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May 14, 2024

Consolidated Financial Results for the Three Months Ended March 31, 2024 (Under IFRS)

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 Listing: Tokyo Stock Exchange
 Securities code: 9164
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 Scheduled date to file quarterly securities report: May 14, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2024	11,852	11.2	(653)	–	(1,320)	–	(898)	–
March 31, 2023	10,661	22.4	(179)	–	(442)	–	(300)	–

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended						
March 31, 2024	(898)	–	(898)	–	(8.99)	(8.99)
March 31, 2023	(300)	–	(300)	–	(3.00)	–

	EBITDA	
	Millions of yen	%
Three months ended		
March 31, 2024	(276)	–
March 31, 2023	133	–

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of				
March 31, 2024	77,625	25,028	25,028	32.2
December 31, 2023	79,947	25,927	25,927	32.4

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2024	–				
Fiscal year ending December 31, 2024 (Forecast)		0.00	–	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial results forecast for the fiscal year ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Profit before tax		Profit		EBITDA	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	61,000	15.6	9,500	26.4	8,300	17.7	5,500	12.2	11,000	24.0

Note: Revision to the financial results forecast announced most recently: None

* **Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: –

Excluded: –

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	100,000,000 shares
As of December 31, 2023	100,000,000 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2024	– shares
As of December 31, 2023	– shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2024	100,000,000 shares
Three months ended March 31, 2023	100,000,000 shares

(4) The calculation method for each indicator

EBITDA is defined as profit (loss) + income tax expense + financial expenses – financial income + depreciation (including right of use assets, customer related assets and other assets) + loss on [retirement](#) of fixed assets.

(5) Adjusted EBITDA stated in the “Consolidated Financial Results for the Fiscal Year Ended December 31, 2023” is the amount obtained by adding back one-time expenses such as IPO-related costs to the EBITDA stated above, and for the three months ended March 31, 2023, adjusted EBITDA was ¥171 million. The Company is omitting the presentation of this adjusted metric for the fiscal year ending December 31, 2024 because IPO-related costs are not expected to arise. Please note that this is not a metric prescribed by IFRS.

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The earnings forecasts and other forward-looking statements presented in this report are based on information currently available to the Company and certain assumptions deemed reasonable by the Company, and accordingly do not purport that the Company pledges to achieve such results. Moreover, actual results may differ substantially from the earnings forecasts due to various factors. Please refer to “1. Qualitative information regarding financial results for the three months ended March 31, 2024, (3) Explanation of consolidated earnings forecasts and other forward-looking statements” on page 4 of the attachment hereto for details including assumptions underlying the earnings forecasts and cautions when using the earnings forecasts.

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1. Qualitative information regarding financial results for the three months ended March 31, 2024

(1) Information regarding operating results

The TRYT Group (the “Group”) has set its purpose “we create a future where everyone has a fulfilling life by solving the issues faced by essential industries with a focus on healthcare and welfare industry,” and developed its HR services mainly for this industry.

Specifically, we offer placement services, recruitment support, and temporary staffing services mainly targeting licensed or qualified professionals in the healthcare and welfare industry, focusing on the elderly care, nursing care and childcare sectors.

The Group will continue to draw on its industry-leading database in considering and implementing the development of services, which include services for healthcare/welfare institutions that entail providing operational and business management services for supporting recruitment, education and retention, as well as services for healthcare/welfare professionals that entail provision of education, community and specialized knowledge.

In addition to its HR services in the healthcare and welfare industry, the Group also offers temporary staffing services primarily targeting qualified personnel such as architects, building operation and management engineers, and civil engineering works execution managing engineers, mainly dispatching them to general contractors and major construction firms.

During the three months ended March 31, 2024, the Group faced a deepening labor shortage in Japan. Particularly, the healthcare and welfare industry and the construction industry encountered a chronic labor shortage due to the necessity of those industries. As a result, jobs-to-applicants ratio in those industries during the three months ended March 31, 2024 was elevated as compared to the overall industry averages.

Amidst this business environment, in order to fulfill its corporate social responsibility, the Group has supported to solve customers’ problems related to human resources and worked to improve customer satisfaction and differentiate itself from peer companies by developing new business areas and strengthening its internal alliances, in addition to enhancing its existing services. Specifically, the Group endeavored to create a system that can offer various ways to contribute to solving social issues such as labor shortages faced by the healthcare and welfare industry and improving productivity, in part by focusing on promoting ICT in the elderly care field through its subsidiary BRIGHTVIE Co., Ltd., and also by continuing to strengthen the reskilling business for healthcare and welfare industry workers.

Consequently, with respect to operating results for the three months ended March 31, 2024, the Group posted revenue of ¥11,852 million (up 11.2% YoY), operating loss of ¥653 million (operating loss of ¥179 million in the same period of the previous fiscal year), loss before tax of ¥1,320 million (loss before tax of ¥442 million in the same period of the previous fiscal year), loss of ¥898 million (loss of ¥300 million in the same period of the previous fiscal year), and loss attributable to owners of parent of ¥898 million (loss attributable to owners of parent of ¥300 million in the same period of the previous fiscal year).

Meanwhile, EBITDA (*1) for the three months ended March 31, 2024, was negative ¥276 million (EBITDA was ¥133 million in the same period of the previous fiscal year (*2)).

*1 EBITDA is defined as profit (loss) + income tax expense + financial expenses – financial income + depreciation (including right of use assets, customer related assets and other assets) + loss on retirement of fixed assets.

*2 Adjusted EBITDA (*3) stated in the “Consolidated Financial Results for the Fiscal Year Ended December 31, 2023” is the amount obtained by adding back one-time expenses such as IPO-related costs to the EBITDA stated above, and for the three months ended March 31, 2023, adjusted EBITDA was ¥171 million. The Company is omitting the presentation of this adjusted metric for the fiscal year ending December 31, 2024 because IPO-related costs are not expected to arise.

*3 Adjusted EBITDA is defined as EBITDA + M&A related costs + refinance related costs (excluding financial expenses) + IPO-related costs.

*4 Adjusted EBITDA is not an indicator prescribed under IFRS but a financial indicator that the Group deems useful for investors in terms of evaluating the Group’s performance. However, adjusted EBITDA excludes certain temporary expenses and accordingly should not be considered as a substitute for other indicators presented in accordance with IFRS given material limitations as

analytical tools. Adjusted EBITDA with respect to the Group are derived using calculation methods that differ from those used in determining the same or similar indicators of peer companies in the same industry. As such, these indicators may be subject to diminished usefulness in cases where it is not possible to make comparisons with indicators used by peer companies.

- *5 EBITDA and adjusted EBITDA are not subject to quarterly review pursuant to the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

The operating results of the major businesses are as follows.

Healthcare business

During the three months ended March 31, 2024, the healthcare business posted revenue of ¥7,484 million (up 9.2% YoY) as a result of addressing the strong demand from healthcare/welfare institutions rooted in chronic labor shortages.

Non-healthcare business

During the three months ended March 31, 2024, the non-healthcare business posted revenue of ¥4,367 million (up 14.7% YoY) as a result of addressing the strong demand from construction companies against a backdrop of a high jobs-to-applicants ratio.

(2) Explanation of financial position

(i) Assets, liabilities and equity

Assets

Total assets as of March 31, 2024 were ¥77,625 million (a decrease of ¥2,322 million compared to the end of the previous fiscal year). This was mainly due to a decrease of ¥3,249 million in cash and cash equivalents and increases of ¥499 million in trade receivables and ¥423 million in other current assets.

Liabilities

Total liabilities as of March 31, 2024 were ¥52,596 million (a decrease of ¥1,423 million compared to the end of the previous fiscal year). This was mainly due to increases of ¥683 million in accounts payable - other and ¥971 million in contract liabilities, despite decreases of ¥181 million in lease liabilities, ¥1,344 million in income taxes payable, and ¥1,694 million in long-term borrowings (including current portion).

Equity

Total equity as of March 31, 2024 were ¥25,028 million (a decrease of ¥898 million compared to the end of the previous fiscal year). This was due to a decrease of ¥898 million in retained earnings due to recording of loss.

(ii) Cash flows

Cash and cash equivalents as of March 31, 2024 were ¥2,227 million, a decrease of ¥3,249 million from the end of the previous fiscal year.

The respective cash flow positions during the three months ended March 31, 2024 are as follows.

Cash flows from operating activities

Net cash used in operating activities amounted to ¥458 million (¥891 million provided in the same period of the previous fiscal year). This was mainly due to ¥375 million of depreciation and amortization and ¥1,915 million of increase in trade and other payables, despite ¥1,320 million of loss before tax, ¥501 million of increase in trade and other receivables, ¥172 million of interest paid, and ¥1,344 million of income taxes paid.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥159 million (¥71 million provided in the same period of the previous fiscal year). This was due to ¥33 million of purchase of property, plant and equipment, ¥121 million of purchase of intangible assets, and ¥4 million of other expenditures.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥2,631 million (¥1,011 million used in the same period of the previous fiscal year). This was due to ¥29,650 million of proceeds from long-term borrowings due to refinancing of borrowings, despite ¥32,020 million of repayments of long-term borrowings, ¥248 million of repayments of lease liabilities, and ¥12 million of other expenditures.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

The earnings forecasts for the fiscal year ending December 31, 2024 remain unchanged from the earnings forecasts announced on February 13, 2024.

The earnings forecasts presented herein reflect judgments and assumptions made based on information available as of the date on which this report is released, and actual results may differ from the forecasts due to variety of factors.

2. Condensed quarterly consolidated financial statements and significant notes thereto

(1) Condensed quarterly consolidated statement of financial position

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and cash equivalents	5,476	2,227
Trade receivables	4,070	4,570
Other current assets	464	887
Total current assets	10,011	7,685
Non-current assets		
Property, plant and equipment	11,688	11,500
Goodwill	52,009	52,009
Intangible assets	3,587	3,605
Other financial assets	1,971	2,152
Deferred tax assets	667	667
Other non-current assets	11	3
Total non-current assets	69,936	69,940
Total assets	79,947	77,625

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(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable - other	1,681	2,364
Current portion of long-term borrowings	1,700	2,000
Lease liabilities	937	939
Income taxes payable	1,344	-
Contract liabilities	997	1,969
Provisions	2	-
Other current liabilities	5,710	5,853
Total current liabilities	12,373	13,126
Non-current liabilities		
Long-term borrowings	29,648	27,653
Provisions	463	464
Lease liabilities	10,152	9,969
Deferred tax liabilities	1,381	1,381
Other non-current liabilities	-	0
Total non-current liabilities	41,646	39,470
Total liabilities	54,019	52,596
Equity		
Share capital	10	10
Capital surplus	17,928	17,928
Retained earnings	7,989	7,090
Total equity attributable to owners of parent	25,927	25,028
Total equity	25,927	25,028
Total liabilities and equity	79,947	77,625

(2) Condensed quarterly consolidated statement of profit or loss and condensed quarterly consolidated statement of comprehensive income

Condensed quarterly consolidated statement of profit or loss

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Revenue	10,661	11,852
Cost of sales	4,142	4,838
Gross profit	6,519	7,013
Selling, general and administrative expenses	6,719	7,709
Other income	22	45
Other expenses	1	3
Operating loss	(179)	(653)
Financial income	46	188
Financial expenses	308	854
Loss before tax	(442)	(1,320)
Income tax expense	(142)	(421)
Loss	(300)	(898)
Loss attributable to		
Owners of parent	(300)	(898)
Loss	(300)	(898)
Loss per share		
Basic loss per share (Yen)	(3.00)	(8.99)
Diluted loss per share (Yen)	-	(8.99)

Condensed quarterly consolidated statement of comprehensive income

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Loss	(300)	(898)
Comprehensive income	<u>(300)</u>	<u>(898)</u>
Comprehensive income attributable to		
Owners of parent	<u>(300)</u>	<u>(898)</u>
Comprehensive income	<u>(300)</u>	<u>(898)</u>

(3) Condensed quarterly consolidated statement of changes in equity

Three months ended March 31, 2023

(Millions of yen)

	Equity attributable to owners of parent				Total equity
	Share capital	Capital surplus	Retained earnings	Total	
Balance as of January 1, 2023	10	17,928	3,088	21,026	21,026
Loss	–	–	(300)	(300)	(300)
Total comprehensive income	–	–	(300)	(300)	(300)
Balance as of March 31, 2023	10	17,928	2,788	20,726	20,726

Three months ended March 31, 2024

(Millions of yen)

	Equity attributable to owners of parent				Total equity
	Share capital	Capital surplus	Retained earnings	Total	
Balance as of January 1, 2024	10	17,928	7,989	25,927	25,927
Loss	–	–	(898)	(898)	(898)
Total comprehensive income	–	–	(898)	(898)	(898)
Balance as of March 31, 2024	10	17,928	7,090	25,028	25,028

(4) Condensed quarterly consolidated statement of cash flows

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Cash flows from operating activities		
Loss before tax	(442)	(1,320)
Depreciation and amortization	313	375
Financial income	(46)	(188)
Financial expenses	308	854
Decrease (increase) in trade and other receivables	(718)	(501)
Increase (decrease) in trade and other payables	1,424	1,915
Other	228	(77)
Subtotal	1,068	1,058
Interest and dividends received	0	0
Interest paid	(30)	(172)
Income taxes paid	(362)	(1,344)
Proceeds from compensation	216	-
Net cash provided by (used in) operating activities	891	(458)
Cash flows from investing activities		
Purchase of property, plant and equipment	(21)	(33)
Purchase of intangible assets	(94)	(121)
Other	187	(4)
Net cash provided by (used in) investing activities	71	(159)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(800)	-
Proceeds from long-term borrowings	-	29,650
Repayments of long-term borrowings	-	(32,020)
Repayments of lease liabilities	(211)	(248)
Other	-	(12)
Net cash provided by (used in) financing activities	(1,011)	(2,631)
Net increase (decrease) in cash and cash equivalents	(48)	(3,249)
Cash and cash equivalents at beginning of period	2,300	5,476
Cash and cash equivalents at end of period	2,251	2,227

(5) Notes to condensed quarterly consolidated financial statements

Notes on going concern assumption

Not applicable.

Segment information

This information is omitted as the Group operates in a single segment of the Human Resource Services Business.

Significant subsequent events

Not applicable.