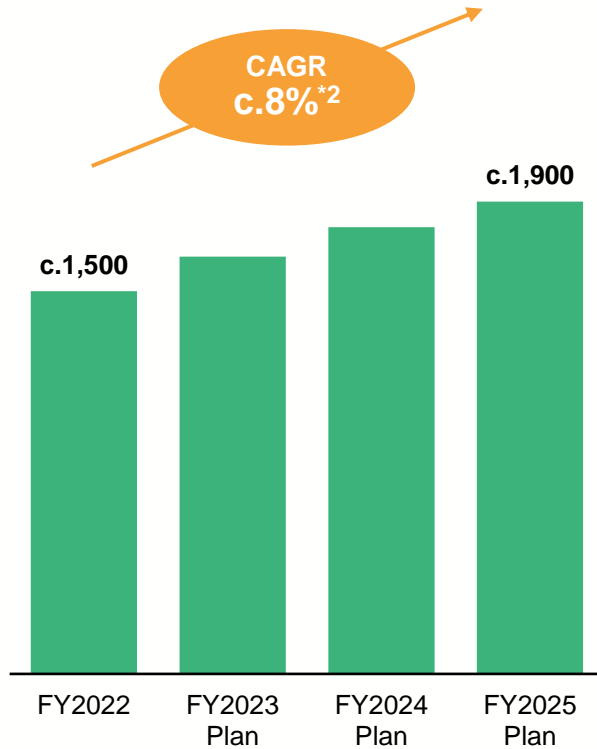
Healthcare: Growth through increase in the # of sales personnel & per revenue

Non-healthcare: Increase in the # of temporary staffing employees to drive growth

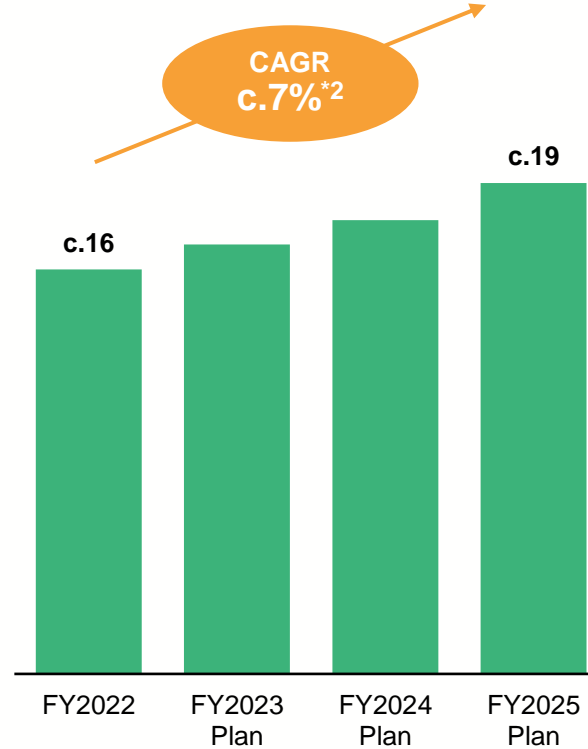
Healthcare

Non-healthcare

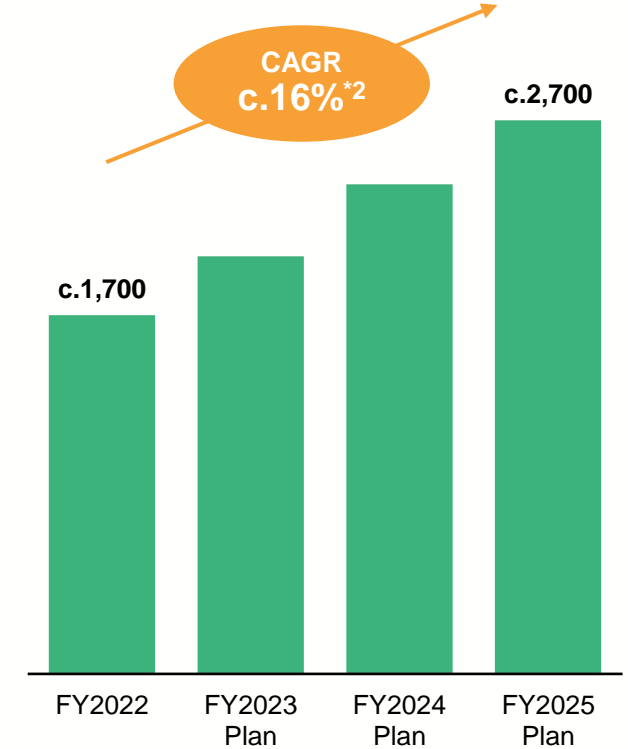
of sales personnel (Person)^{*1}



Revenue per sales personnel (JPY MM)^{*3}



of staffing employees (Person)^{*4}



*1: Annual average number of sales personnel for each fiscal period. Figures are only for sales personnel engaged in the healthcare placement business

*2: CAGR from FY2022 to FY2025

*3: Revenue per sales personnel is calculated by dividing healthcare placement revenue by the annual average number of sales personnel engaged in the healthcare placement business for each fiscal period

*4: Annual average number of staffing employees at the end of each month

Ongoing project / potential opportunity

3

QOL improvements through healthcare data^{*1}

- Prognosis management / disease prevention / drug discovery support
- Communication support with family
- Healthcare program planning (workout, supplements)

2

Efficiency improvement (ICT solutions)

- ICT placement, staffing services
- Hardware / robotic assistance for elderly care
- Business outsourcing
- Business management software products and services

1

Healthcare placement/recruiting support

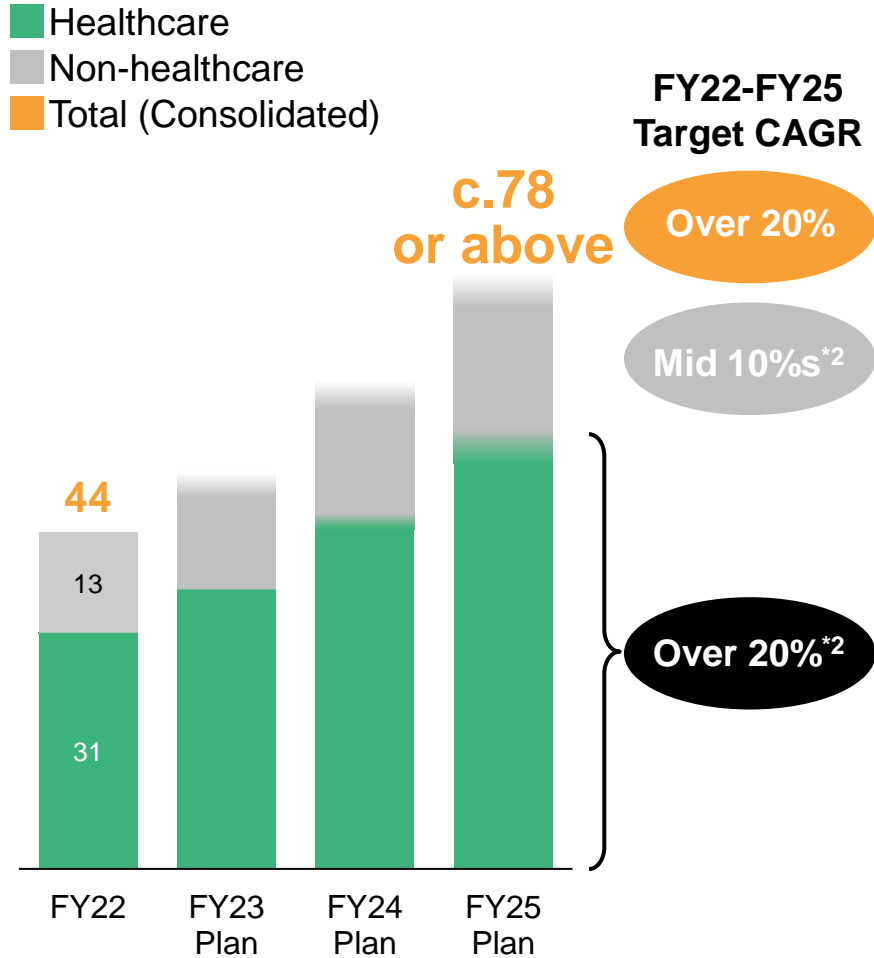
- Healthcare placement/staffing
- Reskilling support
- Online recruiting support
- Direct recruiting

*1: Prognosis management, disease prevention, drug discovery support, communication support with family, healthcare program planning (workout, supplements) are services that are planned to be released beyond FY2025

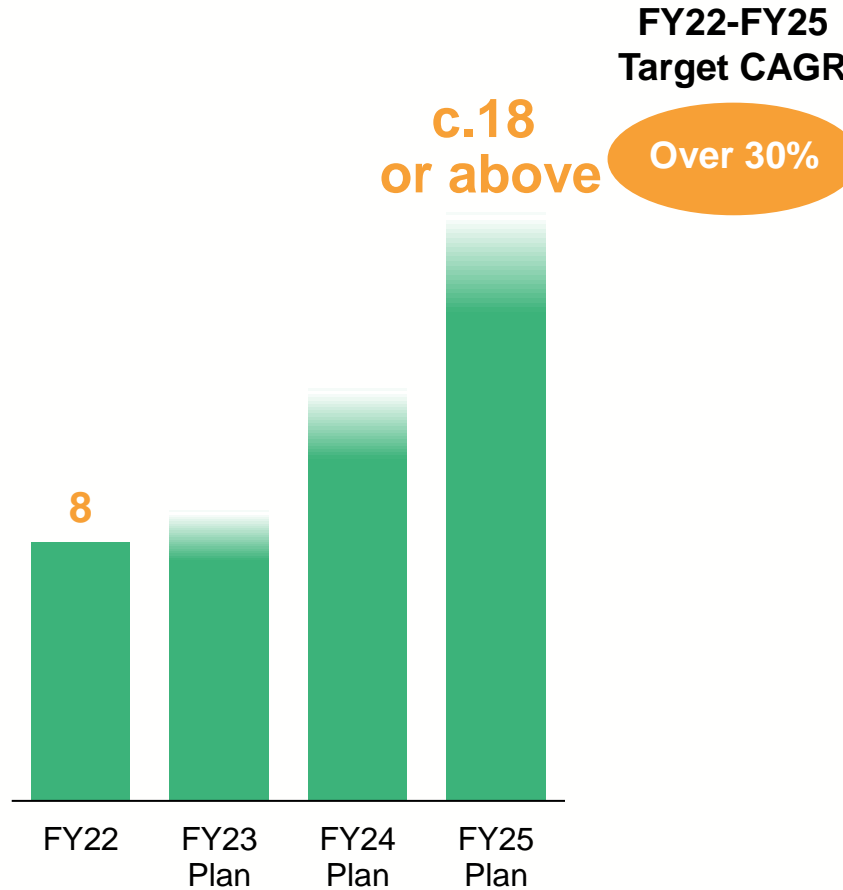
Target	Services	Achievement post acquisition
<p>Aug 2021</p>	HR tech	<ul style="list-style-type: none"> ✓ Team of experienced engineers ✓ Development of basic function for direct recruiting
<p>Jan 2022</p>	Childcare placement	<ul style="list-style-type: none"> ✓ Contributed to forming top position in childcare placement industry ✓ Developed childcare direct recruiting business
<p>Jun 2023</p>	ICT platform & back-office software provider in healthcare & welfare industry	<ul style="list-style-type: none"> ✓ Accelerate healthcare vertical SaaS business for TRYT ✓ ICT/IoT platform, back-office cloud system focused on elderly care ✓ PMI in progress

We aim to achieve revenue of approximately JPY78 BN or above and adjusted EBITDA of approximately JPY18 BN or above in FY2025

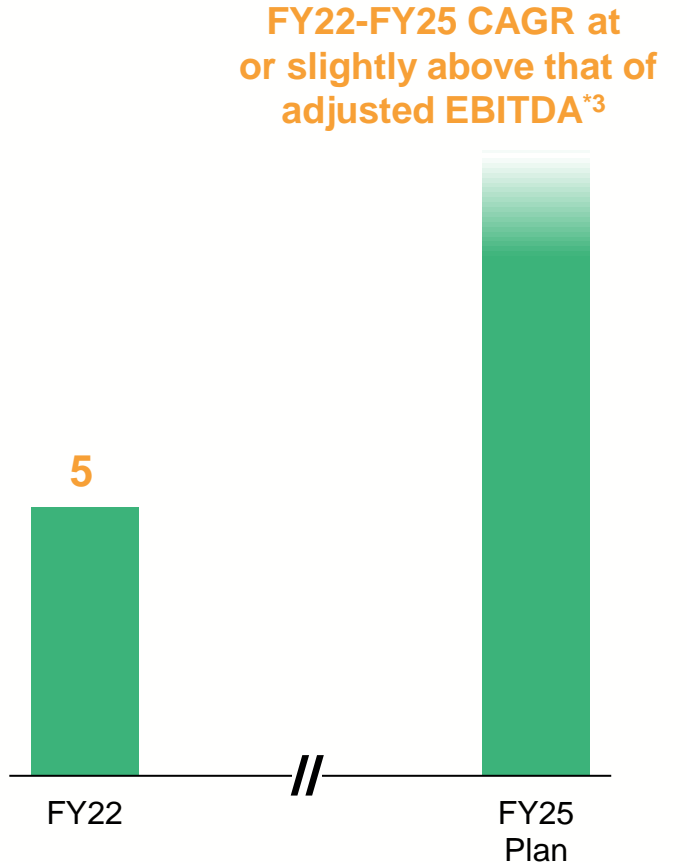
Consolidated revenue (JPY BN)^{*1}



Consolidated adjusted EBITDA (JPY BN)^{*3}



Consolidated adjusted net income (JPY BN)^{*4}



*1: Consolidated revenue is assumed to achieve CAGR of over 20% in healthcare and mid 10% in non-healthcare business. FY2022 includes the revenue of WELKS (merged by TRYT Career Inc. in July 2022), which was acquired in January 2022

*2: CAGR for healthcare and non-healthcare from FY2022 to FY2025 are based on the assumptions in the medium-term management plan

*3: Adjusted EBITDA = EBITDA + M&A related costs + refinance related costs (excluding financial costs) + IPO-related costs

EBITDA = profit (loss) + income tax expense + financial expenses - financial revenue + depreciation (including right of use assets, customer related assets and other assets) + impairment of fixed assets / loss on disposal of fixed assets

For adjusted EBITDA, it is assumed to achieve CAGR higher than that of the revenue due to an increase in the revenue and improved productivity of sales personnel

*4: Adjusted net income = profit (loss) + amortization of customer related assets + M&A related costs + refinance related costs (excluding financial costs) + financial costs related to refinancing + IPO-related costs + tax and tax adjustments

Adjusted net income assumes no unplanned operating expenses and reduction of financial costs due to refinancing, under interest rate market environment similar to present

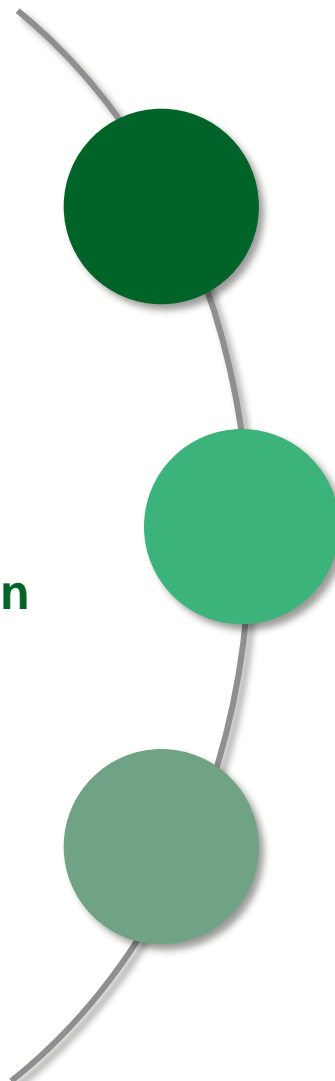
4.

Financial condition



Abundant cash flow generation

through strong profitability & asset light business model



Financial soundness

- ✓ Aim to decrease net debt^{*1} / adjusted EBITDA^{*2} to 2.0-2.9x by the end of FY2025
- ✓ For adjusted unlevered FCF conversion^{*3}, our target is to achieve over 70% by the end of FY2025

M&A

- ✓ Actively pursue opportunities for M&A, business alliances and cooperative research to rapidly expand and develop ICT solutions and data utilization services

Shareholder return

- ✓ Consider dividends & share repurchases after achieving our leverage goal

*1: Net debt = borrowings + current lease liabilities + non-current lease liabilities - cash and cash equivalents

*2: Adjusted EBITDA = EBITDA + M&A related costs + refinance related costs (excluding financial costs) + IPO-related costs

EBITDA = profit (loss) + income tax expense + financial expenses - financial revenue + depreciation (including right of use assets, customer related assets and other assets) + impairment of fixed assets / loss on disposal of fixed assets

*3: Adjusted unlevered FCF conversion rate = adjusted unlevered FCF / adjusted EBITDA

Adjusted unlevered FCF = unlevered free cash flow + M&A related costs + refinance related costs (excluding financial costs) + IPO-related costs + tax and tax adjustments

Unlevered free cash flow = operating cash flow - capital expenditures (acquisition of tangible assets + acquisition of intangible assets) + interest expense - interest income + tax adjustments

Consolidated financial statement (IFRS)

JPY MM	FY2020*1	FY2021*1	FY2022
Revenue	33,015	36,735	44,195
Gross profit	22,645	25,175	30,011
Operating profit	5,704	6,269	5,959
Profit attributable to owners of the parent company	4,226	4,366	3,621
Adjusted EBITDA*2	6,735	7,693	8,161

*1: FY2020 figures are based on former TRYT. On December 1, 2021, former TRYT and JSPC2 have merged. FY2021 figures are on unaudited combined basis of former TRYT and JSPC2. FY2022 are based on audited figures

*2: Adjusted EBITDA = EBITDA + M&A related costs + refinance related costs (excluding financial costs) + IPO-related costs

EBITDA = profit (loss) + income tax expense + financial expenses - financial revenue + depreciation (including right of use assets, customer related assets and other assets) + impairment of fixed assets / loss on disposal of fixed assets

Consolidated financial statement (IFRS)

JPY MM	FY2022
Cash and cash equivalents	2,300
Trade receivables	3,394
Total current assets	6,497
Property, plant and equipment	11,130
Goodwill	51,412
Intangible assets	3,405
Total non-current assets	68,140
Total assets	74,638
Accounts payable - other	1,429
Short-term borrowings	800
Current portion of long-term borrowings	1,300
Lease liabilities	885
Total current liabilities	10,538
Long-term borrowings	31,620
Lease liabilities	9,653
Total non-current liabilities	43,072
Total liabilities	53,611
Total equity	21,026
Total of liabilities and equity	74,638
Net debt^{*1} / adjusted EBITDA^{*2}	5.1x
Cash flow from operating activities	3,647
Cash flow from investing activities	(1,550)
Cash flow from financing activities	(1,378)

*1: Net debt = borrowings + current lease liabilities + non-current lease liabilities - cash and cash equivalents

*2: Adjusted EBITDA = EBITDA + M&A related costs + refinance related costs (excluding financial costs) + IPO-related costs

EBITDA = profit (loss) + income tax expense + financial expenses - financial revenue + depreciation (including right of use assets, customer related assets and other assets) + impairment of fixed assets / loss on disposal of fixed assets

5.

Risk information

Key risks recognized in the management

Items	Key risks	Possibility	Period	Impact	Risk measures
COVID-19	The COVID-19 pandemic has not only led to a decline in the consumer/corporate activities worldwide but also adversely impacted the demand for our group's placement/staffing services. To the extent where the impact of COVID-19 pandemic, such as decrease in demand or increased needs for reduction of hiring costs continues, it may hinder the future business growth of our group.	Low	-	Small	In May 2023, the Japanese government downgraded the legal classification of the COVID-19 from category 2 to category 5, the same as seasonal influenza. At present, we consider that there is no need for specific measures as a group in response to this situation.
Evolving needs of healthcare/welfare professionals and institutions	The ability of our group to provide services tailored to the respective needs and preferences of healthcare/welfare professionals and institutions are crucial. Career advisors are required to properly understand diverse needs and propose suitable options. In the recent years, not only a fee-charging employment placement business but also DR services are beginning to gain recognition in the healthcare/welfare field. Failure to recognize and adopt to the evolving needs of healthcare/welfare professionals and institutions in a timely and appropriate manner may result in a loss of competitiveness and market share.	Medium	Mid- to long-term	Large	To adapt to such changes in the business environment, we began trial operations of DR services from December 2021. After a pilot operation following the extensive renewal of our group's website in December 2022, we have fully launched this business in February 2023.
Human Assets	Securing and nurturing talented individuals is essential for our group to expand its corporate foundation for growth. Failure to secure necessary talents or in the case of human resources outflow, our group's business or financial performance may be impacted.	Medium	No specific period	Large	Our group is actively working to reduce the turnover rate of sales personnel and making continuous recruitment effort.
Regulation	Our group must comply with the laws and regulations of the country or region where we operate in. In particular, our human resource services require licensing from Ministry of Health, Labour and Welfare and are subject to supervision by the authorities. If we receive disciplinary measures such as business suspension orders from the authorities, it may prevent us from engaging in our core businesses and damage our group's social credibility.	Low	No specific period	Large	Our group has established a system for the sales department to comply with laws and regulations by closely coordinating with the legal affairs department, general affairs department and external law firms. We have also implemented regular internal audits to monitor and improve the compliance status.
Safety management of temporary staffs	Under the Labor Standards Act, we are obligated to compensate temporary staffing employees who become injured, sick or disabled in the course of their work or while commuting to and from their temporary employer. In the event of such incidents, it may impact our group's business, financial performance and other aspects.	Medium	No specific period	Large	Our group strives to understand the working environment of staffing employees and take measures to prevent incidents.

The word "Appendix" in a bold, black, sans-serif font, positioned to the right of a decorative green geometric shape on the left side of the slide.

- This material contains forward-looking statements. These statements are only based on information available at the time they were created. Furthermore, such statements do not guarantee future outcomes and involve risks and uncertainties. Please note that actual results may differ significantly from the forward-looking statements due to changes in the environment and other factors.
- Various risks and uncertainties are inherent in these forward-looking statements. Known or unknown risks, uncertainties and other factors could cause results to differ from those contained in the forward-looking statements.
- In addition, all information in this material excluding those related to our company are sourced from public information and similar sources, which we have not conducted any verification and does not guarantee the accuracy, appropriateness or any other aspect of such information.
- This material will be updated at the timing of an annual financial results announcement.



TRYT

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